

# Financial Report

Q4 2022



GRAND  
JUNCTION  
HOUSING  
AUTHORITY

Helping People  
When They Are  
Most Vulnerable.

February 6, 2023

By Shelley Carpenter, Controller

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## Executive Summary

Financial Statements for the year ended December 31, 2022, are currently in unaudited Draft state. The year-end financial statement audits are in process with the returning audit team from Novogradac & Co working on all tax credit audits. Hawkins Ash is contracted for the GJHA audit. Grand Junction Housing Authority is reporting year to date consolidated net operating income for 2022 of \$958,602, favorable compared to budget by \$667,749. The variances are primarily due to increased rental revenues due to minimal vacancies and significant savings in repairs and maintenance and compensation throughout the year.

## GJHA Consolidated Financial Overview

### BALANCE SHEET OVERVIEW

Grand Junction Housing Authority ended the year with total assets of \$48,113,108. This is offset by total liabilities of \$17,528,208 with fund balance and surplus of \$30,584,900. This represented a decrease of total assets over the past quarter of \$420,900. The primary source of the decrease in assets was the recording of 4<sup>th</sup> quarter depreciation (\$356,910) and the decrease to tenant accounts receivable due to write offs (\$113,407).

### Cash Position

Total GJHA, Doors 2 Success, and Little Bookcliff cash is \$11.2 million. This is comprised of Unrestricted, Restricted, and Assigned cash. (Please see detailed cash report included in this packet.) Total operating cash on the balance sheet was \$9.9M at the end of the year which represents an increase of \$97K from the previous quarter. While there was a significant increase to cash in 2022 due to the sale of Lincoln and Courtyard, normalized cash remained steady.

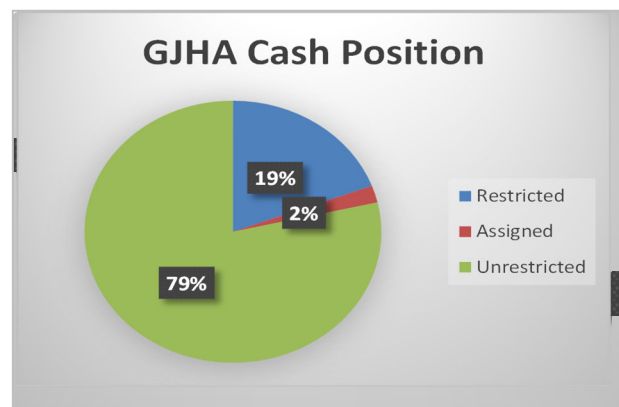


Table 1 - Restricted vs. Unrestricted Cash Position

### Other Assets and Liabilities

#### DEVELOPER FEES RECEIVABLE

Developer Fees Receivable totaled \$609k which was a decrease of \$255K in the 4<sup>th</sup> quarter due to the receipt of a developer fee installment from 2814. Total developer fees received in 2022 were \$1,181,900. The majority of this was 2814 and Highlands 2.

#### NOTES PAYABLE

Notes Payable decreased by \$105K to \$15.1M due to the regular principal payment activities.

## BUDGET COMPARATIVE OVERVIEW

### Net Operating Income

Net operating income for the quarter is \$114K which is \$55K negative to budget. Although the 4<sup>th</sup> quarter was negative to budget, the year-to-date NOI is \$958K, which is \$668K positive to budget. HAP payments are excluded from the operating revenues and expenses sections below as HAP revenue and expense should offset each other with regular true-ups.

- Operating Revenues excluding HAP Income were negative to budget by \$232K.
  - The delay in the Walnut Park Capital Improvement Project caused an unfavorable variance in project management income of \$215K.
  - The decrease in expected receipts in Other Grant Income created an unfavorable variance to budget of \$148K.
  - Bad debt write-offs decreased total rental income causing an unfavorable variance in the 4<sup>th</sup> quarter.

