

*** All present are expected to conduct themselves in accordance with our City's Core Values ***



OFFICIAL NOTICE AND AGENDA

of a meeting of a City Board, Commission, Department Committee, Agency, Corporation, Quasi-Municipal Corporation or Sub-unit thereof.

Notice is hereby given that the Community Development Authority of the City of Wausau, Wisconsin will hold a regular or special meeting on the date, time and location shown below.

Meeting of the: **COMMUNITY DEVELOPMENT AUTHORITY FINANCE COMMITTEE**
Date/Time: **Friday, March 9, 2018 at 8:00 am**
Location: **550 East Thomas Street, Wausau, Wisconsin 54403**
Members: **Andy Witt, Sarah Napgezek, Becky McElhaney**

AGENDA ITEMS FOR CONSIDERATION (All items listed may be acted upon)

1. Call the Meeting to order
2. Approval of Minutes from 11/17/2017
3. Review of WCDA Accounts and Capital Funds
4. Review of 2017 4th Quarter Financials
5. 2017 Audit Update
6. Adjournment

Andy Witt - Committee Chair

This Notice was posted at City Hall and faxed to the Daily Herald newsroom on Friday, March 2, 2018 @ 12:00 pm. Questions regarding this agenda may be directed to Christian Schock, Community Development Director, 715-261-6683.

Please note that, upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through appropriate aids & services. For information or to request this service, contact the City Clerk at 407 Grant Street, Wausau, Wisconsin 54403 or 715-261-6620

It is possible that members of, and possible a quorum of members of other committees of the City of Wausau may be in attendance at the above mentioned meeting to gather information. No action will be taken by any such group at the above mentioned meeting other than the committee specifically referred to in this notice.

Distribution List: City Website, City Hall, Media, Committee Members, etc.

COMMUNITY DEVELOPMENT AUTHORITY
FINANCE COMMITTEE MINUTES

11/17/17

MEMBERS PRESENT: Andy Witt, Sarah Napgezok, Becky McElhaney

MEMBERS ABSENT:

OTHERS PRESENT: Betty Noel, Juli Birkenmeier, Christian Schock

(1) Call Meeting to Order

Meeting was called to order at 7:58 am in the WCDA Boardroom at 550 E. Thomas Street, Wausau, Wisconsin.

(2) Approval of 08/09/2017 Minutes

Napgezok moved to approve the minutes from 08/09/2017. McElhaney seconded the motion. Motion approved unanimously.

(3) Review of WCDA Accounts and Capital Funds

Noel distributed and reviewed the WCDA's investment balances as of September 30, 2017. She reported that all Associated Bank accounts have been closed and the balances transferred to accounts at River Valley Bank. Noel stated that all accounts will soon be earning the same interest rate and is working with River Valley to finalize this.

Noel reviewed the Capital Fund Program (CFP) summary stating that the 2015 CFP grant is fully expended and closed out. The 2016 & 2017 grants are in full compliance and Noel plans to continue roof replacements at scattered site properties over the next few years.

(4) Review of 2017 3rd Quarter Financials

Noel reviewed the 2017 third quarter financials for the WCDA's budgeted programs. She gave a brief overview of the *Year-To-Date* versus *Budget* line items and explained major variances. She reported that *Total Tenant Revenue* is approximately \$14,000 over budget, relating primarily to higher occupancy. *Total Other Revenue* is approximately \$48,000 over budget relating to increased operating subsidy income and increased service fee and HAP income at Riverview Terrace. Noel stated that *Total Admin Expense* is approximately \$24,000 under budget due to the fact that the Occupancy Specialist position was not filled until the end of May and there have been no Executive Director salary or benefits allocated to the WCDA budgeted programs to date. Noel gave further explanations on budget variances relating to *Total Tenant Services, Utility, Maintenance and Total Other Expenses*.

Noel then reviewed the 2017 third quarter financials for Riverview Towers LLC, summarizing *Year-To-Date* versus *Budget* line items. She explained that *Total Other Revenue* is approximately \$13,000 over budget, all of which relates to the operating subsidy. *Total Other Expense* is \$40,000 over budget; the variance relating to \$26,500 in RAD legal expenses and a \$9,500 compensated absence payout resulting from a 2017 retirement. She said the remaining \$4,000 is related to insurance costs and the WHEDA monitoring fee. Noel concluded noting that the ongoing

Depreciation Expense variance has been resolved with Hawkins Ash who will make a \$71,667 adjustment in October.

(5) Review of 2018 Program Budgets

Noel presented the 2018 budget for Public Housing noting the necessary adjustments based on the previous year expenses. Noel said she reduced the CFP operations income reallocating more funds for capital improvements.

Noel presented the 2018 budget for Riverview Terrace stating that the Executive Director salary allocation was removed for 2018 and necessary adjustments were made based upon previous year expenses. Noel stated that she will increase the depreciation total by \$9,400 to account for the improvements completed in 2017 and will make the adjustment prior to presentation to the full board.

Noel presented the 2018 budget for Riverview Towers stating it was challenging due to the RAD conversion and anticipates that the initial year of funding may be somewhat unpredictable. She reiterated that the Riverview Towers operating subsidy will be replaced by a monthly HAP payment beginning in January 2018, and made budget adjustments accordingly. Noel furthered that the budget will be submitted to NEF following board approval.

Lastly, Noel presented a 2018 Housing Choice Voucher budget explaining that although it is not currently a HUD requirement, it is strongly encouraged to assist with financial management of the program. She said funding for this program continues to be unpredictable as well.

Witt stated that the committee approves the budgets for presentation and approval by the full commission, requesting that any budget adjustments made prior to the November 28th board meeting be highlighted to streamline final approval.

(6) Adjourn

Meeting adjourned.

Respectfully Submitted,

Andy Witt
Chairperson

**COMMUNITY DEVELOPMENT AUTHORITY
CAPITAL FUND PROGRAM
As of 12/31/2017**

| FUND # | GRANT AMOUNT | OBLIGATION START | OBLIGATION END | OBLIGATION BALANCE | DISBURSEMENT END | DISBURSEMENT BALANCE |
|---------------|---------------------|-------------------------|-----------------------|---------------------------|-------------------------|-----------------------------|
| | | | | | | |
| | | | | | | |
| 501-16 | \$ 190,934 | 04/13/16 | 04/12/18 | \$ 132,307.92 | 04/12/20 | \$ 136,907.92 |
| 501-17 | \$ 190,979 | 08/16/17 | 08/15/19 | \$ 190,979.00 | 08/15/21 | \$ 190,979.00 |
| | | | | | | |
| | | | | | | \$ 327,886.92 |

CFP 2016 BUDGET DETAIL

| | | | |
|-------------------------|---|-----------|-------------------|
| Operations | Operations | \$ | 45,000.00 |
| Management Improvements | Staff Training, IT Support, Software License | \$ | 3,200.00 |
| Fees/Costs | Architectural/Consultant Services | \$ | 6,000.00 |
| Site Improvements | Landscaping, Tree Maintenance, Special Assessment | \$ | 14,000.00 |
| Dwelling Structures | Scattered Site Unit Modernization, Siding & Roof Replacements | \$ | 75,000.00 |
| Non-Dwelling Structures | Garage Construction, Siding & Roof Replacements | \$ | 46,734.00 |
| Non-Dwelling Equipment | Maintenance/Office Equipment | \$ | 1,000.00 |
| | | | <hr/> |
| | CFP 2016 Grant Total | \$ | 190,934.00 |

CFP 2017 BUDGET DETAIL

| | | | |
|-------------------------|---|-----------|-------------------|
| Operations | Operations | \$ | 54,000.00 |
| Management Improvements | Staff Training, IT Support, Software License | \$ | 4,100.00 |
| Fees/Costs | Architectural/Consultant Services | \$ | 9,200.00 |
| Site Improvements | Landscaping, Tree Maintenance, Special Assessment, Concrete Repair | \$ | 12,100.00 |
| Dwelling Structures | Scattered Site Roof Replacements, Bath Vanity Replacements, Countertop Replacements | \$ | 75,916.00 |
| Dwelling Equipment | Appliance Replacements | \$ | 3,000.00 |
| Non-Dwelling Structures | Garage Roof & OH Door Replacements, Office Modernization | \$ | 30,263.00 |
| Non-Dwelling Equipment | Maintenance Equipment | \$ | 2,400.00 |
| | | | <hr/> |
| | CFP 2017 Grant Total | \$ | 190,979.00 |

Wausau Community Development Authority

Balance Sheet

December 31, 2017

| | | Low Rent (46 Scattered Sites) | Voucher (Sec 8) | Riverview Terrace | Business Activity ** | Business Activity II | Redevelopment | | Entity Wide Total | 2016 Entity Wide Total |
|-----------------------------|---|--|----------------------------|------------------------------|---------------------------------|---------------------------------|----------------------|--|------------------------------|---------------------------------------|
| | | (Fund 01) | (Fund 02) | (Fund 12) | (Fund 15) | (Fund 17) | (Fund 16) | | | |
| ASSETS | | | | | | | | | | |
| Cash | | | | | | | | | | |
| '1111 | Cash - Unrestricted | 2,227.68 | 3,454.45 | 4,598.53 | 5,004.41 | 0.00 | 14,900.70 | | 30,185.77 | 11,851.26 |
| '1117 | Petty Cash | 75.00 | 25.00 | 0.00 | 0.00 | 0.00 | 0.00 | | 100.00 | 100.00 |
| '1118 | Change Fund | 20.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | 20.00 | 20.00 |
| '1162 | General Fund Investments | 848,770.02 | 160,974.57 | 621,580.69 | 2,649,996.75 | 418,755.06 | 82,738.48 | | 4,782,815.57 | 4,640,948.73 |
| | Total Cash | 851,092.70 | 164,454.02 | 626,179.22 | 2,655,001.16 | 418,755.06 | 97,639.18 | | 4,813,121.34 | 4,652,919.99 |
| Accounts Receivable | | | | | | | | | | |
| 1121 | Accounts Receivable- Fraud | 0.00 | 3,727.20 | 0.00 | 0.00 | 0.00 | 0.00 | | 3,727.20 | 2,489.00 |
| '1122 | Accounts Receivable - Tenants | 1,501.90 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | 1,501.90 | 2,243.25 |
| 1125 | Accounts Receivable - HUD | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | 0.00 | 18,107.91 |
| 1129 | Accounts Receivable - Other | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | 0.00 | 546.28 |
| 1128 | Accounts Receivable - Other | 0.00 | 0.00 | 7,337.70 | 0.00 | 0.00 | 0.00 | | 7,337.70 | 9,398.23 |
| '1145 | Accrued Interest Receivable | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | 0.00 | 0.00 |
| | Total Accounts Receivable | 1,501.90 | 3,727.20 | 7,337.70 | 0.00 | 0.00 | 0.00 | | 12,566.80 | 32,784.67 |
| Other Current Assets | | | | | | | | | | |
| 1210 | Prepaid Expenses | 0.00 | 979.16 | 979.16 | 0.00 | 0.00 | 0.00 | | 1,958.32 | 2,688.58 |
| '1211 | Prepaid Insurance | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | 0.00 | 0.00 |
| '1295 | Interfund due to/from | 0.00 | 0.00 | 0.00 | 0.00 | 2,486.58 | 0.00 | | 2,486.58 | 2,517.80 |
| | Total Other Current Assets | 0.00 | 979.16 | 979.16 | 0.00 | 2,486.58 | 0.00 | | 4,444.90 | 5,206.38 |
| Noncurrent Assets | | | | | | | | | | |
| 1350 | CDA Mortgage Sale | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 18,743.66 | | 18,743.66 | 7,775.63 |
| '1400 | Land/Structures/Equip Less Accum. Deprn | 3,888,208.14 | 3,219.82 | 1,810,069.94 | 60,000.00 | 0.00 | 0.00 | | 5,761,497.90 | 5,847,018.78 |
| 1500 | Note Receivables - Tax Credits | 3,465,112.87 | 0.00 | 0.00 | 291,344.00 | 0.00 | 0.00 | | 3,756,456.87 | 3,858,997.33 |
| 1600 | Investment in Tax Credits | 174,825.73 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | 174,825.73 | 174,863.68 |
| | Total Noncurrent Assets | 7,528,146.74 | 3,219.82 | 1,810,069.94 | 351,344.00 | 0.00 | 18,743.66 | | 9,711,524.16 | 9,888,655.42 |
| | TOTAL ASSETS | 8,380,741.34 | 172,380.20 | 2,444,566.02 | 3,006,345.16 | 421,241.64 | 116,382.84 | | 14,541,657.20 | 14,579,566.46 |

