

FINANCIAL REVIEW REQUIREMENTS For SMALL SCALE

This attachment provides examples of the reporting format and content requirements for the Financial Review Process for non-tax credit properties within the Small Scale AM portfolio. Any variation to the format or contents of the reporting requirements detailed below requires prior approval. Contact Bob Platte at MSDHA to request approval. The following items must be included:

Financial Review Template

Balance Sheet

Statement of Profit & Loss

Ownership Summary

Financial Review Template

The Financial Review Template is designed to extract necessary information that may not be clearly included or easily accessible within the financial statement submission. The template is included as Attachment 2.

Balance Sheet

The following list of accounts must be separated on the Balance Sheet:

- All partnership accounts must be separated from operating accounts
- Resident receivables
- Real Estate
- All escrow balances
- All accounts receivables/payables

Statement of Profit & Loss

This requirement can be met by submitting any of the following documents:

- Federal Tax Return
- Certified Audit
- Third party prepared Financial Statement

The following detail must be included:

- If a single entity owns several properties, each property must be broken out in a separate schedule to give proper insight into each property's financial viability.
- Additional income and expense detail must be provided if the Federal Tax Return does not provide the necessary detail for each income or expense item listed in the budget.
- In some instances an internally prepared financial statement may be submitted in lieu of any of the three bulleted items above with prior approval from the assigned Asset Manager.

Ownership Summary

Attachment - 1

In a separate document, each development must disclose the complete ownership entity of the development (detail and example below).

Ownership Percentages

- The names of all general partners and their percentage of ownership
- The names of all limited partners with ownership interest equal to or greater than 25%
- The names of all Board Members' positions and terms for those developments organized as a non-profit corporation.

Example

The General/Limited Partners of the Partnership are:

Managing General Partner - James Jones	.45%
General Partner - Ben Brown	.55%
Limited Partner - Sam Smith	99%

FINANCIAL REVIEW REQUIREMENTS For SMALL SCALE with NSP2

This attachment provides examples of the reporting format and content requirements for the Financial Review Process for non-tax credit properties within the Small Scale AM portfolio. Any variation to the format or contents of the reporting requirements detailed below requires prior approval. Contact Bob Platte at MSDHA to request approval. The following items must be included:

All NSP2 Projects:

Financial Review Template
Balance Sheet
Statement of Profit & Loss
Ownership Summary
Identity of Interest

Financial Review Template

The Financial Review Template is designed to extract necessary information that may not be clearly included or easily accessible within the financial statement submission. The template is included as Attachment 2.

Balance Sheet

The following list of accounts must be separated on the Balance sheet:

- All partnership accounts must be separated from operating accounts
- Resident receivables
- Real Estate
- All escrow balances
- All accounts receivables/payables

Statement of Profit & Loss

This requirement can be met by submitting either of the following documents:

- Certified Audit
- Third party prepared Financial Statement

The following detail must be included:

- If a single entity owns several properties, each property must be broken out in a separate schedule to give proper insight into each property's financial viability.

Ownership Summary

If not disclosed within the Financial Statements, in a separate document each development must:

- Disclose the complete ownership entity of the development (detail and example below).

Attachment - 1

- Disclose any Sale, Transfer or Conveyance of Interests in Ownership.
- Disclose any Sale or Transfer of the Project.

Ownership Percentages

- The names of all general partners and their percentage of ownership
- The names of all limited partners with ownership interest equal to or greater than 25%
- The names of all Board Members' positions and terms for those developments organized as a non-profit corporation.

Example

The General/Limited Partners of the Partnership are:

Managing General Partner - James Jones	.45%
General Partner - Ben Brown	.55%
Limited Partner - Sam Smith	99%

Identity of Interest

All Identity of Interest relationships must be declared. An identity of interest relationship exists if any officer, director, board member, or authorized agent of any project team member:

- Is also an officer, director, board member or authorized agent of any other project team member
- Has any control over or any financial interest in any other project team member's firm or corporation
- Is a business partner of an officer, director, board member, or authorized agent of any other project team member board member, or authorized agent
- Has any family relationship through blood, marriage or adoption with an officer, director, board member, or authorized agent of any project team member
- Advances any funds or items of value to the Owner

All Identity of Interest relationships must be disclosed on Attachment 4 – Identity of Interest Declaration Form.

NSP2 Projects developed *directly* by a state or local Land Bank authority:

NSP2 projects developed directly by a state or local Land Bank authority must also submit the Excess Cash calculation. The Excess Cash Calculation Template can be found in Attachment 3.