Total Operating Expenses of \$15.4M, which includes \$8.1M of Housing Assistance Payments, had a favorable variance for the quarter and are \$1.6M below the budgeted amount of \$17.1M. The key items to note for the quarter are:

- Operating expenses excluding HAP were \$460K positive to budget.
  - Total compensation was positive to budget throughout 2022 and ended the year at \$3.7M, which was \$365K positive to budget. This was due to savings from vacancy, the usage of temporary employees, and employees utilizing different health insurance options.
  - Total repairs & maintenance remained consistently positive to budget throughout 2022.

### Non-Operating Income (Expenses)

Non-operating income and expenses are substantially on track with budget for the quarter. However, they are positive to budget by \$2.6M year-to-date. Most of this variance is from the \$2.3M gain on the sale of Lincoln & Courtyard which was not budgeted.

### Net Income

Net income for the quarter of -\$263K is positive to budget by \$124K. This brings their total year-to-date net income to \$2.5M, which is \$3.3M positive to budget.

## VOUCHER PROGRAMS

### Vouchers Managed

Grand Junction Housing Authority manages a total of 1,112 vouchers throughout 8 different voucher programs. These voucher programs had housing assistance payments totaling \$7.7M in 2022. This generated annual admin fees of \$1.2M.

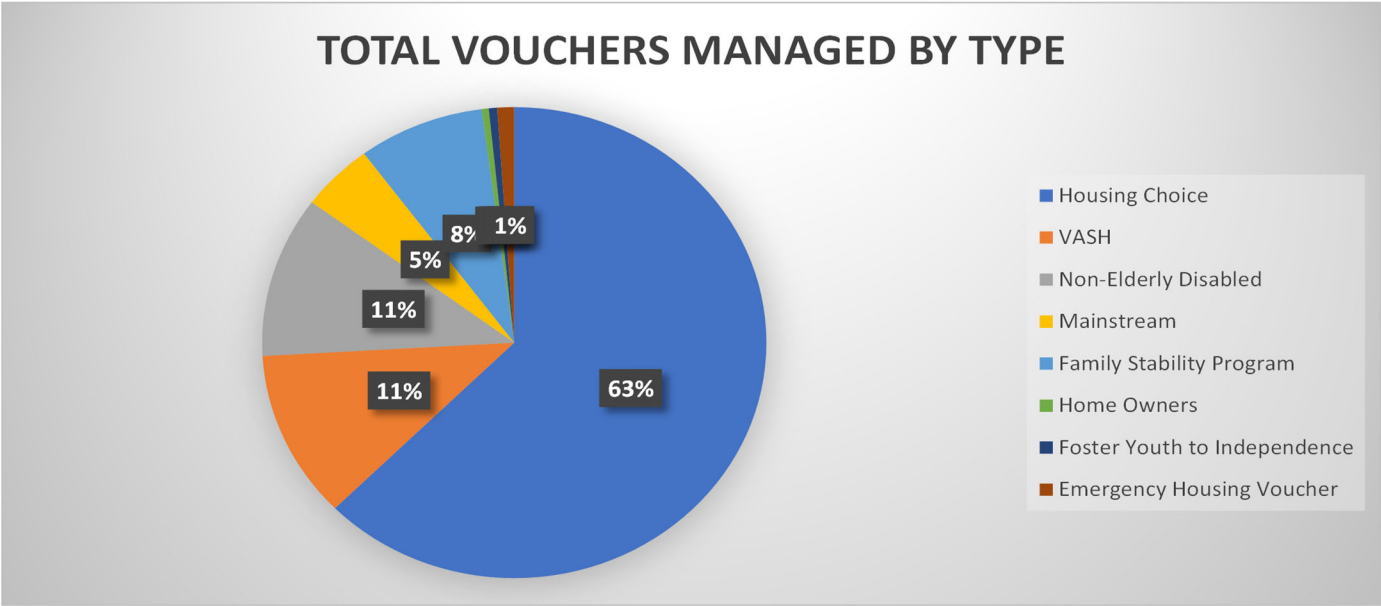


Table 2 - Vouchers Managed by Type

Vouchers are broken out into the following categories: Housing Choice, VASH, Non-Elderly Disabled, Mainstream, Family Stability, Homeowners, Foster Youth to Independence, and Emergency Housing vouchers. Table 2 provides an overview of how many vouchers GJHA manage for each type and the % that type represents of total vouchers managed.

## Voucher Utilization Rates

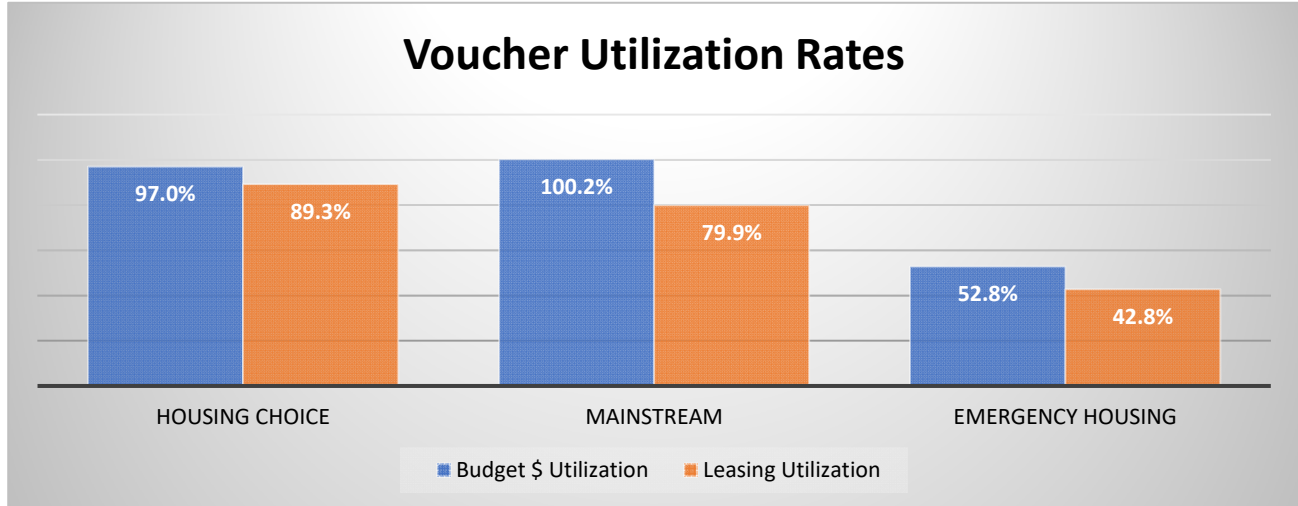


Table 3 - Voucher Utilization Rates

## Housing Assistance Payment Reserves

The Housing Assistance Payment (HAP) reserves at the end of the reporting period, including the amounts held by HUD, totaled \$2,247,434 and can be used in future periods for spending in excess of the annual contracted awards.

## APPENDIX A: CONSOLIDATED BALANCE SHEET

Grand Junction Housing Authority Combined Balance Sheet			
Period - Oct 2022-Dec 2022			
	Beginning Balance	Quarterly Activity	Ending Balance
<b>ASSETS</b>			
CURRENT ASSETS			
Total Cash	9,834,691	96,592	9,931,284
A/R Tenants	160,657	(143,602)	17,055
A/R GJHA Programs	577,783	(9,131)	568,652
A/R Online Rent	3,947	(10,143)	(6,196)
Allowance for Doubtful Accounts	(19,583)	144	(19,439)
A/R Security Dep. and Revolving Loans	105	-	105
A/R Section 8 Fraud Recovery	24,569	343	24,912
A/R HUD & Other	92,609	(24,836)	67,772
I/R Crystal Brook	19,312	-	19,312
I/R Linden Pointe	114,704	-	114,704
Prepaid Expenses	55,388	(54,980)	409
Prepaid Insurance	15,333	(15,333)	-
Inventory Holding	127,655	(16,608)	111,048
A/R Inventory	68,521	4,307	72,829
TOTAL CURRENT ASSETS	1,241,000	(269,838)	971,161
Net Property Plant & Equipment	18,531,597	(243,087)	18,288,509
Other Assets	-	-	-
Total accounts receivable	122,449	40,766	163,214
Developer Fees Receivable	864,615	(255,088)	609,527
Total Interest Receivable	5,301,856	176,340	5,478,196
Notes Receivable	11,291,127	-	11,291,127
Investment in Properties	292,092	-	292,092
TOTAL OTHER ASSETS	17,872,139	(37,983)	17,834,156
TOTAL RESTRICTED ASSETS	1,054,581	33,417	1,087,998
<b>TOTAL ASSETS</b>	<b>48,534,008</b>	<b>(420,900)</b>	<b>48,113,108</b>
LIABILITIES AND FUND BALANCE	-	-	-
CURRENT LIABILITIES	-	-	-
Accounts Payable	169,770	78,334	248,104
Accrued Liabilities	373,232	(32,540)	340,692
Tenant Security Deposits Payable	248,560	(30,315)	218,245
FSS HAP Escrow Payable	53,835	(983)	52,852
Deferred Revenue	109,707	(37,663)	72,045
Current Portion Long-Term Debt	374,320	(14,560)	359,761
A/P Inventory	56,942	(7,811)	49,130
TOTAL CURRENT LIABILITIES	1,386,366	(45,538)	1,340,828

<b>Grand Junction Housing Authority Combined Balance Sheet</b>			
<b>Period - Oct 2022-Dec 2022</b>			
	Beginning Balance	Quarterly Activity	Ending Balance
LONG-TERM LIABILITIES	-		
A/P General Fund	85,475	-	85,475
Accrued Interest Payable	1,325,259	32,739	1,357,998
Mortgage/Notes Payable	15,251,576	(137,937)	15,113,640
Total Long-Term Liabilities	15,218,837	(105,197)	15,113,640
Less: Current Portion Long-Term Debt	(377,004)	7,271	(369,733)
NET LONG-TERM LIABILITIES	16,299,849	(112,469)	16,187,380
	17,528,208		17,528,208
FUND BALANCE & SURPLUS	-		
Earned Surplus	4,917,802	(67,779)	4,850,023
Unreserved Surplus	16,563,912	-	16,563,912
Capital Terrace Fund Balance	1,443,744	-	1,443,744
Voucher Admin Operating Reserve	590,081	-	590,081
Contributed Capital	432,774	-	432,774
Donated Surplus	721,879	-	721,879
Donated Surplus - Ratekin Tower	(2,079)	-	(2,079)
Contra Cap - Crystal Brook	776,103	-	776,103
Contra Cap - Linden Avenue	2,085,207	-	2,085,207
Investment in Foresight	859,955	-	859,955
Investment in Affordable Homes	100	-	100
Syndication costs - Crystal Brook	(25,600)	-	(25,600)
Excess Revenues over Expenditures	2,483,915	(195,114)	2,288,801
TOTAL FUND BALANCE & SURPLUS	30,847,793	(262,893)	30,584,900
	-		
TOTAL LIABILITIES & FUND BALANCE	48,534,008	(420,900)	48,113,108



## APPENDIX B: CONSOLIDATED BUDGET COMPARATIVE

Grand Junction Housing Authority							
Combined Operating Statement							
<b>Budget Comparison</b>							
Period = Oct 2022-Dec 2022							
	Current Quarter	Quarter Budget	Variance	Last Year To Period	Current Year	Year To Date Budget	Variance
<b>OPERATING REVENUES</b>							
Total Rental Income	902,171	912,627	(10,456)	4,085,032	3,992,211	3,873,575	118,636
Total General Fund Income	534,681	593,603	(58,922)	1,892,790	2,138,591	2,353,245	(214,654)
Total Grant income	165,626	194,009	(28,383)	679,870	580,991	776,044	(195,053)
Total HAP income	2,362,393	2,557,441	(195,048)	8,970,394	9,339,033	10,170,564	(831,531)
Total Non Rental Income	115,080	51,573	63,507	283,357	354,932	208,417	146,515
<b>TOTAL OPERATING REVENUE</b>	<b>4,079,950</b>	<b>4,309,253</b>	<b>(229,303)</b>	<b>15,911,442</b>	<b>16,405,758</b>	<b>17,381,845</b>	<b>(976,087)</b>
<b>OPERATING EXPENSES</b>							
Total Management Fees	73,926	72,968	958	317,017	314,919	301,515	13,404
Total Compensation	1,123,886	1,129,299	(5,413)	3,713,486	3,846,218	4,209,982	(363,764)
Total Utilities	133,954	114,504	19,450	465,787	490,112	446,613	43,499
Total Repairs and Maintenance	306,676	271,050	35,626	929,410	977,456	1,211,648	(234,192)
Total Marketing Exps.	-	667	(667)	2,927	-	2,733	(2,733)
Total Professional fees	156,309	147,530	8,779	572,435	730,166	588,188	141,978
Total Administrative Expense	62,155	167,130	(104,975)	371,136	523,285	469,165	54,120
Total Occupancy costs	27,227	29,041	(1,814)	103,057	111,994	118,705	(6,711)
Total Housing Assistance Payments	2,015,529	2,313,259	(297,730)	8,018,643	8,102,908	9,253,049	(1,150,141)
Total Insurance and Taxes	65,328	119,069	(53,741)	348,851	350,098	489,394	(139,296)
<b>TOTAL OPERATING EXPENSES</b>	<b>3,964,989</b>	<b>4,364,517</b>	<b>(399,528)</b>	<b>14,842,749</b>	<b>15,447,156</b>	<b>17,090,992</b>	<b>(1,643,836)</b>
<b>NET OPERATING INCOME</b>	<b>114,961</b>	<b>(55,264)</b>	<b>170,225</b>	<b>1,068,693</b>	<b>958,602</b>	<b>290,853</b>	<b>667,749</b>

Grand Junction Housing Authority							
Combined Operating Statement							
<b>Budget Comparison</b>							
Period = Oct 2022-Dec 2022							
	Current Quarter	Quarter Budget	Variance	Last Year To Period	Current Year	Year To Date Budget	Variance
<b>NON OPERATING INCOME/EXPENSE</b>							
Investment Income - Restricted	179,129	177,862	1,267	728,331	738,121	711,401	26,720
Interest Income - Restricted	5,089	1,041	4,048	2,405	8,286	4,179	4,107
Interest Income - Unrestricted	26,677	2,325	24,352	5,703	38,747	9,878	28,869
Other NonOp Income	-	-	-	46,100	18,500	-	18,500
Other NonOp Expense	-	-	-	1,523	-	(7,301)	7,301
Developer Fee Income	-	-	-	1,000,000	-	-	-
Mortgage Interest Expense	(75,662)	(62,284)	(13,378)	(279,938)	(302,648)	(259,826)	(42,822)
Incentive Performance Fee	-	(7,825)	7,825	-	-	(30,949)	30,949
Other Interest Expense	(38,002)	(56,413)	18,411	(220,996)	(156,953)	(225,320)	68,367
Depreciation Expense	(356,910)	(234,932)	(121,978)	(1,070,291)	(1,133,745)	(988,705)	(145,040)
Amortization Expense	-	-	-	(3,875)	-	-	-
Gain (Loss) on Sale of Asset	-	-	-	42,839	2,316,335	-	2,316,335
Prior Year Adjustments	(59,542)	-	(59,542)	-	(59,542)	-	(59,542)
Hazard Cleanup Income	-	-	-	89,981	355,301	-	355,301
Hazard Cleanup	(5,312)	(80,764)	75,453	(217,857)	(88,022)	(214,764)	126,742
Hazard Cleanup w rite offs	(89,037)	(88,540)	(497)	(119,156)	(188,884)	(98,265)	(90,619)
Transfers In	3,826,061	55,602	3,770,459	206,200	3,852,699	214,916	3,637,783
Transfers Out	(3,790,345)	(37,938)	(3,752,407)	(168,871)	(3,816,983)	(144,205)	(3,672,778)
<b>TOTAL NON OPERATING INCOME/EXP.</b>	<b>(377,854)</b>	<b>(331,866)</b>	<b>(45,988)</b>	<b>42,098</b>	<b>1,581,211</b>	<b>(1,028,961)</b>	<b>2,610,172</b>
<b>NET INCOME (LOSS)</b>	<b>(262,893)</b>	<b>(387,130)</b>	<b>124,237</b>	<b>1,110,791</b>	<b>2,539,813</b>	<b>(738,108)</b>	<b>3,277,921</b>

## REAL ESTATE PORTFOLIOS

Grand Junction Housing Authority has two distinctive segments within its real estate portfolio. The two segments are the Low-Income-Housing-Tax-Credit (“LIHTC”) portfolio and GJHA owned properties.

### Low Income Housing Tax Credit (LIHTC) Portfolio

#### PROPERTY PERFORMANCE

A summary of the property’s performance within the LIHTC portfolio is provided for your reference.

Dec 2022 Summary P & L							
		72 Units	72 Units	64 Units	72 Units	60 Units	
		Arbor Vista LLP	Village Park LLP	Highlands LLLP	Highlands II LLP	2814 LLLP	Total
<b>OPERATING REVENUES</b>							
	Dwelling Rental Tenants	699,603	730,662	570,496	572,831	551,211	3,124,802
	Vacancy Loss	(11,355)	(33,100)	(3,765)	(11,566)	(17,103)	(76,889)
	Other Revenue	20,080	42,935	37,693	47,468.07	29,800	177,976
<b>TOTAL OPERATING REVENUES</b>		<b>708,328</b>	<b>740,497</b>	<b>604,424</b>	<b>608,733</b>	<b>563,907</b>	<b>3,225,889</b>
<b>OPERATING EXPENSES</b>							
	Management Fees	42,500	44,423	42,310	42,611	36,654	208,498
	Compensation	54,955	61,446	99,062	107,424	55,895	378,783
	Utilities	55,888	54,940	73,912	75,843	93,569	354,152
	Repairs & Maintenance	92,115	182,828	51,565	38,779	97,699	462,986
	Marketing & Professional Fees	47,110	40,429	51,495	47,601	81,410	268,045
	Admin & Occupancy	17,646	18,903	105,950	115,259	9,641	267,398
	Bad Debt Expense	10,982	47,744	157	4,838	12,153	75,874
	Insurance & Taxes	34,913	49,310	37,251	37,388	51,210	210,073
<b>TOTAL OPERATING EXPENSES</b>		<b>356,110</b>	<b>500,024</b>	<b>461,702</b>	<b>469,743</b>	<b>438,230</b>	<b>2,225,809</b>
<b>NET OPERATING INCOME</b>		<b>352,218</b>	<b>240,474</b>	<b>142,722</b>	<b>138,990</b>	<b>125,677</b>	<b>1,000,080</b>
<b>Non-Operating Revenues (Expenses)</b>							
	Interest Income Restricted	313	977	658	493	413	2,855
	Interest Expense	(336,195)	(194,241)	(129,825)	(198,051)	(137,110)	(995,423)
	Other non-operating	-	(19,175)	(11,260)	(11,260)	(33,000)	(74,695)
	Depreciation & Amortization	(518,286)	(390,129)	(473,601)	(466,301)	(515,377)	(2,363,694)
	Hazard Cleanup Income	-	8,580	-	-	-	8,580
	Hazard Cleanup Expense	(2,533)	(133,474)	(9,102)	-	-	(145,110)
	Hazard Cleanup Write Offs	-	(25,643)	-	-	-	(25,643)
<b>NET NON-OPERATING REVENUES (EXP.)</b>		<b>(856,701)</b>	<b>(753,105)</b>	<b>(623,130)</b>	<b>(675,120)</b>	<b>(685,074)</b>	<b>(3,593,130)</b>
<b>NET INCOME (LOSS)</b>		<b>(504,483)</b>	<b>(512,632)</b>	<b>(480,409)</b>	<b>(536,129)</b>	<b>(559,398)</b>	<b>(2,593,050)</b>

Table 4 - Managed Tax Credit Properties

## Property Highlights

- Apart from Highlands 2, all tax credit properties ended the year with net operating income positive to budget. Highlands 2 was just under budget by \$6K, this was due to the decreased number of project-based vouchers allocated to Highlands 2. This resulted in decreased rental income throughout 2022.
- All tax credit properties experienced increases in operating revenues due to minimal vacancy and authorized rent increases in 2022.
- Operating expenses also increased in 2022 throughout the portfolio. These increases were anticipated and budgeted. Therefore, the only properties exceeding budget were Village Park at \$5K and 2814 at \$4K over budget. These variances were minimal and were offset by additional revenues.
- Village Park did experience two hazard units in 2022. This increased the vacancy loss and created \$113K in hazard expense combined with \$26K in hazard write-offs. This increase to non-operating expenses resulted in decreases to cash as well as net income being \$43K negative to budget at -\$513K.
- All properties with the exception of Highlands and Village Park ended 2022 with strong cash balances. Both Highlands and Village Park no longer have deferred developer fees owed to the General Fund.

## DEBT SERVICE COVERAGE RATIO

A key metric that is monitored on the LIHTC portfolio is Debt Service Coverage Ratio (“DSCR”). The DSCR is calculated by dividing the net operating income (NOI), reduced for any required replacement reserve funding, by the total required debt service. Debt service is the combined principal and interest payment required on the debt of the property.

$$\text{DSCR} = \frac{\text{Net Operating Income}}{\text{Total Debt Service}}$$

All LIHTC properties have external investor required target DSCR's that we must meet. The graph below depicts YTD results from the quarter on how each property performed related to their target.

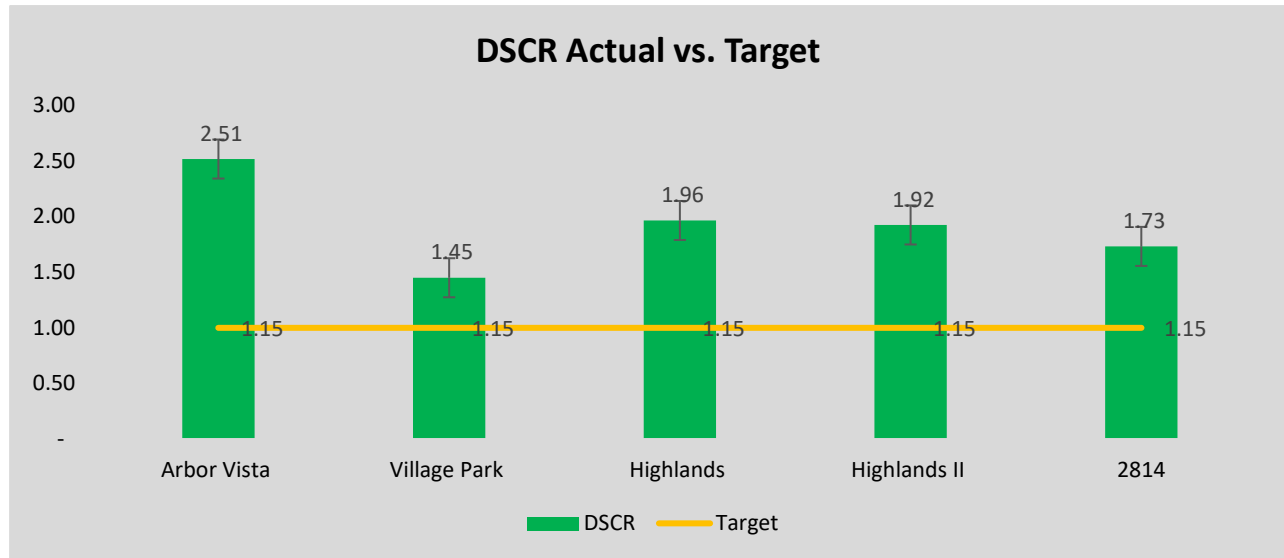


Table 5 - Percentage of Targeted DSCR

As illustrated in Table 5, all properties are hitting their DSCR targets for the quarter.

