

*** 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, February 15, 2019 at 8:00 am**
Location: **550 East Thomas Street, Wausau, Wisconsin 54403**
Members: **Andy Witt, Sarah Napgezek, Robert Reinertson**

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

1. Call the Meeting to Order
2. Approval of Minutes from 11/14/2018
3. Review of WCDA Accounts, Capital Funds & 2019 Funding Outlook
4. Update on Live it Up Program Funding
5. Review of 2018 4th Quarter Financials
6. 2018 RVT LLC Audit
7. Adjournment

Andy Witt - Committee Chair

This Notice was posted at City Hall and faxed to the Daily Herald newsroom on Monday, February 11 @ 11:30 am. Questions regarding this agenda may be directed to Christian Schock, Community Development Director, 715-261-6683.

In accordance with the requirements of Title II of the Americans with Disabilities Act (ADA), the City of Wausau will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities. If you need assistance or reasonable accommodations in participating in this meeting or event due to a disability as defined under the ADA, please call Christian Schock at (715)261-6683 or e-mail christian.schock@ci.wausau.wi.us or the City's ADA Coordinator at (715)261-6620 or e-mail clerk@ci.wausau.wi.us at least 48 hours prior to the scheduled meeting or event to request an accommodation.

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

11/14/18

MEMBERS PRESENT: Andy Witt, Sarah Napgezok, Robert Reinertson

MEMBERS ABSENT:

OTHERS PRESENT: Betty Noel, Juli Birkenmeier, Christian Schock

(1) Call Meeting to Order

Meeting was called to order at 8:00 am in the WCDA Boardroom at 550 E. Thomas Street, Wausau, Wisconsin.

(2) Approval of 8/8/2018 Minutes

Reinertson moved to approve the minutes from 8/8/2018. Witt 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, 2018. Noel reiterated that funds from the Business Activity account will be used for the new programs that were recently implemented.

Noel reviewed the Capital Fund Program (CFP) summary and noted that she has begun obligating funds from the 2017 grant which carries obligation and expenditure deadlines of August 15, 2019 and August 15, 2021, respectively. Noel furthered that 2017 grant funds will be used for a 2019 concrete repair/replacement project at several of the scattered sites. She reported that HUD awarded additional funds to the 2018 CFP grant bringing that total grant award to \$69,203.

(4) Update on Live It Up Program Funding

Noel reviewed a loan activity spreadsheet detailing the use of WCDA funds. She noted that to-date, two loans have closed, totaling \$30,000, and an additional \$35,000 has been committed.

(5) Review of 2018 3rd Quarter Financials

Noel reviewed the 2018 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 stated that *Total Tenant Revenue* is approximately \$9,000 under budget, of which \$8,000 relates to lower occupancy at Riverview Terrace. She noted that *Total Other Revenue* is approximately \$12,000 over budget relating to both CFP Operations and Operating Subsidy revenues. Noel reported that *Total Admin Expense* is approximately \$7,000 under budget due to a mid-year reallocation of a portion of the Occupancy Specialist's salary to the HCV program. Noel noted that although *Total Tenant Service* appears to be \$50,000 under budget, \$46,000 relates to the timing of the Aspirus invoicing for services and meals. Noel explained that *Total Other Expense* is \$10,000 under budget but noted that the variance relates to untimely City invoicing for 2018 property and liability insurance.

Noel then reviewed the 2018 third quarter financials for Riverview Towers LLC, summarizing *Year-To-Date* versus *Budget* line items. She reported that *Total Tenant Revenue* is approximately \$17,000 over budget due to maintaining 99% occupancy throughout the year. Noel explained that although *Total Utility Expense* appears to be \$12,000 under budget, \$10,000 relates to the timing of the utility bills from Wisconsin Public Service. Noel also noted that *Total Extraordinary/Casualty Expense* is \$4,000 over budget which relates to an April 2018 casualty loss resulting from a broken pipe on first floor.

(6) Review of 2019 Program Budgets

Noel presented the 2019 budget for Riverview Towers LLC projecting increased tenant rent and investment income, as well as increased extermination expense, based on 2018 data. She also increased the administrative salaries by 2.5% but anticipates a budget revision once the City's wage study has been completed and implemented. Noel furthered that following board-approval, the budget will be submitted to NEF, as required by the Operating Agreement.

Noel presented the 2019 budget for Public Housing projecting an increase in operating subsidy and investment income. She also noted decreased administrative salaries and benefits due to partial reallocation of the Occupancy Specialist and Administrative Assistant's salary and benefits to the HCV program.

Noel presented the 2019 budget for Riverview Terrace Assisted Living and identified any significant adjustments. She also noted that she projects decreased heating and cooling expenses due to the chiller and boiler replacement project scheduled to begin in spring of 2019.

Lastly, Noel presented the 2019 Housing Choice Voucher budget explaining that although not yet mandated, HUD strongly encourages PHAs to prepare a budget to better assist with financial management of the program. She acknowledged a revised 2019 budget format which eliminates the HAP income and expense line items as they are irrelevant from a budgeting standpoint.

The finance committee will recommend the 2019 budgets for Public Housing, Riverview Terrace, Assisted Living, Riverview Towers LLC, and Housing Choice Voucher for presentation and final approval by the full commission on November 27, 2018, with the caveat that any interim budget adjustments be highlighted to streamline final approval.

(7) Adjourn

Meeting adjourned.

Respectfully Submitted,

Andy Witt
Chairperson

**COMMUNITY DEVELOPMENT AUTHORITY
CAPITAL FUND PROGRAM
As of 12/31/2018**

FUND #	GRANT AMOUNT	OBLIGATION START	OBLIGATION END	OBLIGATION BALANCE	DISBURSEMENT END	DISBURSEMENT BALANCE
501-17	\$ 190,979	08/16/17	08/15/19	\$ 172,700.33	08/15/21	\$ 172,700.33
501-18	\$ 69,203	05/29/18	05/28/20	\$ 69,203.00	05/28/22	\$ 69,203.00
						\$ 241,903.33

CFP 2017 BUDGET DETAIL

Operations	Operations	\$	38,000.00
Management Improvements	Staff Training, IT Support, Software License	\$	2,100.00
Fees/Costs	Architectural/Consultant Services	\$	3,200.00
Site Improvements	Concrete Repair, Landscaping, Tree Maintenance, Special Assessments	\$	95,100.00
Dwelling Structures	Scattered Site Roof Replacements, Bath Vanity Replacements, Countertop Replacements	\$	32,916.00
Dwelling Equipment	Appliance Replacements	\$	2,000.00
Non-Dwelling Structures	Garage Roof & OH Door Replacements, Office Modernization	\$	15,263.00
Non-Dwelling Equipment	Maintenance Equipment	\$	2,400.00
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	CFP 2017 Grant Total	\$	190,979.00

CFP 2018 BUDGET DETAIL

Operations	Operations	\$	25,000.00
Management Improvements	Staff Training, IT Support, Software License	\$	1,416.00
Site Improvements	Landscaping, Tree Maintenance, Concrete Repair	\$	6,000.00
Dwelling Structures	Scattered Site Roof Replacements, Countertop Replacements	\$	26,787.00
Non-Dwelling Structures	Garage Roof & OH Door Replacements	\$	10,000.00
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	CFP 2018 Grant Total	\$	69,203.00

Live it Up 2018 - CDA \$250,000 Program Commitment

Customer	Loan #	Address	Employer	Loan Amount	Financial Institution Used	Closing Date	Purchase Price	Housing %	Other programs used	Home improvements
Bradley & Megan Sippel	2018-0035	142 Eau Claire Boulevard	City of Wausau	\$ 15,000.00	US Bank	9/28/2018	\$ 172,500.00	13%	-	
Adam & Kelley Little	2018-0036	727 Augusta Avenue	North Central Health Care	\$ 15,000.00	Marathon County Employee CU	10/5/2018	\$ 54,900.00	6%	-	
Mark & Lauren Johnson	2018-0038	4407 & 4409 Forest Valley Road	Greenheck Fan Corporation	\$ 10,000.00	CoVantage Credit Union	10/17/2018	\$ 167,500.00	19%	-	\$211 painting
Seth & Taylor Wescott	2018-0039	1011 Gilbert Street	Aqua Finance	\$ 15,000.00	American Financial Network	10/26/2018	\$ 154,000.00	28%	-	\$600 painting
Wangtong & Sia Her	2018-0042	1730 N 2nd Avenue	Church Mutual	\$ 10,000.00	US Bank	10/31/2018	\$ 217,000.00	19%	-	
Jacob Peterson	2018-0046	723 E Bridge Street	Aqua Finance	\$ 15,000.00	River Valley Bank	11/21/2018	\$ 90,000.00	14%	-	
Caleb Baumgartner & Kelsey O'Malley	2018-0047	913 E Union Avenue	CoVantage Credit Union	\$ 15,000.00	CoVantage Credit Union	11/28/2018	\$ 125,900.00	10%	-	
Gregory Larson & Karen Larson	2018-0048	1014 N 8th Avenue	River Valley Bank	\$ 15,000.00	River Valley Bank	11/30/2018	\$ 77,000.00	12%	-	
Whitney Deicher	2018-0049	910 Prospect Avenue	Benedictine Health	\$ 9,000.00	Inlanta Mortgage	12/6/2018	\$ 97,000.00	18%	DP \$6,000	
Yer Yang	2018-0052	1214 S. 11th Avenue	Roastar/Wausau Coated Products	\$ 9,000.00	Inlanta Mortgage	12/19/2018	\$ 85,000.00	19%	DP \$6,000	
Alex Witt & Lynn Kelly	2018-0053	1224 Sunset Drive	North Central Health Care	\$ 15,000.00	Cash/Trustee Mortgage	12/27/2018	\$ 127,526.24	9%		
Luis & Tammy Allard	2019-0001	208 Reservoir Avenue	Linetec	\$ 15,000.00	CoVantage Credit Union	12/28/2018	\$ 138,000.00	17%		\$183 painting
TOTAL CONTRIBUTIONS YTD				\$ 158,000.00						

Bi-Annual Repayment Transfers - Around January 5th and July 5th

USE LIUC - Land Records Code

Send Quarterly reports

- January - March Send beginning of April
- April - June Send beginning of July
- July - September Send beginning of October
- October - December Send beginning of January

Funds Committed BUT not Closed yet	
Erich Spangberg	\$ 15,000.00
Windel Brown	\$ 15,000.00
Leng Xiong	\$ 4,000.00
David & Courtney Derus	\$ 10,000.00
\$ 44,000.00	TOTAL COMMITTED FUNDS

Approved - Awaiting accepted offers

Wausau Community Development Authority

Balance Sheet

December 31, 2018

		Low Rent (46 Scattered Sites) (Fund 01)	Voucher (Sec 8) (Fund 02)	Riverview Terrace (Fund 12)	Business Activity ** (Fund 15)	Business Activity II (Fund 17)	Redevelopment (Fund 16)	Entity Wide Total	Entity Wide Total 2017
ASSETS									
Cash									
'1111	Cash - Unrestricted	3,213.22	303,589.06	581,242.81	2,682,000.54	0.00	150,095.88	3,720,141.51	30,185.77
'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	989,951.14	0.00	0.00	0.00	410,573.58	0.00	1,400,524.72	4,845,837.73
	Total Cash	993,259.36	303,614.06	581,242.81	2,682,000.54	410,573.58	150,095.88	5,120,786.23	4,876,143.50
Accounts Receivable									
1121	Accounts Receivable- Fraud	0.00	2,358.60	0.00	0.00	0.00	0.00	2,358.60	3,727.20
'1122	Accounts Receivable - Tenants	157.05	0.00	0.00	0.00	0.00	0.00	157.05	1,501.90
1125	Accounts Receivable - HUD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1129	Accounts Receivable - Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	435.00
1128	Accounts Receivable - Other	0.00	0.00	5,870.16	0.00	0.00	0.00	5,870.16	7,337.70
'1145	Accrued Interest Receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total Accounts Receivable	157.05	2,358.60	5,870.16	0.00	0.00	0.00	8,385.81	13,001.80
Other Current Assets									
1210	Prepaid Expenses	0.00	1,005.00	1,005.00	0.00	0.00	0.00	2,010.00	1,958.32
'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	2,523.87	0.00	2,523.87	2,486.58
	Total Other Current Assets	0.00	1,005.00	1,005.00	0.00	2,523.87	0.00	4,533.87	4,444.90
Noncurrent Assets									
1350	CDA Mortgage Sale	0.00	0.00	0.00	0.00	0.00	15,289.81	15,289.81	18,743.66
'1400	Land/Structures/Equip Less Accum. Deprn	3,760,981.26	2,976.77	1,748,291.51	60,000.00	0.00	0.00	5,572,249.54	5,761,497.90
1500	Note Receivables - Tax Credits	3,518,938.43	0.00	0.00	307,301.00	0.00	0.00	3,826,239.43	3,756,456.87
1600	Investment in Tax Credits	174,756.48	0.00	0.00	0.00	0.00	0.00	174,756.48	174,831.97
	Total Noncurrent Assets	7,454,676.17	2,976.77	1,748,291.51	367,301.00	0.00	15,289.81	9,588,535.26	9,711,530.40
	TOTAL ASSETS	8,448,092.58	309,954.43	2,336,409.48	3,049,301.54	413,097.45	165,385.69	14,722,241.17	14,605,120.60

3692	Insurance Proceeds/VNA Charges to Tenants	66,091.31	268,799.93	296,000.00	75,183.50	299,675.69	290,000.00
3692	Insurance Proceeds/VNA Charges to Tenants	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Revenue		374,301.90	2,367,179.94	1,787,220.00	614,802.38	2,141,146.54	1,797,134.00
TOTAL REVENUES		435,124.70	2,608,116.30	2,039,720.00	680,275.43	2,396,391.21	2,031,234.00