Excess Cash Calculation

A calculation of Excess Cash must be included within the Financial Review packet. Excess Cash shall be defined as any cash remaining at the end of each fiscal year after:

- Payment of all MSHDA approved operating expenses (MSHDA approved operating expenses are those included within the original pro-forma).
- Payment of all sums due or required to be paid under the terms of any MSHDA approved permanent loan mortgage encumbering the Project and the note secured by such mortgage.
- Payment of all amounts required to be deposited into any reserve for replacements to the project including the Replacement Reserve.

SSAM Financial Review Template 2016 Review

Development Name:

Ownership Entity:

Management Company:

Balance Sheet Items

Replacement Reserve Balance: <input style="width: 60px; height: 15px;" type="text"/>	Operating Reserve Balance: <input style="width: 60px; height: 15px;" type="text"/>
Tax & Insurance Escrow Balance: <input style="width: 60px; height: 15px;" type="text"/>	Other Reserve Balance: <input style="width: 60px; height: 15px;" type="text"/>
Operating Cash: <input style="width: 60px; height: 15px;" type="text"/>	Total Vacant Units for the Year: <input style="width: 60px; height: 15px;" type="text"/>

Accounts Payable	
Total Accounts Payable:	<input style="width: 60px; height: 15px;" type="text"/>
Identity of Interest Payables:	<input style="width: 60px; height: 15px;" type="text"/>
0 - 30 Days	<input style="width: 60px; height: 15px;" type="text"/>
31 - 60 Days	<input style="width: 60px; height: 15px;" type="text"/>
61 - 90 Days	<input style="width: 60px; height: 15px;" type="text"/>
91 + Days	<input style="width: 60px; height: 15px;" type="text"/>

Accounts Receivable	
Total Accounts Receivable:	<input style="width: 60px; height: 15px;" type="text"/>
Subsidy Receivable:	<input style="width: 60px; height: 15px;" type="text"/>
0 - 30 Days	<input style="width: 60px; height: 15px;" type="text"/>
31 - 60 Days	<input style="width: 60px; height: 15px;" type="text"/>
61 - 90 Days	<input style="width: 60px; height: 15px;" type="text"/>
91 + Days	<input style="width: 60px; height: 15px;" type="text"/>

Profit & Loss Items

Total Rental Income: <input style="width: 60px; height: 15px;" type="text"/>	Administrative Expense: <input style="width: 60px; height: 15px;" type="text"/>
Annual Vacancy Loss: <input style="width: 60px; height: 15px;" type="text"/>	Utilities: <input style="width: 60px; height: 15px;" type="text"/>
Loss to Lease: <input style="width: 60px; height: 15px;" type="text"/>	Operating & Maintenance: <input style="width: 60px; height: 15px;" type="text"/>
Management Fee: <input style="width: 60px; height: 15px;" type="text"/>	Property Taxes: <input style="width: 60px; height: 15px;" type="text"/>
Interest Expense: <input style="width: 60px; height: 15px;" type="text"/>	Insurance Expense: <input style="width: 60px; height: 15px;" type="text"/>

I, , certify

Print Name Print Title

all of the financial information provided on this template and in the supporting documentation is accurate to the best of my knowledge.

Signature

Date

**Identity of Interest Declaration Form
Neighborhood Stabilization Program
FY 2016**

Name of Related Party	Relationship	Brief Description of Services Performed	Transaction Amount	Terms of Settlement



Excess Cash Calculation

Development Name

Year

Date

Income

Gross Rent Potential:

Non Rental Income:

Total Project Revenue:

Part A

Vacancy Loss	<input type="text" value="\$0"/>
Management Fee	<input type="text" value="\$0"/>
Administration	<input type="text" value="\$0"/>
Project-paid Fuel	<input type="text" value="\$0"/>
Common Electricity	<input type="text" value="\$0"/>
Water and Sewer	<input type="text" value="\$0"/>
Operating and Maintenance	<input type="text" value="\$0"/>
Real Estae Taxes or PILOT	<input type="text" value="\$0"/>
Insurance	<input type="text" value="\$0"/>
Grounds	<input type="text" value="\$0"/>
Asset Management Fee (Kalamazoo Land Bank)	<input type="text" value="\$0"/>
Total Approved Operating Expenses:	<input type="text" value="\$0"/>

Part B

Authority Debt Service:

Part C

Replacement Reserve Contributions:

Total Deductions:

Excess Cash Due to Authority: