

MassHousing Audited Financial Statement Glossary

Part I: Statement of Operations

Line 1: Gross Potential Rental Income

This line item includes the gross potential rent that a project could earn if all apartments/commercial space were occupied and paid the current in-place rent. The rental value of those apartments occupied by management or maintenance staff, or used as models for marketing purposes, must be included in this category. Direct rental subsidy payments from Governmental Agencies must be included in this category, including GAFC/SSI-G for ElderCHOICE (assisted living). Include releases from the Residual Receipts account pursuant to Housing Notice H-2012-14. If unassisted rents are calculated using attainable market rent rates, include loss/gain to lease on line 2.

Line 2: (Loss)/Gain to Lease

This line item includes the difference between a unit's market rental rate and the actual in place rent or the difference between unit's maximum potential tax credit/market rent and the actual in place rent. This line was added for those owners who calculate Gross Potential Rental Income on Line 1 using a unit's maximum potential rent rather than the actual rent, providing a space to record the difference in rents.

Line 3: Parking Rental Income

This line item includes the gross potential income from parking facilities.

Line 4: Net Gross Potential Rental Income

This line includes the potential income that may be derived from rent collection. It is the total of the following line items:

- Line 1: Gross Potential Rental Income - Occupancy
- Line 2: (Loss)/Gain to Lease
- Line 3: Parking Rental Income

Line 5: Vacancies - Occupancy

This line item includes the rental value of units unoccupied during the reporting period. This line should not include the value of loss to lease, concessions, staff units, or model units.

Line 6: Vacancies- Parking

This line item includes the rental dollar value of parking spaces not rented during the reporting period.

Line 7: Bad Debt

This line item includes the amount of rental income determined uncollectible during the reporting period.

Line 8: Rent Concessions

This line includes the dollar value of discount in rent or other benefit provided to tenants during the reporting period.

Line 9: Total Deductions

This line item includes the total deductions from income. It is the sum of the following lines items:

- Line 5: Vacancies - Occupancy
- Line 6: Vacancies - Parking
- Line 7: Bad Debt
- Line 8: Rent Concessions

Line 10: Effective Rental Income

This line includes the total of the following lines items:

- Line 4: Net Gross Potential Rental Income
MINUS
- Line 9: Total Deductions

Line 11: Interest Income

Includes the amount of interest earned from all sources (i.e. cash and cash equivalents, investments, and escrow accounts) whether held by the development, MassHousing, or under joint control. Include the gross amount of interest earned on the Operating, Replacement Reserve, Real Estate Tax, Insurance, Special Escrow and Tenant Security Deposit Accounts. Exclude interest earned on Partnership Funds, on Annuity Contracts, or on Long-Term Investments, that were contractually required to supplement the funds flow of the development as part of the underwriting process. Also, exclude interest earned on Residual Receipt on Excess Equity Escrow Accounts.

Line 12: Laundry - Vending

This line item includes the amount of non-rental income derived from laundry and vending machines.

Line 13: Commercial Lease Guarantee

This line item includes the amount of Commercial Lease Guarantee Income that the Owner contributed to the development to defray shortfalls in anticipated Gross Potential Commercial Lease Income, which was guaranteed as part of the underwriting process.

Line 14: Other Income: (Specify)

This line item includes the amount of any other non-rental income not categorized above. Examples would include tenant charges and amounts retained from Security Deposits as well as antenna, cable, or other fee income. ElderCHOICE, respite income, community fees, additional services, and second person fees are classified here. This category should not include non-operating items as defined on line 72.

Line 15: Total Other Income

This line item is the sum of the following line items:

- Line 11: Other Income – Interest Income
- Line 12: Other Income – Laundry/Vending
- Line 13: Other Income – Commercial Lease Guarantee
- Line 14: Other Income: (Specify)

Line 16: Total Effective Income

This line item includes the sum of all income generated by a development, including income from rents, subsidy payments, commercial leases, investment interest and any other sources of income. This amount does not include income that must be escrowed or remitted in compliance with state and federal subsidy programs and does not include potential, but uncollected income related to bad debts and vacancies. It is the sum of the following line items:

- Line 10: Effective Rental Income
- Line 15: Total Other Income

Line 17: Replacement Reserve Reimbursements

The sum of all items reimbursed and/or approved for reimbursement from the Replacement Reserve account should be shown in this category. Reimbursements should be reported in the year that the underlying expenses were incurred.

Line 18: Special Escrow Reimbursements

The sum of all items reimbursed and/or approved for reimbursement from the Special and Excess Income Accounts, including Operating and Project Security Account (PSA) Escrows (Cash Collateral Escrow). Draws to cover deficits during the absorption/lease-up period should be shown here.