EXPENSES

Administrative Expenses

4110	Administration Salaries	16,768.26	75,350.06	82,000.00	18,318.20	69,580.57	84,145.00
4110	Administration Salaries	20,802.00	86,823.40	51,800.00	17,149.30	75,856.99	50,785.00
4120	Advertising and Marketing	1,292.00	3,670.99	3,200.00	547.50	2,429.80	3,350.00
4120	Advertising and Marketing	0.00	414.20	500.00	0.00	0.00	625.00
4130	Legal Expense	0.00	0.00	1,000.00	0.00	0.00	1,000.00
4130	Legal Expense	0.00	0.00	0.00	11,969.00	11,969.00	0.00
4140	Staff Training	0.00	780.00	1,500.00	0.00	133.00	1,560.00
4140	Staff Training	975.00	2,815.00	1,600.00	0.00	2,310.00	2,000.00
4150	Travel	839.69	1,322.57	2,000.00	2,033.53	2,173.56	2,500.00
4150	Travel	342.68	1,803.74	1,400.00	301.30	1,842.37	1,200.00
4160	Office Expense	1,288.01	7,560.47	12,000.00	2,091.19	9,117.21	12,140.00
4160	Office Expense	21,186.28	47,425.22	7,000.00	29,338.24	93,725.70	7,000.00
4170	Accounting Fees	1,586.00	7,918.00	8,000.00	1,559.00	7,510.00	7,680.00
4170	Accounting Fees	1,001.00	7,788.00	5,400.00	1,428.00	6,792.00	5,000.00
4171	Audit Fees	0.00	7,050.00	7,100.00	0.00	6,950.00	6,950.00
4171	Audit Fees	0.00	4,950.00	2,100.00	0.00	5,550.00	1,850.00
4182	Empl. Benefit Contrib. -Admin	10,358.00	43,783.99	45,000.00	10,273.30	33,302.33	41,718.00
4182	Empl. Benefit Contrib. -Admin	8,897.51	33,967.87	13,500.00	5,507.28	21,764.38	12,197.00
	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	1,017.88	2,701.91	3,300.00	241.63	2,497.61	2,200.00
4190	Other Admin and Sundry	20.00	805.00	300.00	0.00	395.73	0.00
4191	Telephone	684.87	3,058.53	4,000.00	864.66	3,439.47	3,920.00
4191	Telephone	632.60	951.59	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		87,691.78	340,940.54	252,700.00	101,622.13	357,339.72	247,820.00

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	1,491.31	3,016.41	3,700.00	1,570.30	3,662.51	3,350.00

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	129,148.50	346,624.00	358,460.00	114,783.25	351,515.25	348,100.00
4230	Contract Costs/VNA Expenses	0.00	0.00	0.00	0.00	0.00	0.00
	Total Tenant Services Expenses	130,639.81	349,640.41	362,160.00	116,353.55	355,177.76	351,450.00

Utility Expenses

4310	Water	4,029.05	11,145.32	11,520.00	4,003.99	11,040.79	10,900.00
4310	Water	0.00	0.00	0.00	0.00	0.00	0.00
4320	Electricity	8,093.80	26,487.28	35,100.00	9,011.33	31,581.99	32,500.00
4320	Electricity	144.77	739.24	0.00	1,403.23	3,194.51	0.00
4330	Gas	4,274.66	10,791.32	11,100.00	3,843.90	10,319.65	10,400.00
4330	Gas	0.00	0.00	0.00	0.00	0.00	0.00
4360	Sewer	4,625.84	12,880.96	14,200.00	4,737.21	13,171.04	13,600.00
4340	Sewer	0.00	0.00	0.00	0.00	0.00	0.00
4390	Other Utilities Expense	900.41	2,453.60	2,550.00	724.39	2,235.34	2,550.00
4390	Other Utilities Expense	0.00	0.00	0.00	0.00	0.00	0.00
	Total Utility Expenses	22,068.53	64,497.72	74,470.00	23,724.05	71,543.32	69,950.00

Maintenance Expenses

4410	Maint. Labor	14,623.32	64,116.97	64,000.00	14,571.03	62,973.66	61,090.00
4410	Maint. Labor	983.46	4,301.18	4,360.00	958.14	4,009.29	4,200.00
4420	Maint. Materials	5,104.23	20,882.07	21,000.00	6,627.12	18,062.61	18,000.00
4420	Maint. Materials	0.00	0.00	0.00	0.00	0.00	0.00
4430	Maintenance Contracts	5,226.50	37,109.46	37,680.00	9,890.17	26,472.91	36,540.00
4430	Maintenance Contracts	0.00	0.00	0.00	0.00	0.00	0.00
4431	Garbage & Trash Removal	492.80	2,154.28	2,000.00	560.47	1,943.14	1,900.00
4431	Garbage & Trash Removal	0.00	0.00	0.00	0.00	0.00	0.00
4433	Empl. Benefit Contr. Maint.	6,016.60	24,944.12	25,200.00	6,011.73	24,770.87	24,421.00
4433	Empl. Benefit Contr. Maint.	156.56	684.51	680.00	153.50	667.66	650.00
	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	32,603.47	154,192.59	154,920.00	38,772.16	138,900.14	146,801.00