| | | | | | | | |
|----------------------------|---|-------------------|---------------------|---------------------|-------------------|---------------------|-------------------|
| 3692 | Insurance Proceeds/VNA Charges to Tenants | 75,183.50 | 299,675.69 | 290,000.00 | 74,663.29 | 296,883.99 | 287,000.00 |
| 3692 | Insurance Proceeds/VNA Charges to Tenants | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Other Revenue | | 551,780.22 | 2,078,124.38 | 1,797,134.00 | 464,660.38 | 1,881,594.61 | 619,169.00 |
| TOTAL REVENUES | | 617,253.27 | 2,333,369.05 | 2,031,234.00 | 529,965.72 | 2,123,621.77 | 873,629.00 |

EXPENSES

Administrative Expenses

| | | | | | | | |
|--------------------------------------|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 4110 | Administration Salaries | 18,318.20 | 69,580.57 | 84,145.00 | 20,108.40 | 93,654.97 | 104,100.00 |
| 4110 | Administration Salaries | 17,149.30 | 75,856.99 | 50,785.00 | 24,522.15 | 100,183.24 | 0.00 |
| 4120 | Advertising and Marketing | 547.50 | 2,429.80 | 3,350.00 | 305.70 | 2,027.77 | 4,800.00 |
| 4120 | Advertising and Marketing | 0.00 | 0.00 | 625.00 | 414.20 | 414.20 | 0.00 |
| 4130 | Legal Expense | 0.00 | 0.00 | 1,000.00 | 0.00 | 0.00 | 1,000.00 |
| 4130 | Legal Expense | 11,969.00 | 11,969.00 | 0.00 | 0.00 | 2,647.00 | 0.00 |
| 4140 | Staff Training | 0.00 | 133.00 | 1,560.00 | 365.00 | 515.00 | 2,200.00 |
| 4140 | Staff Training | 0.00 | 2,310.00 | 2,000.00 | 0.00 | 1,607.50 | 0.00 |
| 4150 | Travel | 2,033.53 | 2,173.56 | 2,500.00 | 542.16 | 557.28 | 2,300.00 |
| 4150 | Travel | 301.30 | 1,842.37 | 1,200.00 | 445.02 | 1,621.02 | 0.00 |
| 4160 | Office Expense | 2,091.19 | 9,117.21 | 12,140.00 | 1,949.72 | 11,279.95 | 12,600.00 |
| 4160 | Office Expense | 29,338.24 | 93,725.70 | 7,000.00 | 87,947.01 | 155,810.08 | 0.00 |
| 4170 | Accounting Fees | 1,559.00 | 7,510.00 | 7,680.00 | 1,532.00 | 7,267.00 | 7,300.00 |
| 4170 | Accounting Fees | 1,428.00 | 6,792.00 | 5,000.00 | 1,345.00 | 8,063.00 | 0.00 |
| 4171 | Audit Fees | 0.00 | 6,950.00 | 6,950.00 | 0.00 | 6,950.00 | 7,200.00 |
| 4171 | Audit Fees | 0.00 | 5,550.00 | 1,850.00 | 0.00 | 3,500.00 | 0.00 |
| 4182 | Empl. Benefit Contrib. -Admin | 10,273.30 | 33,302.33 | 41,718.00 | 7,583.06 | 34,283.67 | 54,020.00 |
| 4182 | Empl. Benefit Contrib. -Admin | 5,507.28 | 21,764.38 | 12,197.00 | 8,209.65 | 42,660.81 | 0.00 |
| | Empl. Benefit Contrib. -Maint | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Empl. Benefit Contrib. -Maint | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4190 | Other Admin and Sundry | 241.63 | 2,497.61 | 2,200.00 | 594.57 | 1,772.66 | 2,600.00 |
| 4190 | Other Admin and Sundry | 0.00 | 395.73 | 0.00 | 0.00 | 206.00 | 0.00 |
| 4191 | Telephone | 864.66 | 3,439.47 | 3,920.00 | 862.14 | 3,352.17 | 3,500.00 |
| 4191 | Telephone | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Recreation - Social Act. | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4195 | Outside Mgt Fees | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4195 | Outside Mgt Fees | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Administrative Expenses | | 101,622.13 | 357,339.72 | 247,820.00 | 156,360.78 | 478,373.32 | 201,620.00 |

Tenant Services Expenses

| | | | | | | | |
|------|--------------------------|----------|----------|----------|----------|----------|----------|
| 4210 | Tenant Services Salaries | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4210 | Tenant Services Salaries | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4220 | Rec. Pub., and Other | 1,570.30 | 3,662.51 | 3,350.00 | 1,353.84 | 2,838.55 | 4,450.00 |

| | | | | | | | |
|------|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 4220 | Rec. Pub., and Other | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Recreation - Social Act. | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Recreation - Social Act. | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4221 | Tenant Store Expenses | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4221 | Tenant Store Expenses | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4230 | Contract Costs/VNA Expenses | 114,783.25 | 351,515.25 | 348,100.00 | 113,084.75 | 343,996.75 | 347,700.00 |
| 4230 | Contract Costs/VNA Expenses | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Total Tenant Services Expenses | 116,353.55 | 355,177.76 | 351,450.00 | 114,438.59 | 346,835.30 | 352,150.00 |

Utility Expenses

| | | | | | | | |
|------|-------------------------------|------------------|------------------|------------------|-----------|-----------|-----------|
| 4310 | Water | 4,003.99 | 11,040.79 | 10,900.00 | 3,778.20 | 10,710.00 | 10,580.00 |
| 4310 | Water | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4320 | Electricity | 9,011.33 | 31,581.99 | 32,500.00 | 10,862.14 | 31,928.89 | 33,000.00 |
| 4320 | Electricity | 1,403.23 | 3,194.51 | 0.00 | 1,395.90 | 4,154.09 | 0.00 |
| 4330 | Gas | 3,843.90 | 10,319.65 | 10,400.00 | 4,064.73 | 9,597.08 | 13,700.00 |
| 4330 | Gas | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4360 | Sewer | 4,737.21 | 13,171.04 | 13,600.00 | 4,555.91 | 12,843.91 | 14,700.00 |
| 4340 | Sewer | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4390 | Other Utilities Expense | 724.39 | 2,235.34 | 2,550.00 | 858.33 | 2,357.91 | 2,580.00 |
| 4390 | Other Utilities Expense | 0.00 | 0.00 | 0.00 | 25,515.21 | 71,591.88 | 74,560.00 |
| | Total Utility Expenses | 23,724.05 | 71,543.32 | 69,950.00 | | | |

Maintenance Expenses

| | | | | | | | |
|------|-----------------------------------|------------------|-------------------|-------------------|------------------|-------------------|-------------------|
| 4410 | Maint. Labor | 14,571.03 | 62,973.66 | 61,090.00 | 14,265.48 | 60,781.87 | 62,100.00 |
| 4410 | Maint. Labor | 958.14 | 4,009.29 | 4,200.00 | 945.25 | 4,062.61 | 0.00 |
| 4420 | Maint. Materials | 6,627.12 | 18,062.61 | 18,000.00 | 5,006.36 | 16,349.93 | 19,700.00 |
| 4420 | Maint. Materials | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4430 | Maintenance Contracts | 9,890.17 | 26,472.91 | 36,540.00 | 8,249.88 | 28,078.03 | 42,720.00 |
| 4430 | Maintenance Contracts | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4431 | Garbage & Trash Removal | 560.47 | 1,943.14 | 1,900.00 | 567.79 | 1,867.88 | 1,950.00 |
| 4431 | Garbage & Trash Removal | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4433 | Empl. Benefit Contr. Maint. | 6,011.73 | 24,770.87 | 24,421.00 | 5,929.66 | 24,295.75 | 26,660.00 |
| 4433 | Empl. Benefit Contr. Maint. | 153.50 | 667.66 | 650.00 | 149.56 | 642.59 | 0.00 |
| | Misc. Operating Expenses | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Misc. Operating Expenses | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Total Maintenance Expenses | 38,772.16 | 138,900.14 | 146,801.00 | 35,113.98 | 136,078.66 | 153,130.00 |

Protective Services Expenses

| | | | | | | | |
|------|-------|------|--------|------|------|------|------|
| 4460 | Labor | 0.00 | 984.50 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4460 | Labor | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

| | | | | | | | |
|---|----------------------------|-------------------|---------------------|---------------------|--------------------|---------------------|---------------------|
| 4470 | Materials | 0.00 | 965.98 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4470 | Materials | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4480 | Contract Costs | 752.19 | 3,513.07 | 3,200.00 | 730.26 | 3,585.13 | 3,000.00 |
| 4480 | Contract Costs | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Protective Services | | 752.19 | 5,463.55 | 3,200.00 | 730.26 | 3,585.13 | 3,000.00 |
| Other General Expenses | | | | | | | |
| 4510 | Insurance Expense | 9,784.73 | 11,147.86 | 12,605.00 | 1,689.07 | 10,281.50 | 14,490.00 |
| 4510 | Insurance Expense | 4,707.19 | 5,564.74 | 3,500.00 | 466.14 | 5,226.55 | 0.00 |
| 4520 | Payment in Lieu of Taxes | 4,315.22 | 18,689.58 | 16,420.00 | 4,118.60 | 17,458.94 | 18,160.00 |
| 4520 | Payment in Lieu of Taxes | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4570 | Collection Losses | 0.00 | -4,972.42 | 2,400.00 | 0.00 | -2,068.66 | 2,400.00 |
| 4570 | Collection Losses | 2,956.00 | 2,956.00 | 0.00 | 1,277.00 | 1,277.00 | 0.00 |
| 4590 | Other General Expense | 0.00 | 1,046.56 | 0.00 | 10,173.50 | 10,173.50 | 0.00 |
| 4590 | Other General Expense | 9,099.28 | 10,534.31 | 800.00 | 10,346.33 | 10,941.09 | 0.00 |
| | Gain/Loss on Investments | 0.00 | 0.00 | 0.00 | 37.48 | 37.48 | 0.00 |
| | Interest Expense | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4595 | Compensated Absences | 1,532.15 | 3,098.08 | 0.00 | 13,232.01 | 13,232.01 | 0.00 |
| 4595 | Compensated Absences | 5,674.72 | 7,240.65 | 0.00 | -4,384.90 | -4,384.90 | 0.00 |
| Total Other General Expenses | | 38,069.29 | 55,305.36 | 35,725.00 | 36,955.23 | 62,174.51 | 35,050.00 |
| Extraordinary/Casualty Loss Expenses | | | | | | | |
| 4610 | Labor | 0.00 | 2,810.00 | 5,200.00 | 0.00 | 1,923.78 | 3,200.00 |
| 4610 | Labor | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4620 | Labor | 0.00 | 0.00 | 0.00 | 0.00 | 4,447.97 | 0.00 |
| 4620 | Labor | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Extraordinary/Casualty Loss | | 0.00 | 2,810.00 | 5,200.00 | 0.00 | 6,371.75 | 3,200.00 |
| Housing Assistance Payments | | | | | | | |
| 4715 | Hap Expenses | 262,664.00 | 1,098,929.00 | 1,032,000.00 | 263,474.00 | 996,519.00 | 0.00 |
| Total Hap expenses | | 262,664.00 | 1,098,929.00 | 1,032,000.00 | 263,474.00 | 996,519.00 | 0.00 |
| Depreciation Expense | | | | | | | |
| 4800 | Depre Expense - PHA Funded | 86,549.85 | 321,449.85 | 339,000.00 | 59,413.01 | 313,420.01 | 370,000.00 |
| 4800 | Depre Expense - PHA Funded | 289.62 | 1,189.62 | 480.00 | 828.89 | 1,188.89 | 0.00 |
| Total Depreciation Expense | | 86,839.47 | 322,639.47 | 339,480.00 | 60,241.90 | 314,608.90 | 370,000.00 |
| TOTAL OPERATING EXPENSES | | 668,796.84 | 2,408,108.32 | 2,231,626.00 | 692,829.95 | 2,416,138.45 | 1,192,710.00 |
| Change in Net Position | | -51,543.57 | -74,739.27 | -200,392.00 | -162,864.23 | -292,516.68 | -319,081.00 |

| Prior Year Adjustments | | | | | | | |
|-------------------------------------|------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|
| 6010 | Prior Year Adjustments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 6010 | Prior Year Adjustments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Prior Year Adjustments | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Equity Transfers | | | | | | | |
| 9116 | Equity Transfers | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 9116 | Equity Transfers | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Equity Transfers | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| NET INCOME/LOSS | | -51,543.57 | -74,739.27 | -200,392.00 | -162,864.23 | -292,516.68 | -319,081.00 |

COMMUNITY DEVELOPMENT AUTHORITY
INCOME STATEMENT SUMMARY THROUGH DECEMBER 31, 2017

| | 2017 QUARTERLY | 2017 YTD | 2017 BUDGET | 2016 YTD |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| TTL TENANT REV | \$65,473.05 | \$255,244.67 | \$234,100.00 | \$242,027.16 |
| TTL OTHER REV | \$158,930.38 | \$677,021.43 | \$625,910.00 | \$650,814.99 |
| TOTAL REVENUE | \$224,403.43 | \$932,266.10 | \$860,010.00 | \$892,842.15 |
| TTL ADMIN EXP | \$35,929.01 | \$137,133.55 | \$167,163.00 | \$161,660.47 |
| TTL TENANT SRVC EXP | \$116,353.55 | \$355,177.76 | \$351,450.00 | \$346,835.30 |
| TTL UTILITY EXP | \$22,320.82 | \$68,348.81 | \$69,950.00 | \$67,437.79 |
| TTL MAINTENANCE EXP | \$37,660.52 | \$134,223.19 | \$141,951.00 | \$131,373.46 |
| TTL PROTECTIVE SRVC EXP | \$752.19 | \$5,463.55 | \$3,200.00 | \$3,585.13 |
| TTL OTHER EXP | \$15,632.10 | \$29,009.66 | \$31,425.00 | \$39,114.77 |
| TTL EXTRA/CASUALTY EXP | \$0.00 | \$2,810.00 | \$5,200.00 | \$6,371.75 |
| TOTAL OPERATING EXPENSES | \$228,648.19 | \$732,166.52 | \$770,339.00 | \$756,378.67 |
| INCOME/(LOSS) BEFORE DEPRECIATION | (\$4,244.76) | \$200,099.58 | \$89,671.00 | \$136,463.48 |
| DEPRECIATION EXP | \$86,549.85 | \$321,449.85 | \$339,000.00 | \$313,420.01 |
| NET INCOME/(LOSS) | (\$90,794.61) | (\$121,350.27) | (\$249,329.00) | (\$176,956.53) |

RIVERVIEW TOWERS LLC

FINANCIAL STATEMENTS

For the Accounting Period Ending December 31, 2017

ACCOUNTANTS' COMPILATION REPORT

To the Members
Riverview Towers LLC

Management is responsible for the accompanying financial statements of Riverview Towers LLC, a component unit of Wausau CDA, ("Project"), which comprise the balance sheet as of December 31, 2017, and the related statement of operations for the one month and year then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Project's assets, liabilities, equity, revenue, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The accompanying budget of the Project for the year ending December 31, 2017, has not been compiled or examined by us, and, accordingly, we do not express an opinion or any other form of assurance on it. Management has elected to omit the summaries of significant assumptions and accounting policies required under established guidelines for presentation of prospective financial statements. If the omitted summaries were included in the budgeted information, they might influence the user's conclusions about the Project budgeted information. Accordingly, this budgeted information is not designed for those who are not informed about such matters.

We are not independent with respect to the Project.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
January 25, 2018

Riverview Towers LLC
Balance Sheet-Riverview Towers LLC
December 31, 2017

| | Current Period | Cumulative |
|---|------------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | | |
| 26-0-000-000-1010.100 Cash - Construction (US Bank) | 0.00 | 0.00 |
| 26-0-000-000-1111.040 Cash - Unrestricted | (13,176.88) | 33,034.81 |
| 26-0-000-000-1111.050 Cash - Reserve Account | 0.00 | 0.00 |
| 26-0-000-000-1162.000 Cash - Savings/Money Mkts/CDs | 4,776.18 | 800,385.88 |
| Total | (8,400.70) | 833,420.69 |
| Accounts Receivable | | |
| 26-0-000-000-1122.000 Accounts Receivable - Tenants | (45.00) | 773.09 |
| 26-0-000-000-1128.000 Accounts Receivable - Other | 0.00 | 0.00 |
| 26-0-000-000-1129.000 Accounts Receivable - Subsidy | 87,689.67 | 82,537.60 |
| Total | 87,644.67 | 83,310.69 |
| Accrued Receivables | | |
| 26-0-000-000-1145.000 Accrued Interest Receivable | (74.33) | 0.00 |
| Total | (74.33) | 0.00 |
| Other Current Assets | | |
| 26-0-000-000-1210.000 Prepaid Expenses | (770.04) | 3,499.53 |
| 26-0-000-000-1211.000 Prepaid Insurance | (1,711.17) | 3,933.38 |
| 26-0-000-000-1295.001 Interprogram Due (to) from PH | 0.00 | 0.00 |
| Total | (2,481.21) | 7,432.91 |
| TOTAL CURRENT ASSETS | 76,688.43 | 924,164.29 |

**(See Accountants' Compilation Report)*

Riverview Towers LLC
Balance Sheet-Riverview Towers LLC
December 31, 2017

| | Current Period | Cumulative |
|--|-----------------------|---------------------|
| NONCURRENT ASSETS | | |
| Fixed Assets | | |
| 26-0-000-000-1400.000 CWIP | 0.00 | 0.00 |
| 26-0-000-000-1400.060 Land | 0.00 | 0.00 |
| 26-0-000-000-1400.061 Land Improvements | 0.00 | 17,560.00 |
| 26-0-000-000-1400.080 Dwelling Equipment | 0.00 | 13,364.21 |
| 26-0-000-000-1400.090 Nondwelling Equipment | (580.25) | 249,230.95 |
| 26-0-000-000-1400.100 Building Improvements | 0.00 | 10,043,201.07 |
| 26-0-000-000-1400.150 Accumulated Depreciation | (27,260.82) | (1,481,015.80) |
| Total | (27,841.07) | 8,842,340.43 |
| Other Assets | | |
| 26-0-000-000-1460.000 Tax Credit Fees | 0.00 | 47,114.00 |
| 26-0-000-000-1460.010 Tax Credit Fee Amort | (261.74) | (16,489.62) |
| 26-0-000-000-1470.000 Financing Fees | 0.00 | 0.00 |
| 26-0-000-000-1470.010 Financing Fees Amort | 0.00 | 0.00 |
| Total | (261.74) | 30,624.38 |
| TOTAL NONCURRENT ASSETS | (28,102.81) | 8,872,964.81 |
| TOTAL ASSETS | 48,585.62 | 9,797,129.10 |

**(See Accountants' Compilation Report)*

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Riverview Towers LLC
Balance Sheet-Riverview Towers LLC
December 31, 2017