Line 19: Partnership/Owner Contributions

The amount of Cash that the Partnership/Owner is contractually required to contribute to the development as part of the underwriting process. This includes any Partnership/Owner cash contributions to fund operating shortfalls for the development. It should not include syndication proceeds used to pay partnership expenses or partnership debt service.

Line 20: Total Funds Received

This line item includes all funds flow to the development, including all rental and non- rental income, subsidy payments, reimbursements, and partnership/owner contributions. It is the total of the following line items:

- Line 16: Total Effective Income
- Line 17: Replacement Reserve Account Reimbursements
- Line 18: Special Escrow Account Reimbursements
- Line 19: Partnership/Owner Contributions

Line 21: Management Fee

This line item includes the fee paid to the Property Management Company for its services during the reporting period. Management fees must be computed in accordance with the MassHousing approved Management Agreement.

Line 22: Administrative and Manager Payroll

This category includes all salaries attributed to the on-site administrative staff, as well as the rental value of apartments provided to these employees in lieu of salary. Administrative payroll taxes and fringe benefits are included on line 56.

Line 23: Legal

This line item includes fees paid to attorneys for legal matters pertaining to evictions, lease violations, and unsuccessful tax abatements. Partnership/Owner and refinancing legal fees must not be charged to the development.

Line 24: Audit

This line item includes the fee charged by an accounting firm to prepare the annual audited financial statements, reports, and any interim financial information.

Line 25: Marketing

This line item includes advertising and expenses (rental loss) associated with model apartments and on-going marketing of vacant units. This line includes commissions, broker's fees, or personnel dedicated to marketing.

Line 26: Telephone

Fees paid for project related telephone, internet connection and other communication services, such as the emergency call system. Security communication costs should be shown on line 44.

Line 27: Office Supplies & Services

This line item includes charges for project related office equipment rental, software, printing, postage, and office supplies. Contract temporary service costs may also be included here.

Line 28: Bookkeeping Fees/Accounting Services

This line item includes actual expenses for accounting and data processing related functions incurred by a project performed as part of a centralized bookkeeping system. Do not include non-project related or indirect expenses, such as Human Resource expenses.

Line 29: Miscellaneous: (Specify)

This line item includes any other administrative expenses not categorized above. For example: the costs associated with administrative travel, training, subscriptions, trade association memberships, certifications, and investor servicing and EOHLC monitoring fees, ground lease payments, parking garage/lot lease payments, condo fees, etc. Donations to charitable or political causes are not allowable project expenses.

Line 30: Total Administrative Expenses

This line item includes the total cost of all administrative activities associated with managing the development, including management fees, management and administrative payroll, legal and accounting services, marketing and office overhead costs, and any other expenses associated with the administration of management functions. It is the sum of the following line items:

- Line 21: Management Fee
- Line 22: Administrative and Manager Payroll
- Line 23: Legal
- Line 24: Audit
- Line 25: Marketing
- Line 26: Telephone
- Line 27: Office Supplies & Services
- Line 28: Bookkeeping Fees/Accounting Services
- Line 29: Miscellaneous: (Specify)

Line 31: Maintenance Payroll

This line item includes all salaries attributed to on-site maintenance employees such as superintendents, janitors, and cleaners, as well as the rental value of apartments provided to these employees in lieu of salary. Maintenance payroll taxes and fringe benefits are included on line 56.

Line 32: Janitorial Material & Services

This line item includes janitorial services performed by personnel not on the payroll, janitorial supplies, and janitorial equipment rentals. Housekeeping services for ElderCHOICE should be classified under Resident Services on line 43.

Line 33: Landscaping

This line item includes all costs associated with the care and upkeep of the grounds (i.e. planting and trimming of shrubs, railroad ties, contracted lawn care, etc.) and related equipment rentals. Landscaping items paid from the R/R Account must be shown on line 62 or line 63.

Line 34: Decorating (Interior Only)

This line item includes all costs associated with unit painting and decorating. Decorating items paid from the R/R account must be shown on line 62 or line 63.

Line 35: Repairs (Interior & Exterior)

This line item includes contracts and/or labor and material costs incurred to do ordinary and necessary repairs to the building, plant and equipment. Repair items paid from the R/R account must be shown on line 62 or line 63.

Line 36: Elevator Maintenance

This line item includes costs associated with the maintenance of the elevator. Elevator maintenance items paid from the R/R account must be shown on line 62 or line 63.

Line 37: Trash Removal

This line item includes trash removal charges.

Line 38: Snow Removal

This line item includes amounts paid to outside contractor to plow roadways and shovel sidewalks within the development, as well as supplies such as ice melt, sand, etc.

Line 49: Exterminating

This line item includes pest control costs.

Line 40: Recreation

This line item includes costs associated with maintaining physical recreational facilities/amenities (upkeep of swimming pools, clubhouse, athletic courts, tot lots, van maintenance) and Lifeguard salaries. Recreation items paid from the R/R account must be shown on line 62 or line 63.

Line 41: Miscellaneous: (Specify)

This line item includes any other maintenance expenses not categorized above. For example: costs associated with maintenance related travel, gasoline for truck(s) and machinery, training, uniforms, capital needs studies, engineering reports, etc. Miscellaneous items paid from the R/R account must be shown on line 62 or line 63.

Line 42: Total Maintenance Expenses

This line item includes the total cost of all management activities associated with maintaining the development, including maintenance payroll costs, janitorial services, repairs, equipment maintenance, and any other property maintenance activity. It is the sum of the following line items:

- Line 31: Maintenance Payroll
- Line 32: Janitorial Material & Services
- Line 33: Landscaping
- Line 34: Decorating (Interior Only)
- Line 35: Repairs (Interior & Exterior)
- Line 36: Elevator Maintenance
- Line 37: Trash Removal
- Line 38: Snow Removal
- Line 39: Exterminating
- Line 40: Recreation
- Line 41: Miscellaneous: (Specify)

Line 43: Resident Services

This line item includes costs associated with providing supportive services to the residents; include salary/fringe benefits for the Resident Services Coordinator, service programs (health, meals, and housekeeping), TAP Connections, intervention and counseling, and transportation, as well as Computer Learning Centers.

Line 44: Security

This line item includes costs associated with providing Security Services at the development (labor, camera/videos, intercoms, walkie-talkies, etc.). Emergency call systems should be included in line 26. Security items paid from the R/R account must be shown on line 62 or line 63.

Line 45: Electricity

This line item includes charges for the use of electricity at the development.

Line 46: Gas

This line item includes charges for use of natural gas and propane at the development. Gasoline for truck, machinery, etc. should be included in maintenance miscellaneous on line 41.

Line 47: Oil

This line item includes charges for use of heating oil at the development.

Line 48: Other: (Specify)

This line item includes charges for any other utility expense not categorized above.

Line 49: Water & Sewer

This line item includes charges for the use of water and sewer at the development.

Line 50: Total Utilities

This line item includes the total of all utility costs associated with management of the development. It is the sum of the following line items:

- Line 45: Electricity
- Line 46: Gas
- Line 47: Oil
- Line 48: Other: (Specify)
- Line 49: Water & Sewer

Line 51: Replacement Reserve Deposits

This line item includes the amount paid into the escrow account, plus any supplemental deposits made from operating funds within the reporting period. Interest earned on the escrow should not be listed in this category but included on line 11 and line 75. Recapitalized replacement reserve deposits should not be included in this line.

Line 52: Special Escrow Deposits: (Specify type)

This line item includes the amount paid into this escrow account, plus any supplemental deposits made to the account, during the reporting period. Do not include in this amount Residual Receipt or Excess Equity Deposits, or amounts received as insurance proceeds. Interest on the escrow should not be listed in the category but included on line 11 and line 75.

Line 53: Taxes - Real Estate

This line item includes the amount paid/accrued for assessed taxes or 121A and PILOT taxes for the reporting period, less any adjustment for tax rebates (net of related professional fees). Attorney fees incurred that do not result in a tax abatement should be included on line 23 as legal expenses.

Line 54: Taxes - Other

This line item includes any taxes other than payroll or real estate taxes.

Line 55: Insurance

This line item includes the insurance premium for property, fire, liability, and vehicle insurance. Mortgage Insurance Premiums (MIP) paid by Section 542 Risk Share and Co-Insured developments should be included on line 57.

Line 56: Payroll Taxes, Workmen's Compensation, Health Insurance & Other Benefits

This line item includes all payroll taxes, all workman's compensation insurance and all health insurance and other fringe benefits attributed to the on-site administrative and maintenance staff.

Line 57: Mortgage Insurance Premium (MIP)

This line item includes Mortgage Insurance Premiums (MIP) paid by Section 542 Risk Share and Co-Insured developments.

Line 58: Interest (Excluding Mortgage Interest & Fees)

This line item includes interest charges paid or accrued on other than short-term and permanent financing. Examples include interest incurred on Trade Accounts and Tenant Security Deposits. Fees on Letters-of-Credit, required by MassHousing, will be eligible operating costs if supported by project economics.

Line 59: Total Taxes, Insurance, Employee Benefits and Interest

This line item includes all costs associated with real estate and other taxes, insurance premiums, payroll taxes, workmen's compensation, health insurance and other employee benefits, mortgage insurance and interest other than mortgage interest and servicing fees. It is the sum of the following line items:

- Line 53: Taxes - Real Estate
- Line 54: Taxes - Other
- Line 55: Insurance
- Line 56: Payroll Taxes, Workmen's Compensation, Health Insurance & Other Benefits
- Line 57: Mortgage Insurance Premium (MIP)
- Line 58: Interest (Excluding Mortgage Interest & Fees)

Line 60: Total Disbursements Prior to Capital Expenditures, Repairs funded from Replacement Reserves and Debt Service

This line item includes the sum of all expenditures by the development that do not relate to capital improvements or debt service. It is the total of the following line items:

- Line 30: Total Administrative Expenses
- Line 42: Total Maintenance Expenses
- Line 43: Resident Services
- Line 44: Security
- Line 50: Total Utilities
- Line 51: Replacement Reserve Deposits
- Line 52: Special Escrow Deposits
- Line 59: Total Taxes, Insurance, Employee Benefits & Interest

Line 61: Funds Flow Prior to Capital Expenditures, Repairs funded from Replacement Reserves and Debt Service

This line item includes the sum of available cash balances after the development has satisfied all operating and maintenance expenses but has not yet made capital improvements or paid debt service. It is the difference between the following line items:

- Line 20: Total Funds Received
MINUS
- Line 60: Total Disbursements Prior to Capital Expenditures, Repairs funded from Replacement Reserves and Debt Service

Line 62: Capital Expenditures

This line item includes costs for replacement of or additions to property, plant, or equipment that are material in amount and have a useful life that exceeds one year, which were paid using operating funds or were reimbursed from Replacement Reserve. Items funded through mortgage increases, flexible subsidy funds, energy loans, or owner's contributions (unless they are shown on line 19) should not be shown in this category.

Line 63: Repairs funded from Replacement Reserves

This line item includes the amount that is reimbursed from the Replacement Reserve Account that the owner elects not to report as a Capital Expenditure on line 62. To avoid double counting, this amount must be excluded from the Maintenance Expense lines (i.e. 33 to 41 and 43 and 44). Lines 62 and 63 must be at least equivalent to the amount shown as Replacement Reserve Reimbursement on line 17.

Line 64: Funds Flow Prior to Debt Service

This line item includes the sum of available cash balances after the development has satisfied all operating, maintenance and capital improvement expenses but has not yet paid debt service. It is the difference between the following line items:

- Line 61: Funds Flow Prior to Capital Expenditures, Repairs funded from Replacement Reserves and Debt Service
MINUS
- (Line 62: Capital Expenditures AND Line 63: Repairs funded from Replacement Reserves)

Line 65: Gross Debt Service - Mortgage (MassHousing)

This line item includes the amount of Gross Debt Service incurred on the original MassHousing Mortgage and any Mortgage increases. For the Consolidated Note, record only the actual payments made. The amount of any deferred interest on the Consolidated Note will be shown on line 74.

Line 66: Gross Debt Service - Arrearage and Flexible Subsidy Notes

This line item includes the amount of principal paid, and the amount of interest incurred on Arrearage and Flexible Subsidy Notes. Exclude prior year payments made on the Arrearage and Flexible Subsidy Notes during current year (this should be shown on line 82).

Line 67: Gross Debt Service - Defeasance

This line item includes the amount of Gross Debt Service incurred on a MassHousing Mortgage paid through a cash collateralized defeasance escrow.

Line 68: Gross Debt Service - Secondary MassHousing Financing

This line item includes the amount of interest incurred on MassHousing-approved Secondary Financing, SHARP, O.D.L., RDAL, and Local Obligations, as well as on the deferred interest part of the Consolidated Note. As the amortization of any debt issuance cost is a non-cash item, please do not include it in the Gross Debt Service shown on this line item.

Line 69: Gross Debt Service - Other Notes Payable (non-MassHousing)

This line item includes the amount of principal paid, and the amount of interest incurred on short-term or permanent financing not referenced above but related to the operation of the development and approved by the Agency as an expense of the development. Do not include partnership obligations paid from Syndication Proceeds. Please also do not include the amortization of any debt issuance cost in the Gross Debt Service shown on this line item, as it is a non-cash item.

Line 70: Total Gross Debt Service

This line item includes the sum of all debt service paid by the development. It is the sum of the following line items:

- Line 65: Gross Debt Service - Mortgage (MassHousing)
- Line 66: Gross Debt Service - Arrearage and Flexible Subsidy Notes
- Line 67: Gross Debt Service - Defeasance Loan
- Line 68: Gross Debt Service - Secondary MassHousing Financing
- Line 69: Gross Debt Service - Other Notes Payable (non-MassHousing)

Line 71: Funds Flow Prior to Non-Operating Items

This line item is calculated as follows:

- Line 64: Funds Flow Prior to Debt Service
MINUS
- Line 70: Total Gross Debt Service

Line 72: Non-Operating Items (Gains or (Losses))

This line item includes gains or (losses) recognized on the disposal of fixed assets and investments, the resolution of insurance claims and condemnation proceedings, and the discharge or forgiveness of indebtedness.

Line 73: Net Available for Equity

This line item is calculated as follows:

- Line 71: Funds Flow Prior to Non-Operating Items
MINUS
- Line 72: Non-Operating Items (Gains or Losses)

Line 74: Interest Expense Recorded but not Paid on Debt Service

This line item includes the interest expense which is shown as an expense per the income statement, but which is not paid by the development but incurred, and allowed to accrue, on the debt (i.e. Local Obligations, SHARP, RDAL, O.D.L., Arrearage, Flexible Subsidy and Secondary Financing Notes). Also, include the accrued deferred interest part of the Consolidated Note. Do not include current period interest accrued on the Mortgage Obligation. The amount on this line cannot be greater than the sum of lines 66, 68, and 69.

Line 75: Interest Income Earned on Replacement Reserve and Special Escrow Account

This line item includes the interest income which is shown as income per the operating statement but must be allowed to accumulate on the Replacement Reserve and Special Escrow accounts. This amount must be less than or equal to the amount shown on line 11 as Interest Income. This amount should not include interest entered on the Excess Equity or the Residual Receipts Accounts.

Line 76: Net Available for Equity - Distribution Basis

This line item establishes the amount available for distribution if provisions of the Owner's Equity Distribution Policy have been followed. It is the sum of the following line items:

- Line 73: Net Available for Equity
- Line 74: Interest Expense Recorded but not Paid on Debt Service
- Line 78: Less: Interest Income Earned on Replacement Reserve and Special Escrow Account

Note: The Statement of Operations Line 76. Net Available for Equity - Distribution Basis replaced the F.C.-1 Line 80. Net Available for Equity - Distribution Basis and should be used in place of F.C.-1 Line 80 for calculating eligible distribution and any cash flow sharing or other loan obligation that specifically references the line item.

Line 77: Excess (Deficient) Contribution to Replacement Reserve in Current Year

This line item includes the amount of supplemental excess deposits made to the Replacement Reserve Escrow account during the reporting period and reflected previously on line 51 above or insufficient (deficient) deposits made to the Replacement Reserve Escrow account during the reporting period.

Line 78: Excess (Deficient) Contributions to Special Escrow in current year

This line item includes the amount of supplemental excess deposits made to the Special Escrow account during the reporting period and reflected previously on line 52 above or insufficient (deficient) deposits made to the Special Escrow account during the reporting period.

Line 79: Tax Abatements Applicable to Prior Reporting Periods

This line item includes the amount of tax abatements received during the reporting period (net of related professional fees) and reflected previously on line 53. Include only tax abatements applicable to prior reporting periods in this amount.

Line 80: Non-Operating Items [(Gains) or losses]

This line item establishes the amount of non-operating gain or loss recognized during the reporting period and reflected previously on line 72. Gains should be treated as reductions; losses should be treated as additions.

Line 81: Management Fee – Incentive (Agency)

This line item includes the fee paid to the property management company for its superior performance in accordance with the incentive fee provided through a MassHousing approved Management Agreement.

Line 82: Other Timing Differences

This line item includes the amount of any other timing differences for the reporting period not reflected above that would impact the calculation of Net Available for Equity on line 83. Include prior year cash flow payments that were made on MassHousing debt, including Workforce Housing, PDF, Consolidated, SHARP, O.D.L., RDAL, Flexible Subsidy and Arrearage Notes during the current reporting period.

Line 83: Net Available for Equity - Normalized Basis

This line item establishes the Net Available for Equity that would have been generated for a normal accounting period, adjusted for non-operating (extraordinary) transactions. It is the sum of the following line items:

- Line 76: Net Available for Equity - Distribution Basis
- Line 77: Excess (Deficient) Contribution to Replacement Reserve in Current Year
- Line 78: Excess (Deficient) Contributions to Special Escrow in current year
- Line 79: Tax Abatements Applicable to Prior Reporting Periods
- Line 80: Non-Operating Items [(Gain) or Losses]
- Line 81: Management Fee - Incentive
- Line 82: Other Timing Differences

Part II. Limited Distribution Calculation

Line 101: (Increase) / Decrease in Due From General Partners/Affiliates

This line item includes the increase/decrease from one year to the next in the Due from General Partners and/or Affiliates balance, defined as the amount due from the general partners, or affiliates of the general partners (i.e. Management Company), and advanced by the development under notes, receivables, or open account. These are amounts owed by the general partners or affiliates to the development.

Line 102: Increase / (Decrease) in Due To General Partners/Affiliates

This line item includes the increase/decrease from one year to the next in the Due to General Partners & Affiliates balances, defined as noncurrent balance advanced (exclusive of accrued interest) by the general partner, or affiliates of the general partner (i.e. Management Company), whether or not interest bearing or on a secured basis, to supplement operating funds and which have received Agency approval. Development fees and amounts due on the sale or refinancing of the development should be excluded from this amount. These are amounts owed by the development to the general partners or affiliates.

Part I: Calculation of Funds Available for Distribution

Sources of Available Funds

Line 103: Cash and Cash Equivalents

This line item includes cash and any asset which may be converted into cash immediately (short-term investments are excluded). Examples would be cash on hand, cash deposited in banks, and cash in transit, demand certificates of deposit, trade acceptances and money market accounts. For purposes of conformity with FASB No. 95 (ASC 230), all highly liquid debt instruments with a maturity of three months or less are considered cash and cash equivalents.

Line 104: Short-Term Investments

This line item includes the amount of temporary investments of working capital which management intends to or could convert into cash within one year or the operating cycle. These investments must be highly marketable and their sale not disruptive of normal operations or policy. For purposes of conformity with FASB No. 95 (ASC 230), all highly liquid debt instruments with a maturity greater than three months are considered short-term investments.

Line 105: Accounts Receivable & Residual Receipt or Excess Equity Receivable

This line item includes the amount due from tenants, government agencies and others (usually maturing in less than one year) less any allowance for bad debts (doubtful accounts). It excludes amounts due from general partners and affiliates.

Line 106: Pending Replacement Reserve Reimbursements for which approval has been received

This line item includes the amounts which have been approved for reimbursement by MassHousing from the Replacement Reserve and Special Escrow accounts for which no funds have been received.

Line 107: Prepaid Expenses

This line item includes the amount representing the portion of current outlays for benefits carried into the succeeding accounting period or periods. Examples include prepaid taxes, interest, and insurance.

Line 108: Total Sources

This line includes the total sources of cash available. It is the total of the following line items:

- Line 103: Cash and Cash Equivalents
- Line 104: Short-Term Investments
- Line 105: Accounts Receivable & Residual Receipt or Excess Equity Receivable
- Line 106: Pending Replacement Reserve Reimbursements for which approval has been received
- Line 107: Prepaid Expenses

Uses of Available Funds

Line 109: Accrued Interest Expense

This line item includes the amount of interest expense incurred on mortgage and other debt obligations, on or before the end of the year, but not payable until the following year.

Line 110: Delinquent Mortgage Payments & Interest, Deposit to R/R, Insurance, RE Tax or Other Escrow

This line item includes unpaid portions of the Mortgage and any Mortgage increase or the Consolidated Note or interest expense which has not been paid but added to the noncurrent account balances. This includes: all the Long-Term Liabilities of the partnership (i.e. mortgages, notes and advances, development fees, due to general partners and affiliates), which represents mortgage principal and interest payments that are in arrears; the portion of cash that is required by the Agency to be escrowed to cover Replacement Reserve payments that are in arrears; the portion of cash that is required by the Agency to be escrowed that represents payments to the Insurance and Real Estate Tax Escrows that are in arrears; and the portion of cash that is specifically set aside by the development to fund escrows for special and other purposes, not defined previously, but approved by the Agency, that represents payments to the Special & Other Escrows that is in arrears.

Line 111: Accounts Payable & Residual Receipts/Excess Equity Payable

This line item includes the trade due within 30 days for the purchase of goods and services used in the regular course of business, less any obligation of the owner that the owner is willing to subordinate. Also include the amount to be remitted to the Residual Receipts/Excess Equity Escrow Account.

Line 112: Accrued Expenses (not escrowed)

This line item includes accrued expenses, exclusive of any amounts for which a specific escrow exists or for which any delinquent escrow amounts are reflected above.

Line 113: Notes and Advances - Operating expenses (Due within 30 days)

This line item includes Notes and Advances incurred to defray operating expenses that are due within the next 30 days.

Line 114: Unfunded Security Deposits

This line item includes the liability for any Tenant Security Deposits that has not been escrowed.

Line 115: Prepaid Rent

This line item includes deferred revenue representing the value of rental payment received in advance from tenants.

Line 116: Due to General Partners & Affiliates and/or Other (Specify)

This line item includes advances by the general partner, or affiliates of the general partner (i.e. management company), to supplement operating funds as well as any other use of available cash that has not been defined above. Development fees and amounts due on the sale or refinancing of the development should be excluded from this amount.

Line 117: Total Uses

This line includes the total uses of cash. It is the total of the following line items:

- Line 109: Accrued Interest Expense
- Line 110: Delinquent Mortgage Payments & Interest, Deposit to R/R, Insurance, RE Tax or Other Escrow
- Line 111: Accounts Payable & Residual Receipts/Excess Equity Payable
- Line 112: Accrued Expenses (not escrowed)
- Line 113: Notes and Advances incurred to defray operating expenses that are due within the next 30 days
- Line 114: Unfunded Security Deposits
- Line 115: Prepaid Rent
- Line 116: Due to General Partners & Affiliates and/or Other (Specify)

Line 118: Maximum Distribution for Current Year

This line item includes the lesser of either 6% (or the relevant percentage agreed upon by the Agency, but no more than 10%) of the Stated Equity, as outlined in the Regulatory Agreement or Cost Certification Letter or the Net Available for Distribution as reflected on line 76. This amount may not be less than zero.

Line 119: Excess Net Available for Distribution from Current Year Applied to 3 Preceding Years

This line item includes the difference, between line 76, Net Available for Equity - Distribution Basis and the Maximum Distribution for the Current Year as defined on line 118, which can be used to make up for any distribution shortfall in the three preceding years.

Line 120: Distributions Earned for Prior Years But Not Paid as of Beginning of Year

This line item includes the sum of all distributions earned by the development up until the beginning of the current year.

Line 121: Less Distribution Paid During Current Year for Prior Year

This line item includes the distribution, which represents a return on Stated Equity, that has been paid by the development during the current operating cycle.

Line 122: Balance at Year's End

This line item establishes the earned distribution balance at year's end. It is determined as follows:

- Line 120: Distributions Earned for Prior Years But Not Paid as of Beginning of Year
MINUS
- Line 121: Less Distribution Paid During Current Year for Prior Year

Line 123: Maximum Possible Distribution if Funds Available

This line item establishes the upper limit of the funds that can be distributed **if the funds are available**. It is the sum of the following line items:

- Line 118: Maximum Distribution for Current Year
- Line 119: Excess Net Available for Distribution from Current Year Applied to 3 Preceding Years
- Line 122: Balance at Year's End

Line 124: Funds Available for Distribution

This line item establishes the funds available for distribution. It is the calculated as follows:

- Line 108: Total Sources
MINUS
- Line 117: Total Uses

Line 125: Maximum Allowable Distribution if Funds Available

This line item establishes the maximum amount of distribution that could be paid out in the next year. It must always be the lesser of either line 124 or line 123.

Line 126: Accumulated Partnership Distributions

This line item includes the total accumulated amount of distributions, which have been paid by the development from the inception of the project through the current operating cycle.

Line 127: Stated Equity as reflected in the Regulatory Agreement

This line item establishes the amount of Stated Equity as reflected in the Regulatory Agreement or Cost Certification, including any amendments or reestablishment of equity. It is used to calculate the maximum permissible distribution. Stated Equity is a MassHousing number and should not be confused with the capital raised from the investors.

Part III: Residual Receipts/Excess Equity Calculation

Line 128: Cash and Cash Equivalents

This line item includes cash and any asset which may be converted into cash immediately (short-term investments are excluded). Examples would be cash on hand, cash deposited in banks, and cash in transit, demand certificates of deposit, trade acceptances and money market accounts. For purposes of conformity with FASB No. 95 (ASC 230), all highly liquid debt instruments with a maturity of three months or less are considered cash and cash equivalents. It is equivalent to line 103.

Line 129: Short-Term Investments

This line item includes the amount of temporary investments of working capital which management intends to or could convert into cash within one year or the operating cycle. These investments must be highly marketable and their sale not disruptive of normal operations or policy. For purposes of conformity with FASB No. 95 (ASC 230), all highly liquid debt instruments with a maturity greater than three months are considered short-term investments. It is equivalent to line 104.

Line 130: Account Receivable – HUD

This line item includes the amount due on tenant subsidy vouchers only if the amounts were earned during the period covered by the financial statements.

Line 131: Tenant Security Deposits Escrowed

This line item includes the cash received from tenants at the inception of the lease to cover any potential repairs at the end of the lease.

Line 132: Pending Replacement Reserve and Special Escrow Reimbursements for which approval has been received

This line item includes the amounts which have been approved for reimbursement by MassHousing from the Replacement Reserve and Special Escrow accounts for which no funds have yet been received. It is equivalent to line 106.

Line 133: Other: (Specify)

This line item includes any other source of available cash that has not been defined above. Include in this item Due from General Partners and/or Affiliates.

Line 134: Total Sources

This line item is the sum of the following line items:

- Line 128: Cash and Cash Equivalents
- Line 129 Short-Term Investments
- Line 130: Account Receivable – HUD
- Line 131: Tenant Security Deposits Escrowed
- Line 132: Unreimbursed R/R and Special Escrow Account Withdrawals
- Line 133: Other (Specify)

Line 135: Accrued Mortgage Interest Payable

This line item includes the amount of interest expense incurred on mortgage and other debt obligations, on or before the end of the year, but not payable until the following year. It is equivalent to line 109.

Line 136: Delinquent Mortgage Payments & Interest, Deposits to R/R, Insurance, RE Tax or Other Escrow

This line item includes unpaid portions of the Mortgage, Mortgage increase, Consolidated Notes or interest expense, which have not been paid but added to the noncurrent account balances. This includes all the Long-Term Liabilities of the partnership (i.e. mortgages, notes and advances, development fees, due to general partners and affiliates), which represent mortgage principal and interest payments that are in arrears. It also includes the cash that is required by the Agency to be escrowed to cover: 1. Replacement Reserve payments that are in arrears, 2. Insurance and Real Estate Tax Escrows that are in arrears and 3. cash that is specifically set aside by the development to fund escrows for special and other purposes, not defined previously, but approved by the Agency, that represents payments to the Special & Other Escrows that is in arrears. It is equivalent to line 110.

Line 137: Deficient Deposits to Insurance & Real Estate Tax Escrows

This line item includes the estimated annual shortfall in the funding of Insurance and Real Estate Tax Escrows due to inflation. Provide documentation as appropriate.

Line 138: Accounts Payable (due within 30 days)

This line item includes the portion of the Accounts Payable due within 30 days.

Line 139: Accrued Expenses (not escrowed)

This line item includes accrued expenses, exclusive of any amounts for which a specific escrow exists or for which any delinquent escrow amounts are reflected above. It is equivalent to line 112.

Line 140: Loans & Notes Payable - Operating Expenses (due within 30 days)

This line item includes Notes and Advances incurred to defray operating expenses that are due within the next 30 days. It is equivalent to line 113.

Line 141: Tenant Security Deposit Liability

This line item includes the liability of the development to the tenants for cash received from the tenants at the inception of the lease to cover any potential repairs or unpaid rents at the expiration of the same.

Line 142: Prepaid Rent

This line item includes deferred revenue account representing the value of rental payment received in advance from tenants. It is equivalent to line 115.

Line 143: Due to General Partners & Affiliates and/or Other (Specify)

This line item includes advances by the general partner, or affiliates of the general partner (i.e. management company), to supplement operating funds as well as any other use of available cash that has not been defined above. Development fees and amounts due on the sale or refinancing of the development should be excluded from this amount.

Line 144: Total Uses

This line item is the sum of the following line items:

- Line 135: Accrued Mortgage Interest Payable
- Line 136: Delinquent Mortgage Payments & Interest, Deposit to R/R, Insurance, RE Tax or Other Escrow
- Line 137: Deficient Deposits to Insurance & Real Estate Tax Escrows
- Line 138: Accounts Payable (due within 30 days)
- Line 139: Accrued Expenses (not escrowed)
- Line 140: Loans & Notes Payable - Operating Expenses (due within 30 days)
- Line 141: Tenant Security Deposit Liability
- Line 142: Prepaid Rent
- Line 143: Due to General Partners & Affiliates and/or Other (Specify)

Line 145: Surplus Cash

This line item is the difference between the following line items:

- Line 135: Total Sources
- MINUS
- Line 146: Total Uses

Line 146: Maximum Possible Distributions Earned

This line item determines the maximum amount of distributions earned by the development in theory and is computed by multiplying 6% (or the relevant percentage agreed upon by the Agency) of the Stated Equity, as outlined in the Cost Certification Letter, by the number of years from the completion date for Cost Certification purposes.

Line 147: Accumulated Partnership Distributions

This line item includes the total accumulated amount of distributions, which have been paid by the development from the inception of the project through the current operating cycle. It is equivalent to line 126.

Line 148: Distributions Earned But Unpaid

The amount of distributions that the development in theory has earned but has not yet paid. It is the equivalent of line 146 minus line 147.

Line 149: Required Deposit to Residual Receipts/Excess Equity Escrow

The amount of surplus cash that must be escrowed with MassHousing as Residual Receipts or Excess Equity. It is the equivalent of line 147 minus line 148.