Protective Services Expenses

4460	Labor	593.75	593.75	0.00	0.00	984.50	0.00
4460	Labor	0.00	0.00	0.00	0.00	0.00	0.00

4470	Materials	597.66	597.66	0.00	0.00	965.98	0.00
4470	Materials	0.00	0.00	0.00	0.00	0.00	0.00
4480	Contract Costs	1,053.19	3,309.76	3,650.00	752.19	3,513.07	3,200.00
4480	Contract Costs	0.00	0.00	0.00	0.00	0.00	0.00
Total Protective Services		2,244.60	4,501.17	3,650.00	752.19	5,463.55	3,200.00
Other General Expenses							
4510	Insurance Expense	8,058.35	9,949.92	12,585.00	9,784.73	11,147.86	12,605.00
4510	Insurance Expense	1,840.73	3,211.66	3,300.00	4,707.19	5,564.74	3,500.00
4520	Payment in Lieu of Taxes	3,889.90	17,717.79	17,805.00	4,315.22	18,689.58	16,420.00
4520	Payment in Lieu of Taxes	0.00	0.00	0.00	0.00	0.00	0.00
4570	Collection Losses	879.36	-1,819.10	1,000.00	0.00	-4,972.42	2,400.00
4570	Collection Losses	566.00	566.00	2,300.00	2,956.00	2,956.00	0.00
4590	Other General Expense	0.00	0.00	0.00	0.00	1,046.56	0.00
4590	Other General Expense	182.37	1,139.83	1,200.00	9,099.28	10,534.31	800.00
	Gain/Loss on Investments	0.00	0.00	0.00	0.00	0.00	0.00
	Interest Expense	0.00	0.00	0.00	0.00	0.00	0.00
4595	Compensated Absences	3,626.51	3,626.51	0.00	1,532.15	3,098.08	0.00
4595	Compensated Absences	1,792.50	1,792.50	0.00	5,674.72	7,240.65	0.00
Total Other General Expenses		20,835.72	36,185.11	38,190.00	38,069.29	55,305.36	35,725.00
Extraordinary/Casualty Loss Expenses							
4610	Labor	0.00	6,216.10	5,200.00	0.00	2,810.00	5,200.00
4610	Labor	0.00	0.00	0.00	0.00	0.00	0.00
4620	Labor	0.00	0.00	0.00	0.00	0.00	0.00
4620	Labor	0.00	0.00	0.00	0.00	0.00	0.00
Total Extraordinary/Casualty Loss		0.00	6,216.10	5,200.00	0.00	2,810.00	5,200.00
Housing Assistance Payments							
4715	Hap Expenses	324,804.00	1,283,910.00	1,015,000.00	262,664.00	1,098,929.00	1,032,000.00
Total Hap expenses		324,804.00	1,283,910.00	1,015,000.00	262,664.00	1,098,929.00	1,032,000.00
Depreciation Expense							
4800	Depre Expense - PHA Funded	88,132.73	329,197.73	321,420.00	86,549.85	321,449.85	339,000.00
4800	Depre Expense - PHA Funded	273.96	1,173.96	1,180.00	289.62	1,189.62	480.00
Total Depreciation Expense		88,406.69	330,371.69	322,600.00	86,839.47	322,639.47	339,480.00
TOTAL OPERATING EXPENSES		709,294.60	2,570,455.33	2,228,890.00	668,796.84	2,408,108.32	2,231,626.00
Change in Net Position		-274,169.90	37,660.97	-189,170.00	11,478.59	-11,717.11	-200,392.00

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	2,382.26	0.00	0.00	0.00	0.00
Total Prior Year Adjustments		0.00	2,382.26	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		-274,169.90	35,278.71	-189,170.00	11,478.59	-11,717.11	-200,392.00

COMMUNITY DEVELOPMENT AUTHORITY
INCOME STATEMENT SUMMARY THROUGH DECEMBER 31, 2018

	2018 QUARTERLY	2018 YTD	2018 BUDGET	2017 YTD
TTL TENANT REV	\$60,822.80	\$240,936.36	\$252,500.00	\$255,244.67
TTL OTHER REV	\$154,864.03	\$651,129.81	\$646,080.00	\$740,043.59
TOTAL REVENUE	\$215,686.83	\$892,066.17	\$898,580.00	\$995,288.26
TTL ADMIN EXP	\$33,834.71	\$153,196.52	\$169,100.00	\$137,133.55
TTL TENANT SRVC EXP	\$130,639.81	\$349,640.41	\$362,160.00	\$355,177.76
TTL UTILITY EXP	\$21,923.76	\$63,758.48	\$74,470.00	\$68,348.81
TTL MAINTENANCE EXP	\$31,463.45	\$149,206.90	\$149,880.00	\$134,223.19
TTL PROTECTIVE SRVC EXP	\$2,244.60	\$4,501.17	\$3,650.00	\$5,463.55
TTL OTHER EXP	\$16,454.12	\$29,475.12	\$31,390.00	\$29,009.66
TTL EXTRA/CASUALTY EXP	\$0.00	\$6,216.10	\$5,200.00	\$2,810.00
TOTAL OPERATING EXPENSES	\$236,560.45	\$755,994.70	\$795,850.00	\$732,166.52
INCOME/(LOSS) BEFORE DEPRECIATION	(\$20,873.62)	\$136,071.47	\$102,730.00	\$263,121.74
DEPRECIATION EXP	\$88,132.73	\$329,197.73	\$321,420.00	\$321,449.85
NET INCOME/(LOSS)	(\$109,006.35)	(\$193,126.26)	(\$218,690.00)	(\$58,328.11)

RIVERVIEW TOWERS LLC

FINANCIAL STATEMENTS

For the Accounting Period Ending December 31, 2018



To the Board of Commissioners
Riverview Towers LLC
Wausau, WI

Management is responsible for the accompanying statement of net position of Riverview Towers LLC (“Housing Authority”) as of December 31, 2018, 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.

The accompanying budget of the Housing Authority for the year ending December 31, 2018, 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 Housing Authority’s budgeted information. Accordingly, this budgeted information is 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.

A handwritten signature in black ink that reads 'Hawkins Ash CPAs, LLP'.

La Crosse, Wisconsin
January 17, 2019

Riverview Towers LLC
Balance Sheet-Riverview Towers LLC
December 31, 2018

	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	(5,606.45)	274,340.33
26-0-000-000-1111.050 Cash - Reserve Account	0.00	0.00
26-0-000-000-1162.000 Cash - Savings/Money Mkts/CDs	6,866.44	905,962.72
Total	1,259.99	1,180,303.05
Accounts Receivable		
26-0-000-000-1122.000 Accounts Receivable - Tenants	(187.57)	256.43
26-0-000-000-1128.000 Accounts Receivable - Other	0.00	0.00
26-0-000-000-1129.000 Accounts Receivable - Subsidy	0.00	0.00
Total	(187.57)	256.43
Accrued Receivables		
26-0-000-000-1145.000 Accrued Interest Receivable	0.00	0.00
Total	0.00	0.00
Other Current Assets		
26-0-000-000-1210.000 Prepaid Expenses	(1,192.83)	4,642.71
26-0-000-000-1211.000 Prepaid Insurance	(1,758.25)	4,082.84
26-0-000-000-1295.001 Interprogram Due (to) from PH	0.00	0.00
Total	(2,951.08)	8,725.55
TOTAL CURRENT ASSETS	(1,878.66)	1,189,285.03

*(See Accountants' Compilation Report)

Riverview Towers LLC
Balance Sheet-Riverview Towers LLC
December 31, 2018

	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	16,725.76
26-0-000-000-1400.090 Nondwelling Equipment	0.00	275,282.40
26-0-000-000-1400.100 Building Improvements	0.00	10,043,201.07
26-0-000-000-1400.150 Accumulated Depreciation	(27,263.00)	(1,808,171.80)
Total	(27,263.00)	8,544,597.43
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)	(19,630.50)
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)	27,483.50
TOTAL NONCURRENT ASSETS	(27,524.74)	8,572,080.93
TOTAL ASSETS	(29,403.40)	9,761,365.96

*(See Accountants' Compilation Report)

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Riverview Towers LLC
Balance Sheet-Riverview Towers LLC
December 31, 2018