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| | Current Period | Cumulative |
|--|------------------|---------------------|
| LIABILITIES AND MEMBERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | | |
| 26-0-000-000-2111.000 A/P - Vendors & Contractors | 11,907.77 | 11,907.77 |
| 26-0-000-000-2111.010 A/P - Other | 0.00 | 0.00 |
| 26-0-000-000-2114.000 Tenants Security Deposits | 809.00 | 47,438.00 |
| 26-0-000-000-2119.000 A/P - Other | 0.00 | 0.00 |
| 26-0-000-000-2119.010 A/P - Payroll | 448.26 | 18,485.99 |
| 26-0-000-000-2119.020 A/P - Gorman Compliance Fee | 0.00 | 0.00 |
| 26-0-000-000-2119.030 A/P - Gorman Developer Fee | 0.00 | 0.00 |
| 26-0-000-000-2119.040 A/P - Subsidy | 0.00 | 0.00 |
| Total | 13,165.03 | 77,831.76 |
| Accrued Liabilities | | |
| 26-0-000-000-2134.000 Accrued Comp Absences - Due within one year | 743.02 | 6,978.60 |
| 26-0-000-000-2136.000 Other Accrued Liabilities | 0.00 | 0.00 |
| 26-0-000-000-2137.000 Payment in Lieu of Taxes | 1,971.66 | 39,016.34 |
| 26-0-000-000-2149.000 Accrued Asset Mgt Fee | (7,737.84) | 0.00 |
| Total | (5,023.16) | 45,994.94 |
| Other Current Liabilities | | |
| 26-0-000-000-2145.001 Interprogram Due to (from) PH | 0.00 | 0.00 |
| 26-0-000-000-2145.012 Interprogram Due to (from) Riverview Terrace | 0.00 | 0.00 |
| 26-0-000-000-2145.017 Interprogram Due to (from) BA II | 27.84 | 2,486.58 |
| 26-0-000-000-2240.000 Tenants Prepaid Rent | (28.00) | 2.00 |
| Total | (0.16) | 2,488.58 |
| TOTAL CURRENT LIABILITIES | 8,141.71 | 126,315.28 |
| NONCURRENT LIABILITIES | | |
| 26-0-000-000-2134.010 Accrued Comp Absences | 3,425.22 | 3,425.22 |
| 26-0-000-000-2310.000 Notes Payable - Construction Loan | 0.00 | 0.00 |
| 26-0-000-000-2320.000 Notes Payable - Wausau CDA PH | 0.00 | 2,500,000.00 |
| 26-0-000-000-2320.010 Interest Payable - Wausau CDA PH | 4,166.63 | 200,000.00 |
| 26-0-000-000-2330.000 Notes Payable - Wausau CDA PH (AHP loan) | 0.00 | 750,000.00 |
| 26-0-000-000-2330.010 Interest Payable - Wausau CDA PH (AHP loan) | 351.87 | 15,112.87 |
| Total | 7,943.72 | 3,468,538.09 |
| TOTAL LIABILITIES | 16,085.43 | 3,594,853.37 |

*(See Accountants' Compilation Report)

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Riverview Towers LLC
Balance Sheet-Riverview Towers LLC
December 31, 2017

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| | Current Period | Cumulative |
|---|------------------|---------------------|
| MEMBERS' EQUITY | | |
| 26-0-000-000-2700.000 CY Net Change | 349,558.85 | 0.00 |
| 26-0-000-000-1450.000 Syndication Costs | 0.00 | (52,000.00) |
| 26-0-000-000-2810.512 Unrestricted Net Assets | 0.00 | 0.00 |
| 26-0-000-000-2834.000 Managing Member Equity | (31.71) | 174,831.97 |
| 26-0-000-000-2835.000 NEF Investor Equity | (317,026.95) | 6,079,443.76 |
| TOTAL MEMBERS' EQUITY | 32,500.19 | 6,202,275.73 |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | 48,585.62 | 9,797,129.10 |
| Proof | 0.00 | 0.00 |

**(See Accountants' Compilation Report)*

Riverview Towers LLC
Stmnt of Operations-Riverview Towers LLC
Twelve Month Period - December 31, 2017

| | ***** PERIOD TO DATE***** | | | ***YTD ACTUAL*** | | ***YTD BUDGET*** | |
|--|---------------------------|-------------------|------------------|------------------|-------------------|-------------------|------------------|
| | PUM | Actual | Budget | PUM | Actual | Budget | Variance |
| PUM | 1.00 | 149.00 | 149.00 | 1.00 | 1,788.00 | 1,788.00 | 0.00 |
| OPERATING REVENUE | | | | | | | |
| Rental Revenue | | | | | | | |
| 26-1-000-000-3420.000 Tenant Revenue - Rent | 270.42 | 40,292.00 | 39,666.63 | 273.71 | 489,385.00 | 476,000.00 | 13,385.00 |
| 26-1-000-000-3422.000 Excess Utilities | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 270.42 | 40,292.00 | 39,666.63 | 273.71 | 489,385.00 | 476,000.00 | 13,385.00 |
| Nonrental Revenue | | | | | | | |
| 26-1-000-000-3440.000 Other Inc - Tenants Charges | 0.59 | 87.50 | 266.63 | 1.96 | 3,512.63 | 3,200.00 | 312.63 |
| 26-1-000-000-3440.020 Other Inc - Tenant Store | 1.04 | 155.00 | 258.37 | 1.53 | 2,733.00 | 3,100.00 | (367.00) |
| 26-1-000-000-3440.030 Other Income | 0.00 | 0.00 | 16.63 | 0.00 | 0.00 | 200.00 | (200.00) |
| 26-1-000-000-3444.040 Laundry | 5.98 | 891.56 | 825.00 | 5.63 | 10,060.43 | 9,900.00 | 160.43 |
| 26-1-000-000-3444.050 Vending | 0.00 | 0.00 | 166.63 | 1.03 | 1,843.03 | 2,000.00 | (156.97) |
| 26-1-000-000-3691.000 Operating Subsidy | 588.52 | 87,689.67 | 5,616.63 | 83.66 | 149,575.52 | 67,400.00 | 82,175.52 |
| 26-1-000-000-3692.000 Other Inc - Insurance Proceeds | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 596.13 | 88,823.73 | 7,149.89 | 93.81 | 167,724.61 | 85,800.00 | 81,924.61 |
| TOTAL OPERATING REVENUE | 866.55 | 129,115.73 | 46,816.52 | 367.51 | 657,109.61 | 561,800.00 | 95,309.61 |
| OPERATING EXPENSES | | | | | | | |
| Administration | | | | | | | |
| 26-1-000-000-4110.000 Administration Salaries | 43.04 | 6,413.06 | 7,215.00 | 48.98 | 87,573.30 | 86,580.00 | 993.30 |
| 26-1-000-000-4110.010 Admin Salaries - Comp Abs | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 26-1-000-000-4120.000 Advertising & Marketing | 1.34 | 199.00 | 291.63 | 2.19 | 3,917.80 | 3,500.00 | 417.80 |
| 26-1-000-000-4130.000 Legal Expense | 0.00 | 0.00 | 0.00 | 3.27 | 5,855.00 | 0.00 | 5,855.00 |
| 26-1-000-000-4140.000 Staff Training | 0.00 | 0.00 | 66.63 | 0.75 | 1,342.50 | 800.00 | 542.50 |
| 26-1-000-000-4150.000 Travel | 0.00 | 0.00 | 133.37 | 1.30 | 2,324.45 | 1,600.00 | 724.45 |
| 26-1-000-000-4150.010 Mileage | 1.34 | 200.00 | 0.00 | 0.11 | 200.00 | 0.00 | 200.00 |
| 26-1-000-000-4160.000 Office Expenses | 5.55 | 826.74 | 750.00 | 4.30 | 7,695.05 | 9,000.00 | (1,304.95) |
| 26-1-000-000-4170.000 Accounting Fees | 2.49 | 371.00 | 425.00 | 2.73 | 4,886.00 | 5,100.00 | (214.00) |
| 26-1-000-000-4171.000 Audit Fees | 0.00 | 0.00 | 783.37 | 4.42 | 7,900.00 | 9,400.00 | (1,500.00) |
| 26-1-000-000-4182.000 Employee Benefits - Admin | 20.67 | 3,080.16 | 3,996.38 | 20.23 | 36,168.06 | 47,957.00 | (11,788.94) |
| 26-1-000-000-4190.000 Other Admin and Sundry | 0.00 | 0.00 | 166.63 | 0.93 | 1,660.88 | 2,000.00 | (339.12) |
| 26-1-000-000-4191.000 Telephone | 1.31 | 195.67 | 255.00 | 1.57 | 2,804.62 | 3,060.00 | (255.38) |
| 26-1-000-000-4192.000 Management Fee | 16.69 | 2,486.58 | 2,471.87 | 16.93 | 30,274.22 | 29,662.00 | 612.22 |
| 26-1-000-000-4193.000 Compliance Fee | 3.75 | 558.75 | 572.50 | 3.75 | 6,705.00 | 6,870.00 | (165.00) |
| 26-1-000-000-4194.000 Asset Management Fee | 6.42 | 956.72 | 724.75 | 4.86 | 8,694.56 | 8,697.00 | (2.44) |
| Total | 102.60 | 15,287.68 | 17,852.13 | 116.33 | 208,001.44 | 214,226.00 | (6,224.56) |
| Tenant Services | | | | | | | |
| 26-1-000-000-4210.000 Tenant Services Salaries | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 26-1-000-000-4220.000 Rec, Pub and Other | 10.20 | 1,519.28 | 366.63 | 2.47 | 4,410.59 | 4,400.00 | 10.59 |
| 26-1-000-000-4221.000 Tenant Store Expenses | 2.29 | 341.24 | 275.00 | 1.80 | 3,218.33 | 3,300.00 | (81.67) |
| Total | 12.49 | 1,860.52 | 641.63 | 4.27 | 7,628.92 | 7,700.00 | (71.08) |

*See Accountants' Compilation Report

Riverview Towers LLC
Stmnt of Operations-Riverview Towers LLC
Twelve Month Period - December 31, 2017

| | ***** PERIOD TO DATE***** | | | ***YTD ACTUAL*** | | ***YTD BUDGET*** | |
|--|---------------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| | PUM | Actual | Budget | PUM | Actual | Budget | Variance |
| OPERATING EXPENSES | | | | | | | |
| Utilities | | | | | | | |
| 26-1-000-000-4310.000 Water | 9.61 | 1,431.93 | 541.63 | 3.24 | 5,784.58 | 6,500.00 | (715.42) |
| 26-1-000-000-4320.000 Electricity | 50.45 | 7,517.76 | 4,833.37 | 30.18 | 53,954.09 | 58,000.00 | (4,045.91) |
| 26-1-000-000-4330.000 Gas | 64.04 | 9,541.85 | 2,583.37 | 17.40 | 31,107.32 | 31,000.00 | 107.32 |
| 26-1-000-000-4360.000 Sewer | 12.07 | 1,799.16 | 650.00 | 4.06 | 7,253.62 | 7,800.00 | (546.38) |
| 26-1-000-000-4390.000 Other Utilities Expense | 1.91 | 284.70 | 100.00 | 0.63 | 1,122.00 | 1,200.00 | (78.00) |
| Total | 138.09 | 20,575.40 | 8,708.37 | 55.49 | 99,221.61 | 104,500.00 | (5,278.39) |
| Maintenance and Operations | | | | | | | |
| 26-1-000-000-4410.000 Maint Labor | 39.52 | 5,888.52 | 6,216.63 | 41.95 | 75,006.69 | 74,600.00 | 406.69 |
| 26-1-000-000-4410.010 Maint Labor - Comp Abs | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 26-1-000-000-4420.000 Maint Materials | 20.45 | 3,047.73 | 1,100.00 | 6.71 | 11,993.71 | 13,200.00 | (1,206.29) |
| 26-1-000-000-4430.010 Heating & Cooling | 0.00 | 0.00 | 100.00 | 0.06 | 103.39 | 1,200.00 | (1,096.61) |
| 26-1-000-000-4430.020 Snow Removal | 0.00 | 0.00 | 100.00 | 0.28 | 500.00 | 1,200.00 | (700.00) |
| 26-1-000-000-4430.030 Elevator Maintenance | 3.38 | 504.07 | 541.63 | 3.52 | 6,299.44 | 6,500.00 | (200.56) |
| 26-1-000-000-4430.040 Landscape & Grounds | 2.73 | 407.23 | 333.37 | 1.96 | 3,510.13 | 4,000.00 | (489.87) |
| 26-1-000-000-4430.050 Unit Turnaround | 0.00 | 0.00 | 166.63 | 0.00 | 0.00 | 2,000.00 | (2,000.00) |
| 26-1-000-000-4430.060 Electrical | 0.00 | 0.00 | 91.63 | 0.50 | 889.93 | 1,100.00 | (210.07) |
| 26-1-000-000-4430.070 Plumbing | 0.00 | 0.00 | 41.63 | 0.00 | 0.00 | 500.00 | (500.00) |
| 26-1-000-000-4430.080 Extermination | 13.59 | 2,025.00 | 500.00 | 8.86 | 15,850.00 | 6,000.00 | 9,850.00 |
| 26-1-000-000-4430.090 Janitorial | 0.00 | 0.00 | 400.00 | 0.00 | 0.00 | 4,800.00 | (4,800.00) |
| 26-1-000-000-4430.100 Other Contract Costs | 25.41 | 3,786.42 | 483.37 | 4.30 | 7,688.60 | 5,800.00 | 1,888.60 |
| 26-1-000-000-4430.101 Routine | 0.00 | 0.00 | 83.37 | 0.26 | 461.67 | 1,000.00 | (538.33) |
| 26-1-000-000-4431.000 Garbage & Trash Removal | 4.13 | 615.66 | 508.37 | 3.61 | 6,450.14 | 6,100.00 | 350.14 |
| 26-1-000-000-4433.000 Employee Benefits - Maint | 20.83 | 3,104.25 | 2,866.63 | 19.49 | 34,845.45 | 34,400.00 | 445.45 |
| Total | 130.06 | 19,378.88 | 13,533.26 | 91.50 | 163,599.15 | 162,400.00 | 1,199.15 |
| Protective Services | | | | | | | |
| 26-1-000-000-4480.000 Contract Costs | 1.13 | 168.06 | 191.63 | 1.48 | 2,643.10 | 2,300.00 | 343.10 |
| Total | 1.13 | 168.06 | 191.63 | 1.48 | 2,643.10 | 2,300.00 | 343.10 |
| General Expense | | | | | | | |
| 26-1-000-000-4510.010 Insurance - Property | 8.38 | 1,248.42 | 1,183.37 | 8.38 | 14,981.00 | 14,200.00 | 781.00 |
| 26-1-000-000-4510.020 Insurance - Liability | 3.11 | 462.75 | 508.37 | 3.24 | 5,789.99 | 6,100.00 | (310.01) |
| 26-1-000-000-4510.030 Insurance - Workers Comp | 0.93 | 137.96 | 253.88 | 1.01 | 1,802.44 | 3,047.00 | (1,244.56) |
| 26-1-000-000-4510.040 Insurance - Other | 0.00 | 0.00 | 66.63 | 0.10 | 174.38 | 800.00 | (625.62) |
| 26-1-000-000-4520.000 Payment in Lieu of Taxes | 13.23 | 1,971.66 | 3,087.50 | 21.82 | 39,016.34 | 37,050.00 | 1,966.34 |
| 26-1-000-000-4570.000 Collection Losses | 0.00 | 0.00 | 33.37 | 0.10 | 170.00 | 400.00 | (230.00) |
| 26-1-000-000-4590.000 Other General Expense | 0.00 | 0.00 | 0.00 | 14.81 | 26,478.92 | 0.00 | 26,478.92 |
| 26-1-000-000-4590.010 Other Gen Exp - Compliance Fee | 0.00 | 0.00 | 558.75 | 3.75 | 6,705.00 | 6,705.00 | 0.00 |
| 26-1-000-000-4590.020 Other Gen Exp - Tax Return | 0.00 | 0.00 | 0.00 | 1.09 | 1,950.00 | 0.00 | 1,950.00 |
| 26-1-000-000-4595.000 Compensated Absences | 27.97 | 4,168.24 | 0.00 | 7.59 | 13,563.82 | 0.00 | 13,563.82 |
| Total | 53.62 | 7,989.03 | 5,691.87 | 61.87 | 110,631.89 | 68,302.00 | 42,329.89 |

*See Accountants' Compilation Report

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Riverview Towers LLC
Stmnt of Operations-Riverview Towers LLC
Twelve Month Period - December 31, 2017

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| | ***** PERIOD TO DATE***** | | | ***YTD ACTUAL*** | | ***YTD BUDGET*** | |
|---|---------------------------|-------------------|--------------------|------------------|---------------------|---------------------|-------------------|
| | PUM | Actual | Budget | PUM | Actual | Budget | Variance |
| Extraordinary Maintenance | | | | | | | |
| 26-1-000-000-4610.010 Labor | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 26-1-000-000-4610.030 Contract Costs | 0.00 | 0.00 | 416.63 | 1.41 | 2,519.75 | 5,000.00 | (2,480.25) |
| Total | 0.00 | 0.00 | 416.63 | 1.41 | 2,519.75 | 5,000.00 | (2,480.25) |
| Casualty Losses | | | | | | | |
| 26-1-000-000-4620.030 Contract Costs | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Depreciation Expenses | | | | | | | |
| 26-1-000-000-4800.000 Depreciation Expense | 182.96 | 27,260.82 | 27,262.87 | 182.97 | 327,153.82 | 327,154.00 | (0.18) |
| 26-1-000-000-4801.000 Amortize - Tax Credit Fees | 1.76 | 261.74 | 261.75 | 1.76 | 3,140.88 | 3,141.00 | (0.12) |
| 26-1-000-000-4802.000 Amortize - Finance Fees | 0.00 | 0.00 | 150.87 | 0.00 | 0.00 | 1,810.00 | (1,810.00) |
| Total | 184.72 | 27,522.56 | 27,675.49 | 184.73 | 330,294.70 | 332,105.00 | (1,810.30) |
| TOTAL OPERATING EXPENSES | 622.70 | 92,782.13 | 74,711.01 | 517.08 | 924,540.56 | 896,533.00 | 28,007.56 |
| OPERATING INCOME (LOSS) | 243.85 | 36,333.60 | (27,894.49) | 149.57 | (267,430.95) | (334,733.00) | 67,302.05 |
| Nonoperating Revenue (Expense) | | | | | | | |
| 26-1-000-000-3430.000 Investment Income | 4.60 | 685.09 | 233.37 | 2.34 | 4,178.82 | 2,800.00 | 1,378.82 |
| 26-1-000-000-3480.000 Gain (Loss) on Fixed Assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 26-1-000-000-4540.000 Interest Expense - CDA Loan | 27.96 | (4,166.63) | (4,166.63) | 27.96 | (50,000.00) | (50,000.00) | 0.00 |
| 26-1-000-000-4540.010 Interest Expense - AHP CDA Loan | 2.36 | (351.87) | 0.00 | 2.13 | (3,806.53) | 0.00 | (3,806.53) |
| 26-1-000-000-9000.000 Operating Transfer In | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 25.73 | (3,833.41) | (3,933.26) | 27.76 | (49,627.71) | (47,200.00) | (2,427.71) |
| CHANGE IN NET ASSETS | 218.12 | 32,500.19 | (31,827.75) | 177.33 | (317,058.66) | (381,933.00) | 64,874.34 |
| Prior Period Adjustments | | | | | | | |
| Total | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| NET CHANGE | 218.12 | 32,500.19 | (31,827.75) | 177.33 | (317,058.66) | (381,933.00) | 64,874.34 |

*See Accountants' Compilation Report

RIVERVIEW TOWERS LLC
INCOME STATEMENT SUMMARY THROUGH DECEMBER 31, 2017

| | 2017 QUARTERLY | 2017 YTD | 2017 BUDGET | 2016 YTD |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| TTL TENANT REV | \$122,487.00 | \$489,385.00 | \$476,000.00 | \$478,500.00 |
| TTL OTHER REV | \$92,386.16 | \$171,903.43 | \$88,600.00 | \$107,190.30 |
| TOTAL REVENUE | \$214,873.16 | \$661,288.43 | \$564,600.00 | \$585,690.30 |
| TTL ADMIN EXP | \$45,586.53 | \$208,001.44 | \$214,226.00 | \$202,105.52 |
| TTL TENANT SRVC EXP | \$3,774.94 | \$7,628.92 | \$7,700.00 | \$8,121.78 |
| TTL UTILITY EXP | \$35,188.91 | \$99,221.61 | \$104,500.00 | \$96,692.45 |
| TTL MAINTENANCE EXP | \$44,414.42 | \$163,599.15 | \$162,400.00 | \$148,104.94 |
| TTL PROTECTIVE SRVC EXP | \$504.18 | \$2,643.10 | \$2,300.00 | \$2,464.97 |
| TTL OTHER EXP | \$19,479.08 | \$110,631.89 | \$68,302.00 | \$114,749.42 |
| TTL EXTRA/CASUALTY EXP | \$0.00 | \$2,519.75 | \$5,000.00 | \$4,207.98 |
| TOTAL OPERATING EXPENSES | \$148,948.06 | \$594,245.86 | \$564,428.00 | \$576,447.06 |
| INCOME/(LOSS) BEFORE DEPRECIATION | \$65,925.10 | \$67,042.57 | \$172.00 | \$9,243.24 |
| DEPRECIATION EXP | \$154,239.04 | \$330,294.70 | \$332,105.00 | \$330,294.70 |
| NET INCOME/(LOSS) | (\$88,313.94) | (\$263,252.13) | (\$331,933.00) | (\$321,051.46) |

WAUSAU CDA - PUBLIC HOUSING AMP 3 TC

FINANCIAL STATEMENTS

For the Accounting Period Ending December 31, 2017



ACCOUNTANTS' COMPILATION REPORT

To the Board of Commissioners
Wausau CDA - Public Housing AMP 3 TC

Management is responsible for the accompanying statement of net position of Wausau CDA - Public Housing AMP 3 TC ("Housing Authority") as of December 31, 2017, and the related statement of activities for the one month and year then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Housing Authority's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We are not independent with respect to the Housing Authority.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
January 25, 2018