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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	1,112.67	1,112.67
26-0-000-000-2111.010 A/P - Other	0.00	0.00
26-0-000-000-2114.000 Tenants Security Deposits	(1,370.00)	48,464.00
26-0-000-000-2119.000 A/P - Other	0.00	0.00
26-0-000-000-2119.010 A/P - Payroll	(18,256.31)	0.00
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	(18,513.64)	49,576.67
Accrued Liabilities		
26-0-000-000-2134.000 Accrued Comp Absences - Due within one year	559.51	7,538.11
26-0-000-000-2136.000 Other Accrued Liabilities	9,666.82	9,666.82
26-0-000-000-2137.000 Payment in Lieu of Taxes	1,858.28	40,103.27
26-0-000-000-2149.000 Accrued Asset Mgt Fee	(7,970.05)	0.00
Total	4,114.56	57,308.20
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	(17.24)	2,523.87
26-0-000-000-2240.000 Tenants Prepaid Rent	0.00	0.00
Total	(17.24)	2,523.87
TOTAL CURRENT LIABILITIES	(14,416.32)	109,408.74
NONCURRENT LIABILITIES		
26-0-000-000-2134.010 Accrued Comp Absences	2,805.92	6,231.14
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	250,000.00
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)	318.76	18,938.43
Total	7,291.31	3,525,169.57
TOTAL LIABILITIES	(7,125.01)	3,634,578.31

*(See Accountants' Compilation Report)

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Riverview Towers LLC
Balance Sheet-Riverview Towers LLC
December 31, 2018

	Current Period	Cumulative
MEMBERS' EQUITY		
26-0-000-000-2700.000 C/Y Net Change	53,209.69	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	(75.49)	174,756.48
26-0-000-000-2835.000 NEF Investor Equity	(75,412.59)	6,004,031.17
TOTAL MEMBERS' EQUITY	(22,278.39)	6,126,787.65
TOTAL LIABILITIES AND MEMBERS' EQUITY	(29,403.40)	9,761,365.96
Proof	0.00	0.00

*(See Accountants' Compilation Report)

Riverview Towers LLC
Stmnt of Operations-Riverview Towers LLC
Twelve Month Period - December 31, 2018

	***** 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	273.17	40,702.00	40,500.00	282.62	505,327.00	486,000.00	19,327.00
26-1-000-000-3422.000 Excess Utilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	273.17	40,702.00	40,500.00	282.62	505,327.00	486,000.00	19,327.00
Nonrental Revenue							
26-1-000-000-3410.000 HUD HAP Subsidy	187.74	27,974.00	28,666.63	188.00	336,149.00	344,000.00	(7,851.00)
26-1-000-000-3410.010 HUD Admin Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00
26-1-000-000-3440.000 Other Inc - Tenants Charges	7.48	1,114.92	291.63	2.19	3,920.89	3,500.00	420.89
26-1-000-000-3440.020 Other Inc - Tenant Store	1.17	173.95	250.00	2.19	3,911.94	3,000.00	911.94
26-1-000-000-3440.030 Other Income	0.00	0.00	16.63	0.06	99.00	200.00	(101.00)
26-1-000-000-3444.040 Laundry	6.17	919.85	833.37	5.43	9,709.12	10,000.00	(290.88)
26-1-000-000-3444.050 Vending	0.00	0.00	166.63	0.91	1,624.87	2,000.00	(375.13)
26-1-000-000-3691.000 Operating Subsidy	0.00	0.00	0.00	0.07	118.00	0.00	118.00
26-1-000-000-3692.000 Other Inc - Insurance Proceeds	0.00	0.00	0.00	0.72	1,287.08	0.00	1,287.08
Total	202.57	30,182.72	30,224.89	199.56	356,819.90	362,700.00	(5,880.10)
TOTAL OPERATING REVENUE	475.74	70,884.72	70,724.89	482.19	862,146.90	848,700.00	13,446.90
OPERATING EXPENSES							
Administration							
26-1-000-000-4110.000 Administration Salaries	43.84	6,532.40	7,116.63	47.66	85,213.16	85,400.00	(186.84)
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	333.37	1.57	2,802.80	4,000.00	(1,197.20)
26-1-000-000-4130.000 Legal Expense	0.00	0.00	41.63	0.00	0.00	500.00	(500.00)
26-1-000-000-4140.000 Staff Training	0.00	0.00	100.00	1.07	1,920.00	1,200.00	720.00
26-1-000-000-4150.000 Travel	0.00	0.00	150.00	0.83	1,479.50	1,800.00	(320.50)
26-1-000-000-4150.010 Mileage	1.35	201.66	0.00	0.11	201.66	0.00	201.66
26-1-000-000-4160.000 Office Expenses	5.66	843.97	750.00	3.94	7,046.94	9,000.00	(1,953.06)
26-1-000-000-4170.000 Accounting Fees	2.54	379.00	441.63	2.71	4,840.00	5,300.00	(460.00)
26-1-000-000-4171.000 Audit Fees	0.00	0.00	666.63	4.47	8,000.00	8,000.00	0.00
26-1-000-000-4182.000 Employee Benefits - Admin	25.17	3,750.35	3,250.00	20.65	36,927.42	39,000.00	(2,072.58)
26-1-000-000-4190.000 Other Admin and Sundry	3.05	455.10	200.00	1.03	1,835.44	2,400.00	(564.56)
26-1-000-000-4191.000 Telephone	1.55	230.26	266.63	1.65	2,952.78	3,200.00	(247.22)
26-1-000-000-4192.000 Management Fee	16.94	2,523.87	2,550.00	17.57	31,423.02	30,600.00	823.02
26-1-000-000-4193.000 Compliance Fee	3.75	558.75	558.75	3.75	6,705.00	6,705.00	0.00
26-1-000-000-4194.000 Asset Management Fee	6.61	985.34	746.25	5.01	8,955.39	8,955.00	0.39
Total	111.81	16,659.70	17,171.52	112.03	200,303.11	206,060.00	(5,756.89)

*See Accountants' Compilation Report

Riverview Towers LLC
Stmnt of Operations-Riverview Towers LLC
Twelve Month Period - December 31, 2018

	***** PERIOD TO DATE*****			***YTD ACTUAL***		***YTD BUDGET***	
	PUM	Actual	Budget	PUM	Actual	Budget	Variance
OPERATING EXPENSES							
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	10.72	1,596.98	416.63	2.72	4,865.41	5,000.00	(134.59)
26-1-000-000-4221.000 Tenant Store Expenses	1.99	296.05	283.37	2.30	4,119.55	3,400.00	719.55
Total	12.70	1,893.03	700.00	5.03	8,984.96	8,400.00	584.96
Utilities							
26-1-000-000-4310.000 Water	9.79	1,458.66	533.37	3.50	6,263.54	6,400.00	(136.46)
26-1-000-000-4320.000 Electricity	51.96	7,742.40	4,916.63	32.78	58,602.38	59,000.00	(397.62)
26-1-000-000-4330.000 Gas	72.82	10,850.19	2,583.37	17.25	30,847.48	31,000.00	(152.52)
26-1-000-000-4360.000 Sewer	11.92	1,775.85	633.37	4.16	7,429.74	7,600.00	(170.26)
26-1-000-000-4390.000 Other Utilities Expense	1.96	292.11	100.00	0.64	1,151.15	1,200.00	(48.85)
Total	148.45	22,119.21	8,766.74	58.33	104,294.29	105,200.00	(905.71)
Maintenance and Operations							
26-1-000-000-4410.000 Maint Labor	40.29	6,003.26	6,416.63	42.69	76,327.64	77,000.00	(672.36)
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	12.32	1,835.40	1,083.37	9.98	17,846.97	13,000.00	4,846.97
26-1-000-000-4430.010 Heating & Cooling	8.12	1,209.78	66.63	0.99	1,771.47	800.00	971.47
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	3.78	563.55	550.00	3.59	6,419.40	6,600.00	(180.60)
26-1-000-000-4430.040 Landscape & Grounds	1.76	261.64	333.37	1.63	2,910.07	4,000.00	(1,089.93)
26-1-000-000-4430.050 Unit Turnaround	1.95	290.00	166.63	0.16	290.00	2,000.00	(1,710.00)
26-1-000-000-4430.060 Electrical	2.64	393.69	100.00	0.92	1,647.03	1,200.00	447.03
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	2.39	355.67	591.63	11.40	20,391.36	7,100.00	13,291.36
26-1-000-000-4430.090 Janitorial	0.00	0.00	416.63	0.00	0.00	5,000.00	(5,000.00)
26-1-000-000-4430.100 Other Contract Costs	6.97	1,038.78	500.00	1.50	2,676.42	6,000.00	(3,323.58)
26-1-000-000-4430.101 Routine	0.00	0.00	91.63	0.00	0.00	1,100.00	(1,100.00)
26-1-000-000-4431.000 Garbage & Trash Removal	4.09	609.09	541.63	3.86	6,907.96	6,500.00	407.96
26-1-000-000-4433.000 Employee Benefits - Maint	19.45	2,897.89	2,958.37	19.63	35,099.67	35,500.00	(400.33)
Total	103.75	15,458.75	13,958.15	96.64	172,787.99	167,500.00	5,287.99
Protective Services							
26-1-000-000-4480.000 Contract Costs	1.16	173.09	216.63	1.38	2,474.08	2,600.00	(125.92)
Total	1.16	173.09	216.63	1.38	2,474.08	2,600.00	(125.92)

Riverview Towers LLC
Stmnt of Operations-Riverview Towers LLC
Twelve Month Period - December 31, 2018

	***** PERIOD TO DATE*****			***YTD ACTUAL***		***YTD BUDGET***	
	PUM	Actual	Budget	PUM	Actual	Budget	Variance
OPERATING EXPENSES							
General Expense							
26-1-000-000-4510.010 Insurance - Property	8.58	1,277.92	1,333.37	8.58	15,335.00	16,000.00	(665.00)
26-1-000-000-4510.020 Insurance - Liability	3.22	480.33	508.37	3.25	5,818.16	6,100.00	(281.84)
26-1-000-000-4510.030 Insurance - Workers Comp	0.95	142.10	275.00	1.03	1,838.22	3,300.00	(1,461.78)
26-1-000-000-4510.040 Insurance - Other	0.00	0.00	16.63	0.10	183.74	200.00	(16.26)
26-1-000-000-4520.000 Payment in Lieu of Taxes	12.47	1,858.28	3,173.37	22.43	40,103.27	38,080.00	2,023.27
26-1-000-000-4570.000 Collection Losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
26-1-000-000-4590.000 Other General Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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	131.25	0.88	1,575.00	1,575.00	0.00
26-1-000-000-4595.000 Compensated Absences	22.59	3,365.43	0.00	1.88	3,365.43	0.00	3,365.43
Total	47.81	7,124.06	5,996.74	41.90	74,923.82	71,960.00	2,963.82
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	2.23	3,994.88	5,000.00	(1,005.12)
Total	0.00	0.00	416.63	2.23	3,994.88	5,000.00	(1,005.12)
Casualty Losses							
26-1-000-000-4620.030 Contract Costs	0.00	0.00	0.00	2.12	3,787.08	0.00	3,787.08
Total	0.00	0.00	0.00	2.12	3,787.08	0.00	3,787.08
Depreciation Expenses							
26-1-000-000-4800.000 Depreciation Expense	182.97	27,263.00	27,262.87	182.97	327,156.00	327,154.00	2.00
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	0.00	0.00	0.00	0.00	0.00
Total	184.73	27,524.74	27,524.62	184.73	330,296.88	330,295.00	1.88
TOTAL OPERATING EXPENSES	610.42	90,952.58	74,751.03	504.39	901,847.09	897,015.00	4,832.09
OPERATING INCOME (LOSS)	134.68	(20,067.86)	(4,026.14)	22.20	(39,700.19)	(48,315.00)	8,614.81

*See Accountants' Compilation Report

Riverview Towers LLC
Stmnt of Operations-Riverview Towers LLC
Twelve Month Period - December 31, 2018

	***** PERIOD TO DATE*****			***YTD ACTUAL***		***YTD BUDGET***	
	PUM	Actual	Budget	PUM	Actual	Budget	Variance
Nonoperating Revenue (Expense)							
26-1-000-000-3430.000 Investment Income	15.27	2,274.86	500.00	10.09	18,037.67	6,000.00	12,037.67
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)	(4,416.63)	27.96	(50,000.00)	(53,000.00)	3,000.00
26-1-000-000-4540.010 Interest Expense - AHP CDA Loan	2.14	(318.76)	0.00	2.14	(3,825.56)	0.00	(3,825.56)
26-1-000-000-9000.000 Operating Transfer In	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	14.84	(2,210.53)	(3,916.63)	20.02	(35,787.89)	(47,000.00)	11,212.11
CHANGE IN NET ASSETS	149.52	(22,278.39)	(7,942.77)	42.22	(75,488.08)	(95,315.00)	19,826.92
Prior Period Adjustments							
Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NET CHANGE	149.52	(22,278.39)	(7,942.77)	42.22	(75,488.08)	(95,315.00)	19,826.92

*See Accountants' Compilation Report

RIVERVIEW TOWERS LLC
INCOME STATEMENT SUMMARY THROUGH DECEMBER 31, 2018

	2018 QUARTERLY	2018 YTD	2018 BUDGET	2017 YTD
TTL TENANT REV	\$123,576.00	\$505,327.00	\$486,000.00	\$489,385.00
TTL OTHER REV	\$97,300.70	\$374,857.57	\$368,700.00	\$171,903.43
TOTAL REVENUE	\$220,876.70	\$880,184.57	\$854,700.00	\$661,288.43
TTL ADMIN EXP	\$45,880.44	\$200,303.11	\$206,060.00	\$208,001.44
TTL TENANT SRVC EXP	\$3,425.75	\$8,984.96	\$8,400.00	\$7,628.92
TTL UTILITY EXP	\$38,169.28	\$104,294.29	\$105,200.00	\$99,221.61
TTL MAINTENANCE EXP	\$47,668.94	\$172,787.99	\$167,500.00	\$163,599.15
TTL PROTECTIVE SRVC EXP	\$916.27	\$2,474.08	\$2,600.00	\$2,643.10
TTL OTHER EXP	\$17,604.58	\$74,923.82	\$71,960.00	\$110,631.89
TTL EXTRA/CASUALTY EXP	\$0.00	\$7,781.96	\$5,000.00	\$2,519.75
TOTAL OPERATING EXPENSES	\$153,665.26	\$571,550.21	\$566,720.00	\$594,245.86
INCOME/(LOSS) BEFORE DEPRECIATION	\$67,211.44	\$308,634.36	\$287,980.00	\$67,042.57
DEPRECIATION EXP	\$82,574.22	\$330,296.88	\$330,295.00	\$330,294.70
NET INCOME/(LOSS)	(\$15,362.78)	(\$21,662.52)	(\$42,315.00)	(\$263,252.13)

RIVERVIEW TOWERS, LLC
MANAGEMENT COMMUNICATIONS
DECEMBER 31, 2018

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Riverview Towers, LLC

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APPENDIX
Management Representations Letter

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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, 2018, and have issued our report thereon dated [REDACTED], 2019. 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 17, 2018. 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, 2018, 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 2018. 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 [REDACTED], 2019. 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 [REDACTED], 2019 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
[REDACTED], 2019

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APPENDIX

RIVERVIEW TOWERS, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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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, 2018, and the related statements of operations, members' equity, and cash flows for the year 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, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The 2017 financial statements were audited by Schenck SC, whose practice became part of CliftonLarsonAllen LLP as of January 1, 2019, and whose report dated February 16, 2018, expressed an unmodified opinion on those statements.

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. The 2017 supplementary information was subjected to the auditing procedures applied in the 2017 audit of the basic financial statements by Schenck SC, whose report on such information stated that it was fairly stated in all material respects in relation to the 2017 financial statements as a whole.

CliftonLarsonAllen LLP

Wausau, Wisconsin
_____, 2019

FINANCIAL STATEMENTS

RIVERVIEW TOWERS, LLC
Balance Sheets
December 31, 2018 and 2017

	2018	2017
Assets		
Current assets		
Cash and cash equivalents		
Operations	\$ 274,341	\$ 33,035
Security deposits	52,282	50,432
Reserves		
Replacement reserve	349,412	316,877
Operating reserve	504,268	433,077
Accounts receivable		
Tenants	256	773
Other	-	82,538
Prepaid expenses	<u>8,726</u>	<u>7,433</u>
Total current assets	<u>1,189,285</u>	<u>924,165</u>
Property and equipment, net	<u>8,543,875</u>	<u>8,842,340</u>
Intangible assets, net	<u>27,483</u>	<u>30,624</u>
Total assets	<u>\$ 9,760,643</u>	<u>\$ 9,797,129</u>
Liabilities and Members' Equity		
Current liabilities		
Accounts payable	\$ 10,779	\$ 11,908
Due to related parties		
Management fee payable	2,524	2,487
Accrued payroll	-	18,486
Accrued compensated absences	7,538	6,979
Payment in lieu of taxes	40,103	39,016
Tenant security deposits payable	48,464	47,438
Prepaid rent	<u>-</u>	<u>2</u>
Total current liabilities	<u>109,408</u>	<u>126,316</u>
Long-term liabilities		
Long-term debt	3,250,000	3,250,000
Accrued interest payable	268,938	215,113
Accrued compensated absences	<u>6,231</u>	<u>3,425</u>
Total long-term liabilities	<u>3,525,169</u>	<u>3,468,538</u>
Total liabilities	<u>3,634,577</u>	<u>3,594,854</u>
Members' equity	<u>6,126,066</u>	<u>6,202,275</u>
Total liabilities and members' equity	<u>\$ 9,760,643</u>	<u>\$ 9,797,129</u>

See Notes to Financial Statements.

RIVERVIEW TOWERS, LLC
Statements of Operations
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues		
Rental income	\$ 505,327	\$ 489,385
HAP subsidy	336,149	-
Operating subsidy	-	149,576
Other	20,671	18,149
Interest	<u>18,038</u>	<u>4,179</u>
 Total revenues	 <u>880,185</u>	 <u>661,289</u>
 Expenses		
Administrative	200,302	208,002
Tenant services	8,985	7,629
Utilities	104,294	99,222
Maintenance and operations	172,787	163,598
Protective services	2,474	2,643
Insurance	23,175	22,747
Payment in lieu of taxes	40,103	39,016
Collection loss (recovery)	-	170
General	19,430	51,218
Interest	53,825	53,807
Depreciation and amortization	<u>331,019</u>	<u>330,295</u>
 Total expenses	 <u>956,394</u>	 <u>978,347</u>
 Net loss	 <u>\$ (76,209)</u>	 <u>\$ (317,058)</u>

See Notes to Financial Statements.

RIVERVIEW TOWERS, LLC
Statements of Members' Equity
For the Years Ended December 31, 2018 and 2017

	<u>Riverview Towers MM, LLC</u>	<u>National Equity Fund, Inc.</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at January 1, 2017	\$ 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	174,832	6,027,443	-	6,202,275
Net loss	-	-	(76,209)	(76,209)
Net loss allocated to members	<u>(8)</u>	<u>(76,201)</u>	<u>76,209</u>	<u>-</u>
Balance at December 31, 2018	<u>\$ 174,824</u>	<u>\$ 5,951,242</u>	<u>\$ -</u>	<u>\$ 6,126,066</u>

See Notes to Financial Statements.

RIVERVIEW TOWERS, LLC
Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Activities		
Receipts		
Rental income	\$ 506,868	\$ 489,843
HAP subsidy	336,149	-
Operating subsidy	82,538	128,702
Other	20,671	18,149
Interest	<u>18,038</u>	<u>4,253</u>
Total receipts	<u>964,264</u>	<u>640,947</u>
Disbursements		
Administrative	(115,178)	(139,506)
Employee salaries and wages	(180,027)	(163,643)
Tenant services	(8,985)	(7,629)
Utilities	(104,063)	(98,843)
Maintenance and operations	(97,693)	(86,681)
Protective services	(2,474)	(2,643)
Insurance	(24,468)	(22,797)
Payment in lieu of taxes	(39,016)	(38,181)
General	<u>(16,065)</u>	<u>(50,339)</u>
Total disbursements	<u>(587,969)</u>	<u>(610,262)</u>
Net cash provided by (used in) operating activities	<u>376,295</u>	<u>30,685</u>
Investing Activities		
Deposits to replacement reserve	(56,035)	(227,927)
Withdrawals from replacement reserve	23,500	49,932
Deposits to operating reserve	(71,191)	(2,189)
Deposits to ACC reserve	-	(444)
Withdrawals from ACC reserve	-	177,765
Purchases of property and equipment	<u>(29,413)</u>	<u>-</u>
Net cash used in investing activities	<u>(133,139)</u>	<u>(2,863)</u>
Change in cash	243,156	27,822
Cash and cash equivalents - beginning of year	<u>83,467</u>	<u>55,645</u>
Cash and cash equivalents - end of year	<u>\$ 326,623</u>	<u>\$ 83,467</u>
Reconciliation of cash and cash equivalents		
Operations	\$ 274,341	\$ 33,035
Security deposits	<u>52,282</u>	<u>50,432</u>
	<u>\$ 326,623</u>	<u>\$ 83,467</u>