Wausau CDA - Public Housing AMP 3 TC
Stmt of Net Position - PH AMP 3 TC
December 31, 2017

| | Current Period | Cumulative |
|---|--------------------|------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | | |
| 03-0-000-000-1111.040 Cash - Unrestricted | 0.00 | 0.00 |
| 03-0-000-000-1162.000 Cash - Savings/Money Mkts/CDs | (53,165.16) | 82,537.60 |
| Total | (53,165.16) | 82,537.60 |
| | | |
| Accounts Receivable | | |
| 03-0-000-000-1129.000 A/R - Tax Credit LLC Subsidy | 0.00 | 0.00 |
| Total | 0.00 | 0.00 |
| | | |
| TOTAL ASSETS | (53,165.16) | 82,537.60 |
| | | |
| LIAB, DEF INFLOWS, & NET POSITION | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | | |
| 03-0-000-000-2119.020 A/P - Tax Credit LLC Subsidy | 87,689.67 | 82,537.60 |
| Total | 87,689.67 | 82,537.60 |
| | | |
| Other Current Liabilities | | |
| 03-0-000-000-2290.000 Unearned Revenue - Subsidy | (95,930.68) | 0.00 |
| Total | (95,930.68) | 0.00 |
| | | |
| TOTAL LIABILITIES | (8,241.01) | 82,537.60 |
| | | |
| Deferred Inflows of Resources | | |
| 03-0-000-000-2600.401 Deferred Inflows of Resources - Subsidy | 0.00 | 0.00 |
| Total | 0.00 | 0.00 |
| | | |
| NET POSITION | | |
| 03-0-000-000-2700.000 CY Net Change | (44,924.15) | 0.00 |
| 03-0-000-000-2810.512 Unrestricted | 0.00 | 0.00 |
| TOTAL NET POSITION | (44,924.15) | 0.00 |
| | | |
| TOTAL LIAB, DEF INFLOWS, & NET POSITION | (53,165.16) | 82,537.60 |
| | | |
| Proof | 0.00 | 0.00 |

**(See Accountants' Compilation Report)*

Date: 02/10/2018
 Time: 9:12:21
 angiec

Wausau CDA - Public Housing AMP 3 TC
Statement of Activities - PH AMP 3 TC
Twelve Month Period - December 31, 2017

| | ***** PERIOD TO DATE***** | | | ***YTD ACTUAL*** | | ***YTD BUDGET*** | |
|--|---------------------------|--------------------|-------------|------------------|-------------------|------------------|-------------------|
| | PUM | Actual | Budget | PUM | Actual | Budget | Variance |
| PUM | 1.00 | 149.00 | 149.00 | 1.00 | 1,788.00 | 1,788.00 | 0.00 |
| OPERATING REVENUE | | | | | | | |
| Nonrental Revenue | | | | | | | |
| 03-1-000-000-3691.000 Operating Subsidy | 66.15 | 9,857.00 | 0.00 | 65.25 | 116,667.00 | 0.00 | 116,667.00 |
| Total | 66.15 | 9,857.00 | 0.00 | 65.25 | 116,667.00 | 0.00 | 116,667.00 |
| TOTAL OPERATING REVENUE | 66.15 | 9,857.00 | 0.00 | 65.25 | 116,667.00 | 0.00 | 116,667.00 |
| OPERATING EXPENSES | | | | | | | |
| General Expense | | | | | | | |
| 03-1-000-000-4590.010 Other General Exp - Subsidy to LLC | 55.31 | (8,241.01) | 0.00 | 30.00 | 53,644.84 | 0.00 | 53,644.84 |
| 03-1-000-000-4590.020 Other General Exp - AMP 1 | 422.97 | 63,022.16 | 0.00 | 35.25 | 63,022.16 | 0.00 | 63,022.16 |
| Total | 367.66 | 54,781.15 | 0.00 | 65.25 | 116,667.00 | 0.00 | 116,667.00 |
| TOTAL OPERATING EXPENSES | 367.66 | 54,781.15 | 0.00 | 65.25 | 116,667.00 | 0.00 | 116,667.00 |
| OPERATING INCOME (LOSS) | 301.50 | (44,924.15) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Nonoperating Revenue (Expense) | | | | | | | |
| Total | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| CHANGE IN NET POSITION | 301.50 | (44,924.15) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Prior Period Adjustments | | | | | | | |
| Total | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| NET CHANGE | 301.50 | (44,924.15) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

*See Accountants' Compilation Report

OPERATING SUBSIDY

| 2017 | CDA | RVT LLC | RVT - CALCULATION | TRANSFER |
|-------------------------|---------------------|---------------------|--------------------------|---------------------|
| JANUARY | \$6,982.00 | \$10,352.00 | (\$12,120.63) | |
| FEBRUARY | \$6,981.00 | \$10,352.00 | \$4,808.93 | |
| MARCH | \$5,493.00 | \$5,650.00 | \$18,082.83 | |
| APRIL | \$16,077.00 | \$9,097.00 | \$15,118.06 | \$8,270.97 |
| MAY | \$8,883.00 | \$8,863.00 | \$13,832.12 | \$15,118.06 |
| JUNE | \$13,834.00 | \$13,801.00 | \$24,230.38 | \$16,332.28 |
| JULY | \$9,347.00 | \$9,326.00 | (\$1,140.03) | \$24,230.38 |
| AUGUST | \$9,868.00 | \$9,845.00 | (\$4,536.61) | |
| SEPTEMBER | \$9,868.00 | \$9,846.00 | \$5,233.49 | |
| OCTOBER | \$9,662.00 | \$9,640.00 | \$3,529.38 | \$0.00 |
| NOVEMBER | \$9,880.00 | \$9,857.00 | (\$5,152.07) | \$3,086.23 |
| DECEMBER | \$9,880.00 | \$9,857.00 | \$24,667.51 | |
| | | | | \$19,515.44 |
| | \$116,755.00 | \$116,486.00 | \$86,553.36 | \$86,553.36 |
| AMP 3 Subsidy Dispersal | | | | \$63,022.16 |
| | | | | \$149,575.52 |

RIVERVIEW TOWERS, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

RIVERVIEW TOWERS, LLC

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INDEPENDENT AUDITORS' REPORT

To the Members
Riverview Towers, LLC
Wausau, Wisconsin

Report on Financial Statements

We have audited the accompanying financial statements of Riverview Towers, LLC, (the "Company") which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Riverview Towers, LLC as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 14 and 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Certified Public Accountants

Wausau, Wisconsin
February 16, 2018

FINANCIAL STATEMENTS

RIVERVIEW TOWERS, LLC
Balance Sheets
December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|----------------------------|-----------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | | |
| Operations | \$ 33,035 | \$ 8,943 |
| Security deposits | 50,432 | 46,702 |
| Reserves | | |
| Replacement reserve | 316,877 | 138,882 |
| Operating reserve | 433,077 | 430,888 |
| ACC reserve | - | 177,321 |
| Accounts receivable | | |
| Tenants | 773 | 575 |
| Other | 82,538 | 61,738 |
| Prepaid expenses | <u>7,433</u> | <u>7,383</u> |
| Total current assets | <u>924,165</u> | <u>872,432</u> |
| Property and equipment, net | <u>8,842,340</u> | <u>9,169,494</u> |
| Intangible assets, net | <u>30,624</u> | <u>33,765</u> |
| Total assets | <u>\$ 9,797,129</u> | <u>\$ 10,075,691</u> |
| Liabilities and Members' Equity | | |
| Current liabilities | | |
| Accounts payable | \$ 11,908 | \$ 28,665 |
| Due to related parties | | |
| Management fee payable | 2,487 | 2,518 |
| Accrued payroll | 18,486 | 19,549 |
| Accrued compensated absences | 6,979 | 8,732 |
| Payment in lieu of taxes | 39,016 | 38,181 |
| Tenant security deposits payable | 47,438 | 46,614 |
| Prepaid rent | <u>2</u> | <u>-</u> |
| Total current liabilities | <u>126,316</u> | <u>144,259</u> |
| Long-term liabilities | | |
| Long-term debt | 3,250,000 | 3,250,000 |
| Accrued interest payable | 215,113 | 161,306 |
| Accrued compensated absences | <u>3,425</u> | <u>793</u> |
| Total long-term liabilities | <u>3,468,538</u> | <u>3,412,099</u> |
| Total liabilities | <u>3,594,854</u> | <u>3,556,358</u> |
| Members' equity | <u>6,202,275</u> | <u>6,519,333</u> |
| Total liabilities and members' equity | <u>\$ 9,797,129</u> | <u>\$ 10,075,691</u> |

See Notes to Financial Statements.

RIVERVIEW TOWERS, LLC
Statements of Operations
For the Years Ended December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|-------------------------------|-------------------------|-------------------------|
| Revenues | | |
| Rental income | \$ 489,385 | \$ 478,500 |
| Operating subsidy | 149,576 | 84,843 |
| Other | 18,149 | 19,452 |
| Interest | <u>4,179</u> | <u>2,895</u> |
| Total revenues | <u>661,289</u> | <u>585,690</u> |
| Expenses | | |
| Administrative | 208,002 | 202,105 |
| Tenant services | 7,629 | 7,070 |
| Utilities | 99,222 | 96,692 |
| Maintenance and operations | 163,598 | 149,156 |
| Protective services | 2,643 | 2,465 |
| Insurance | 22,747 | 22,005 |
| Payment in lieu of taxes | 39,016 | 38,181 |
| Collection loss (recovery) | 170 | (209) |
| General | 51,218 | 58,981 |
| Interest | 53,807 | 53,788 |
| Depreciation and amortization | <u>330,295</u> | <u>330,295</u> |
| Total expenses | <u>978,347</u> | <u>960,529</u> |
| Net loss | <u>\$ (317,058)</u> | <u>\$ (374,839)</u> |

See Notes to Financial Statements.

RIVERVIEW TOWERS, LLC
Statements of Members' Equity
For the Years Ended December 31, 2017 and 2016

| | <u>Riverview Towers MM, LLC</u> | <u>National Equity Fund, Inc.</u> | <u>Retained Earnings</u> | <u>Total</u> |
|-------------------------------|---|---|------------------------------|---------------------|
| Balance at January 1, 2016, | \$ 174,901 | \$ 6,719,271 | \$ - | \$ 6,894,172 |
| Net loss | - | - | (374,839) | (374,839) |
| Net loss allocated to members | <u>(37)</u> | <u>(374,802)</u> | <u>374,839</u> | <u>-</u> |
| Balance at December 31, 2016 | 174,864 | 6,344,469 | - | 6,519,333 |
| Net loss | - | - | (317,058) | (317,058) |
| Net loss allocated to members | <u>(32)</u> | <u>(317,026)</u> | <u>317,058</u> | <u>-</u> |
| Balance at December 31, 2017 | <u>\$ 174,832</u> | <u>\$ 6,027,443</u> | <u>\$ -</u> | <u>\$ 6,202,275</u> |

See Notes to Financial Statements.

RIVERVIEW TOWERS, LLC
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|------------------|------------------|
| Operating Activities | | |
| Receipts | | |
| Rental income | \$ 489,843 | \$ 483,218 |
| Operating subsidy | 128,702 | 45,309 |
| Other | 18,149 | 19,451 |
| Interest | <u>4,253</u> | <u>2,911</u> |
| Total receipts | <u>640,947</u> | <u>550,889</u> |
| Disbursements | | |
| Administrative | (139,506) | (111,836) |
| Employee salaries and wages | (163,643) | (132,370) |
| Tenant services | (7,629) | (7,070) |
| Utilities | (98,843) | (99,303) |
| Maintenance and operations | (86,681) | (76,938) |
| Protective services | (2,643) | (2,465) |
| Insurance | (22,797) | (29,054) |
| Payment in lieu of taxes | (38,181) | (36,862) |
| General | <u>(50,339)</u> | <u>(56,348)</u> |
| Total disbursements | <u>(610,262)</u> | <u>(552,246)</u> |
| Net cash provided by (used in) operating activities | <u>30,685</u> | <u>(1,357)</u> |
| Investing Activities | | |
| Deposits to replacement reserve | (227,927) | (47,828) |
| Withdrawals from replacement reserve | 49,932 | - |
| Deposits to operating reserve | (2,189) | (1,505) |
| Deposits to ACC reserve | (444) | (861) |
| Withdrawals from ACC reserve | <u>177,765</u> | <u>26,187</u> |
| Net cash used in investing activities | <u>(2,863)</u> | <u>(24,007)</u> |
| Change in cash | 27,822 | (25,364) |
| Cash and cash equivalents - beginning of year | <u>55,645</u> | <u>81,009</u> |
| Cash and cash equivalents - end of year | <u>\$ 83,467</u> | <u>\$ 55,645</u> |
| Reconciliation of cash and cash equivalents | | |
| Operations | \$ 33,035 | \$ 8,943 |
| Security deposits | <u>50,432</u> | <u>46,702</u> |
| | <u>\$ 83,467</u> | <u>\$ 55,645</u> |

(Continued)

RIVERVIEW TOWERS, LLC
Statements of Cash Flows, Continued
For the Years Ended December 31, 2017 and 2016

| | 2017 | 2016 |
|--|--------------|--------------|
| Reconciliation of net loss to net cash flows provided by (used in) operating activities | | |
| Net loss | \$ (317,058) | \$ (374,839) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 330,295 | 330,295 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable - tenants | (198) | (23) |
| Accounts receivable - other | (20,800) | (39,518) |
| Prepaid expenses | (50) | 1,929 |
| Accounts payable - trade | (16,757) | 6,742 |
| Accounts payable - related party | (31) | (7,763) |
| Accrued payroll | (1,063) | 19,549 |
| Accrued compensated absences | 879 | 2,633 |
| Accrued interest payable | 53,807 | 53,787 |
| Payment in lieu of taxes | 835 | 1,319 |
| Tenant security deposits payable | 824 | 4,557 |
| Prepaid rent | 2 | (25) |
| Net cash provided by (used in) operating activities | \$ 30,685 | \$ (1,357) |

See Notes to Financial Statements.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2017 and 2016

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

A. Nature of business

Riverview Towers, LLC (the "Company") was organized in 2011 under the laws of the State of Wisconsin to modernize and operate a ten-story, 149-unit rental project, known as Riverview Towers, for elderly and disabled residents of low- and very low-income, located at 500 Grand Avenue, Wausau, Wisconsin. The Company is managed by the Community Development Authority (CDA) of the City of Wausau, Wisconsin, which is the sole owner of the Company's managing member, Riverview Towers MM, LLC (RVTMM). The project was subject to a Consolidated Annual Contributions Contract with the U.S. Department of Housing and Urban Development (HUD) through May 31, 2017. Effective June 1, 2017, the Company has entered into a Rental Assistance Demonstration (RAD) Conversion Commitment with HUD. Under the RAD Commitment, the Company, through RVTMM, has also executed a Rental Assistance Demonstration Use Agreement (RAD Use Agreement), and a Section 8 Housing Assistance Payments Contract (RAD HAP Contract) to receive Project-Based Vouchers beginning January 1, 2018, in place of the operating subsidy received under the ACC. Of the 149 rental units, 148 units are also subject to the rules and requirements of the Low-Income Housing Tax Credit program under Internal Revenue Code Section 42.

The Company is 99.99% owned by National Equity Fund, Inc. (NEF) and .01% owned by RVTMM. Operating profits and losses and the tax credits are allocated based upon ownership. Both members have limited liability with respect to the expenses, liabilities and obligations of the Company, except that RVTMM, as managing member, has guaranteed certain payments to NEF, the investor member, if the Company fails to qualify for a specified amount of tax credits during the term of the tax credit guaranty agreement.

B. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

C. Basis of accounting

The financial statements of the Company have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

D. Cash and cash equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

E. Accounts receivable

Accounts receivable due from tenants are stated at the amount management expects to collect from outstanding balances based on an evaluation of uncollected accounts. Bad debts are provided for using the allowance method. As of December 31, 2017 and 2016, management considered the entire receivable balance to be collectible and deemed an allowance as not necessary.

Other accounts receivable consists of an operating subsidy due from HUD of \$82,538 and \$61,664 and accrued interest of \$0 and \$74 as of December 31, 2017 and 2016, respectively.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2017 and 2016

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fair value of financial instruments

All cash, cash equivalents, accounts receivable, prepaid expenses, accounts payable and accrued liabilities approximate fair value at December 31, 2017 and 2016, respectively.

G. Impairment of long-lived assets

When events or conditions warrant, the Company evaluates the recoverability of long-lived assets and considers whether these assets are impaired. The Company assesses the recoverability of these assets based on several factors, including management's intention with respect to these assets and their projected undiscounted cash flows. If projected undiscounted cash flows are less than the carrying amount of the respective assets, the Company adjusts the carrying amounts of such assets to their estimated fair value. Based on management's evaluation, there was no impairment loss recognized for the years ended December 31, 2017 and 2016, respectively.

H. Property and equipment

The Company follows the CDA's policy whereby personal property items having a useful life of more than one year and a value of at least \$500 are capitalized. Except for appliances which are also capitalized, all expenditures for personal property valued under the threshold and for repairs and maintenance that do not materially prolong the useful lives of assets are expensed. Property and equipment is valued at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

I. Accrued payroll and compensated absences

The Company has been allocated its portion of employee salaries and wages, and related earned compensated absences by CDA, which follows the City of Wausau's policies on vacation and sick leave. Vacation benefits accrue at various rates based on employees' years of continuous service. Unused benefits may accumulate up to a maximum number of hours ranging from 120 to 280 annually. Benefits vest after six months of service and are paid out at the time of voluntary separation if the employee is in good standing and has given ten working days written notice.

Regular full-time employees earn sick leave at a rate of 3.6923 hours per bi-weekly pay period up to a maximum of 133 days (1,064 hours). Regular part-time employees earn sick leave at a rate of 1.85 hours per bi-weekly pay period up to a maximum of 66 days (528 hours). Employees earn sick leave immediately upon starting employment and must have six days of paid time in a pay period in order to earn sick leave during that pay period. When an employee retires, up to one hundred percent of the sick leave remaining in the employee's accumulated sick leave account may be converted to its monetary value and used to pay premiums towards the hospital and surgical program then in effect for the employee. The percentage of sick leave remaining in the employee's accumulated sick leave that is convertible is based on a formula which takes into consideration an employee's age and length of service.

J. Tenant security deposits payable

The Company requires tenants to pay a security deposit equal to one month's rent. Security deposits due to tenants are reflected as a liability in the accompanying balance sheets.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2017 and 2016

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Advertising

The Company expenses advertising and marketing costs as they are incurred. Total advertising costs were \$3,918 and \$3,277 for the years ended December 31, 2017 and 2016, respectively.

L. Income taxes

The Company has elected to be taxed as a partnership under the provisions of the Internal Revenue Code and comparable state regulations. Under these provisions, the Company does not pay federal or state corporate income taxes on its taxable income. Instead, the proportionate share of the Company's taxable income flows through to its members.

Penalties and interest assessed by income taxing authorities are included in operating expenses, if applicable. The Company had no interest and penalties related to income taxes for the years ended December 31, 2017 and 2016.

M. Subsequent events

The Company has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 16, 2018, the date on which the financial statements were available to be issued.

NOTE 2 - OPERATING AGREEMENT

The Company is subject to an operating agreement between its members. In accordance with the operating agreement in place at the beginning of 2017, the Company is to maintain an operating reserve, an Annual Contributions Contract (ACC) reserve, and a project replacement reserve. As of May 1, 2017 in connection with RAD Conversion, the operating agreement no longer requires an ACC reserve account. The amount in the ACC reserve was transferred to the Replacement Reserve.

All reserves are properly funded as follows:

| | <u>Replacement Reserve</u> | <u>Operating Reserve</u> | <u>ACC Reserve</u> |
|-----------------------------|--------------------------------|------------------------------|------------------------|
| Balance - beginning of year | \$ 138,882 | \$ 430,888 | \$ 177,321 |
| Deposits | 48,853 | - | - |
| Interest earned | 1,309 | 2,189 | 444 |
| Transfers | 177,765 | - | (177,765) |
| Withdrawals | <u>(49,932)</u> | <u>-</u> | <u>-</u> |
| Balance - end of year | <u>\$ 316,877</u> | <u>\$ 433,077</u> | <u>\$ -</u> |

Additionally, the Company is required to pay an annual fee to NEF for asset management services to be rendered to the Company. The fee is subject to an annual increase of 3%. Asset management fees expensed were \$8,695 and \$8,441 for 2017 and 2016, respectively.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2017 and 2016

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Company maintains its bank accounts at one bank in the Wausau area. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per insured depository institution. The Company's cash deposits may exceed these limits at times during the year. The Company has not experienced any losses on these accounts. Management believes the Company is not exposed to any significant credit risk on cash.

NOTE 4 - PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at December 31:

| | <u>2017</u> | <u>2016</u> |
|-----------------------------------|---------------------|---------------------|
| Land improvements | \$ 17,560 | \$ 17,560 |
| Buildings and improvements | 10,043,201 | 10,043,201 |
| Furniture, fixtures and equipment | <u>262,595</u> | <u>262,595</u> |
| | 10,323,356 | 10,323,356 |
| Less accumulated depreciation | <u>1,481,016</u> | <u>1,153,862</u> |
| Property and equipment, net | <u>\$ 8,842,340</u> | <u>\$ 9,169,494</u> |

Depreciation expense for 2017 and 2016 totaled \$327,154 and \$327,154, respectively.