(Continued)

RIVERVIEW TOWERS, LLC
Statements of Cash Flows, Continued
For the Years Ended December 31, 2018 and 2017

	2018	2017
Reconciliation of net loss to net cash flows provided by (used in) operating activities		
Net loss	\$ (76,209)	\$ (317,058)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	331,019	330,295
Changes in operating assets and liabilities:		
Accounts receivable - tenants	517	(198)
Accounts receivable - other	82,538	(20,800)
Prepaid expenses	(1,293)	(50)
Accounts payable - trade	(1,129)	(16,757)
Accounts payable - related party	37	(31)
Accrued payroll	(18,486)	(1,063)
Accrued compensated absences	3,365	879
Accrued interest payable	53,825	53,807
Payment in lieu of taxes	1,087	835
Tenant security deposits payable	1,026	824
Prepaid rent	(2)	2
	\$ 376,295	\$ 30,685
Net cash provided by (used in) operating activities		

See Notes to Financial Statements.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2018 and 2017

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 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 which began 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, 2018 and 2017, 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 \$0 and \$82,538 as of December 31, 2018 and 2017, respectively.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2018 and 2017

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, 2018 and 2017, 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, 2018 and 2017, 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, 2018 and 2017

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 \$2,803 and \$3,918 for the years ended December 31, 2018 and 2017, 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, 2018 and 2017.

M. Accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which is expected to increase transparency and comparability among organizations. The core principle of this guidance is that a lessee should recognize the assets and liabilities that arise from leases. The standard requires lessees to reflect most leases on their balance sheet as lease liabilities with a corresponding right-of-use asset, while leaving presentation of lease expense in the statement of income largely unchanged. The standard also eliminates the real-estate specific provisions that exist under current U.S. GAAP and modifies the classification criteria and accounting which lessors must apply to sales-type and direct financing leases. The standard is effective for annual reporting periods beginning after December 15, 2019, with early adoption permitted. The Company is currently evaluating the impact of ASU 2016-02 on the Company's financial statements.

N. Subsequent events

The Company has evaluated events and transactions for potential recognition or disclosure in the financial statements through [REDACTED], 2019, the date on which the financial statements were available to be issued.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2018 and 2017

NOTE 2 - OPERATING AGREEMENT

The Company is subject to an operating agreement between its members. In accordance with the operating agreement, the Company is to maintain an operating reserve and a project replacement reserve.

All reserves are properly funded as follows:

	Replacement Reserve	Operating Reserve
Balance - beginning of year	\$ 316,877	\$ 433,077
Deposits	50,316	63,022
Interest earned	5,719	8,169
Transfers	-	-
Withdrawals	<u>(23,500)</u>	<u>-</u>
Balance - end of year	<u>\$ 349,412</u>	<u>\$ 504,268</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 \$8,955 and \$8,695 for 2018 and 2017, respectively.

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:

	2018	2017
Land improvements	\$ 17,560	\$ 17,560
Buildings and improvements	10,043,201	10,043,201
Furniture, fixtures and equipment	<u>292,008</u>	<u>262,595</u>
	10,352,769	10,323,356
Less accumulated depreciation	<u>1,808,894</u>	<u>1,481,016</u>
Property and equipment, net	<u>\$ 8,543,875</u>	<u>\$ 8,842,340</u>

Depreciation expense for 2018 and 2017 totaled \$327,878 and \$327,154, respectively.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
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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, 2018 and 2017 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 \$31,423 and \$30,274, with \$2,524 and \$2,487 accrued at December 31, 2018 and 2017, respectively, as management fee payable in the accompanying balance sheets.

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, 2018 and 2017.

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.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2018 and 2017

NOTE 7 - LONG-TERM DEBT

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

	2018	2017
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 \$53,825 and \$53,807 during 2018 and 2017, respectively. No interest costs were capitalized as part of the cost of assets acquired during the periods.

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 \$11,962 and \$11,551 for the years ended December 31, 2018 and 2017, 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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Administrative		
Administrative salaries	\$ 85,213	\$ 87,573
Administrative employee benefits	36,927	36,168
Advertising and marketing	2,803	3,918
Legal	-	5,855
Staff training	1,920	1,343
Travel and mileage	1,681	2,524
Office	7,047	7,695
Accounting and auditing	12,840	12,786
Other administrative and sundry	1,835	1,661
Telephone	2,953	2,805
Management fee	31,423	30,274
Compliance fees	6,705	6,705
Asset management fee	8,955	8,695
	<u>\$ 200,302</u>	<u>\$ 208,002</u>
Tenant services		
Recreation and other	\$ 4,865	\$ 4,411
Tenant store	4,120	3,218
	<u>\$ 8,985</u>	<u>\$ 7,629</u>
Utilities		
Water	\$ 6,264	\$ 5,785
Electricity	58,602	53,954
Gas	30,847	31,107
Sewer	7,430	7,254
Other	1,151	1,122
	<u>\$ 104,294</u>	<u>\$ 99,222</u>
Maintenance and operations		
Maintenance labor	\$ 76,328	\$ 75,007
Maintenance employee benefits	35,100	34,845
Maintenance materials	17,847	11,994
Heating and cooling	1,771	103
Snow removal	500	500
Elevator maintenance	6,419	6,299
Landscape and grounds	2,910	3,510
Unit turnaround	290	-
Electrical	1,647	890
Extermination	20,391	15,850
Other contract costs	2,676	8,150
Garbage and trash removal	6,908	6,450
	<u>\$ 172,787</u>	<u>\$ 163,598</u>
Protective services		
Contract costs	<u>\$ 2,474</u>	<u>\$ 2,643</u>

RIVERVIEW TOWERS, LLC
Schedules of Operating Expenses, Continued
For the Years Ended December 31, 2018 and 2017

	2018	2017
Insurance		
Property	\$ 15,335	\$ 14,981
Liability	5,818	5,790
Workers compensation	1,838	1,802
Other	184	174
	\$ 23,175	\$ 22,747
 General		
Compensated absences	\$ 3,365	\$ 13,564
Extraordinary maintenance	7,782	2,520
Other	8,283	35,134
	\$ 19,430	\$ 51,218
 Depreciation and amortization		
Depreciation	\$ 327,878	\$ 327,154
Amortization of tax credit fees	3,141	3,141
	\$ 331,019	\$ 330,295

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