NOTE 5 - INTANGIBLE ASSETS

Intangible assets consist of tax credit fees paid to Wisconsin Housing and Economic Development Authority in the amount of \$47,114. The tax credit fees are being amortized over 15 years. Total amortization expense for the years ended December 31, 2017 and 2016 was \$3,141 and \$3,141, respectively.

NOTE 6 - RELATED PARTY TRANSACTIONS

The Company has entered into an agreement with CDA as management agent for the Company. The term of the agreement is for three years and expires on August 31, 2019. Fees for management agent services are calculated at the rate of 6% of total monthly gross receipts. Total fees incurred were \$30,274 and \$29,841, with \$2,487 and \$2,518 accrued at December 31, 2017 and 2016, respectively, as management fee payable in the accompanying balance sheets.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2017 and 2016

NOTE 6 - RELATED PARTY TRANSACTIONS (Continued)

A ground lease agreement exists between the Company and CDA whereby the Company is leasing the apartment building and all parking spaces from CDA for the purpose of rehabilitating, equipping and developing the 149-unit facility. The agreement terminates on the latest to occur of (a) expiration of the minimum period during which the RAD units are required by law to be operated under the RAD Use Agreement; or (b) the expiration of 75 years from the date the project becomes available for occupancy. The fixed rent is \$1; all other monies paid, such as for maintenance of the building and grounds, utility services to common areas of the building and property, reasonable building security services and other operating expenses, are considered to be additional rent. No additional rent was paid during the years ended December 31, 2017 and 2016.

In addition, a lease agreement exists between the Company and CDA whereby the Company is leasing the maintenance building and land from CDA for the purpose of maintaining the rental building and grounds known as Riverview Towers. The term of this lease expires on December 31, 2088. The fixed rent is \$1. All other monies paid, such as for maintenance of the building and grounds, utility services to common areas of the building and property, reasonable building security services and other operating expenses, are considered to be the responsibility of the Company.

NOTE 7 - LONG-TERM DEBT

The Company's long-term debt consisted of the following at December 31:

| | 2017 | 2016 |
|---|---------------------|---------------------|
| 2.0%, construction second mortgage payable to CDA, with payments commencing one year from date project placed in service assuming available project cash flows, amortizing over 40 years from the in-service date, collateralized by an open-end leasehold mortgage and a security agreement, maturing in 2054. | \$ 2,500,000 | \$ 2,500,000 |
| 0.5%, affordable housing program loan payable to CDA, with payments of principal and interest sufficient to amortize the loan over 40 years assuming available project cash flows, collateralized by an open-end junior leasehold mortgage and a security agreement maturing in September, 2052. | <u>750,000</u> | <u>750,000</u> |
| | <u>\$ 3,250,000</u> | <u>\$ 3,250,000</u> |

The above notes are supported by mortgage, security and regulatory agreements.

NOTE 8 - INTEREST EXPENSE

Total interest costs were \$53,807 and \$53,788 during 2017 and 2016, respectively. No interest costs were capitalized as part of the cost of assets acquired during the periods.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2017 and 2016

NOTE 9 - RETIREMENT PLAN

Employees are covered under the State of Wisconsin Retirement System as part of the City of Wausau, Wisconsin. The employer's portion of the current annual contribution was paid by the Company and totaled \$11,551 and \$12,553 for the years ended December 31, 2017 and 2016, respectively.

NOTE 10 - CONTINGENCY

An Affordable Housing Program Retention/Repayment Agreement dated September 26, 2012 was entered into among BMO Harris Bank N.A., CDA and the Company. BMO Harris Bank N.A. disbursed the proceeds of an Affordable Housing Program (AHP) grant in the amount of \$750,000 from Federal Home Loan Bank of Chicago (FHLB) to CDA for use in connection with the construction and rehabilitation of the project. The Company must comply with the AHP provisions of the Financial Institution's Reform, Recovery and Enforcement Act of 1989 for a term of 15 years from the date of project completion (the retention period), at which time the recapture agreement terminates. Such provisions include managing and operating the property as rental housing for very low income households and providing compliance information as required by FHLB during the term of the agreement. In an event of default under the agreement, the Company and CDA will repay that portion of the grant that may be recaptured by BMO Harris Bank N.A. and FHLB.

SUPPLEMENTARY INFORMATION

RIVERVIEW TOWERS, LLC
Schedules of Operating Expenses
For the Years Ended December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|-----------------------------------|-------------------|-------------------|
| Administrative | | |
| Administrative salaries | \$ 87,573 | \$ 78,994 |
| Administrative employee benefits | 36,168 | 46,294 |
| Advertising and marketing | 3,918 | 3,277 |
| Legal | 5,855 | - |
| Staff training | 1,343 | 1,358 |
| Travel and mileage | 2,524 | 1,607 |
| Office | 7,695 | 7,397 |
| Accounting and auditing | 12,786 | 14,027 |
| Other administrative and sundry | 1,661 | 1,347 |
| Telephone | 2,805 | 2,817 |
| Management fee | 30,274 | 29,841 |
| Compliance fees | 6,705 | 6,705 |
| Asset management fee | 8,695 | 8,441 |
| | <u>\$ 208,002</u> | <u>\$ 202,105</u> |
| Tenant services | | |
| Recreation and other | \$ 4,411 | \$ 4,347 |
| Tenant store | 3,218 | 2,723 |
| | <u>\$ 7,629</u> | <u>\$ 7,070</u> |
| Utilities | | |
| Water | \$ 5,785 | \$ 5,944 |
| Electricity | 53,954 | 54,874 |
| Gas | 31,107 | 27,376 |
| Sewer | 7,254 | 7,388 |
| Other | 1,122 | 1,110 |
| | <u>\$ 99,222</u> | <u>\$ 96,692</u> |
| Maintenance and operations | | |
| Maintenance labor | \$ 75,007 | \$ 72,925 |
| Maintenance employee benefits | 34,845 | 34,359 |
| Maintenance materials | 11,994 | 13,229 |
| Heating and cooling | 103 | 786 |
| Snow removal | 500 | - |
| Elevator maintenance | 6,299 | 6,220 |
| Landscape and grounds | 3,510 | 2,473 |
| Electrical | 890 | 1,288 |
| Plumbing | - | 132 |
| Extermination | 15,850 | 5,143 |
| Other contract costs | 8,150 | 6,604 |
| Garbage and trash removal | 6,450 | 5,997 |
| | <u>\$ 163,598</u> | <u>\$ 149,156</u> |
| Protective services | | |
| Contract costs | <u>\$ 2,643</u> | <u>\$ 2,465</u> |

RIVERVIEW TOWERS, LLC
Schedules of Operating Expenses, Continued
For the Years Ended December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|-------------------|-------------------|
| Insurance | | |
| Property | \$ 14,981 | \$ 13,900 |
| Liability | 5,790 | 5,701 |
| Workers compensation | 1,802 | 2,237 |
| Other | 174 | 167 |
| | <u>\$ 22,747</u> | <u>\$ 22,005</u> |
| General | | |
| Compensated absences | \$ 13,564 | \$ 2,633 |
| Extraordinary maintenance | 2,520 | 4,208 |
| Other | 35,134 | 52,140 |
| | <u>\$ 51,218</u> | <u>\$ 58,981</u> |
| Depreciation and amortization | | |
| Depreciation | \$ 327,154 | \$ 327,154 |
| Amortization of tax credit fees | 3,141 | 3,141 |
| | <u>\$ 330,295</u> | <u>\$ 330,295</u> |

RIVERVIEW TOWERS, LLC
MANAGEMENT COMMUNICATIONS
DECEMBER 31, 2017

Riverview Towers, LLC

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APPENDIX

Management Representations Letter

To the Members
Riverview Towers, LLC
Wausau, Wisconsin

We have audited the financial statements of Riverview Towers, LLC (the "Company") for the year ended December 31, 2017, and have issued our report thereon dated February 16, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated October 10, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Consideration of Internal Control

In planning and performing our audit of the financial statements of the Company as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Company are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered by the Company during the year for which there is a lack of authoritative guidance of consensus. To the best of our knowledge, all significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the depreciable lives of property and equipment is based on analysis of the expected useful lives of the assets. We evaluated the key factors and assumptions and the consistency of the key factors and assumptions used to development the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The amortization period for tax credit fees is based on the related period over which tax credits will be calculated and claimed by the members. We evaluated the key factors and assumptions used to develop the estimated amortization period and determined that it is reasonable in relation to the financial statements taken as a whole.

The accrual for compensated absences is based on employees' years of service and pay rates as of the end of the calendar year. We evaluated the key factors and assumptions used to develop the estimate and the consistency of applying those factors and assumptions and determined that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 16, 2018. The management representation letter follows this communication.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and, to the best of our knowledge, our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Conclusion

This communication, which does not affect our report dated February 16, 2018 on the financial statements and supplemental schedules of the Company, is intended solely for the information and use of the of the Members and management of Riverview Towers, LLC, and is not intended to be, and should not be, used by anyone other than these specified parties.



Certified Public Accountants

Wausau, Wisconsin
February 16, 2018

APPENDIX



Planning, Community and Economic Development

February 16, 2018

Schenck SC
311 Financial Way, Suite 100
Wausau, WI 54401

This representation letter is provided in connection with your audit of the financial statements of Riverview Towers, LLC, which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of February 16, 2018, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 10, 2017, including our responsibility for the preparation and fair presentation of the financial statements.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable. In this regard -
 - The measurement processes used by management in determining accounting estimates are appropriate and consistent.
 - The assumptions appropriately reflect management's intent and ability to carry out specific courses of action.
 - The disclosures related to accounting estimates are complete and appropriate.

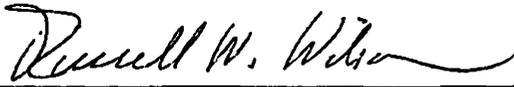


- No subsequent event has occurred that would require adjustment to the accounting estimates or disclosures included in the financial statements.
- 6) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements have been properly disclosed.
- 7) Receivables recorded in the financial statements represent valid claims against debtors for charges arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
- 8) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 9) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 10) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Company's accounts.
- 11) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 12) Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 13) Guarantees, whether written or oral, under which the Company is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

- 14) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Company from whom you determined it necessary to obtain audit evidence.
- 15) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 16) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 17) We have no knowledge of any fraud or suspected fraud that affects the Company and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 18) We have no knowledge of any allegations of fraud or suspected fraud affecting the Company's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 19) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 20) We have disclosed to you the identity of the Company's related parties and all the related-party relationships and transactions of which we are aware.

- 21) The Company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 23) We acknowledge our responsibility for presenting the supplementary information in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.



Russell Wilson, Board Chairman



Christian Schock, Director
Managing Member Representative