	Arbor Vista	Village Park	Highlands	Highlands II	2814
Annual Debt Service	140,148	165,960	72,732	72,288	72,674
Required NOI	161,170	190,854	83,642	83,131	83,575
Actual NOI	352,218	240,474	142,722	138,990	125,677
Excess NOI	191,047	49,620	59,080	55,859	42,102

Table 6 - Dollar Amount in Excess or Below Targeted DSCR

### Occupancy

The five properties within the LIHTC portfolio have a combined total of 340 units. The average annual occupancy ratio for these units was 97.02%. The individual property occupancy ratios range from 94.32% at Village Park to 99.05% at The Highlands.

## Grand Junction Housing Authority Owned Properties

This portfolio consists of Ratekin, Walnut Park, Nellie Bechtel, Crystal Brook, and Linden Pointe. Lastly, Monument Business Center, which is a commercial property with a 10-year lease maturing June 30, 2024.

The financial focus on managing these portfolios is the Net Operating Income and operating cash. The charts below depict a summary of each property's performance in 2022 compared to budget and the prior year.

<b>RATEKIN</b>	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>Budget Variance</b>	<b>2021 Actual</b>	<b>\$ Change</b>	<b>% Change</b>
Operating Cash Balance	(187,273)		N/A	(188,801)	1,528	-0.8%
Net Operating Income	314,389	157,737	156,652	294,382	20,007	6.8%
Net Income	63,993	(143,508)	207,501	67,258	(3,265)	-4.9%
Non-Operating	(250,396)	(301,245)	50,849	(227,124)	(23,272)	10.2%
Operating Revenues	1,017,972	987,308	30,664	985,504	32,468	3.3%
Operating Expenses	703,583	829,571	(125,988)	691,122	12,461	1.8%

<b>WALNUT</b>	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>Budget Variance</b>	<b>2021 Actual</b>	<b>\$ Change</b>	<b>% Change</b>
Operating Cash Balance	665,120		N/A	437,258	227,862	52.1%
Net Operating Income	302,252	183,264	118,988	270,130	32,122	11.9%
Net Income	269,102	47,439	221,663	3,141	265,961	8467.4%
Non-Operating	(33,150)	(135,825)	102,675	(266,989)	233,839	-87.6%
Operating Revenues	934,680	849,898	84,782	847,990	86,690	10.2%
Operating Expenses	632,428	666,634	(34,206)	577,860	54,568	9.4%

<b>NELLIE</b>	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>Budget Variance</b>	<b>2021 Actual</b>	<b>\$ Change</b>	<b>% Change</b>
Operating Cash Balance	283,364		N/A	195,422	87,942	45.0%
Net Operating Income	369,099	174,584	194,515	304,514	64,585	21.2%
Net Income	(18,546)	(32,610)	14,064	(14,216)	(4,330)	30.5%
Non-Operating	(387,645)	(160,520)	(227,125)	(318,730)	(68,915)	21.6%
Operating Revenues	914,285	803,533	110,752	797,269	117,016	14.7%
Operating Expenses	545,187	609,018	(63,831)	492,755	52,432	10.6%

<b>CRYSTAL</b>	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>Budget Variance</b>	<b>2021 Actual</b>	<b>\$ Change</b>	<b>% Change</b>
Operating Cash Balance	402,145		N/A	278,070	124,075	44.6%
Net Operating Income	143,603	53,432	90,171	159,352	(15,749)	-9.9%
Net Income	943	(140,559)	141,502	13,564	(12,621)	-93.0%
Non-Operating	(142,660)	(193,991)	51,331	(145,788)	3,128	-2.1%
Operating Revenues	381,317	354,640	26,677	353,591	27,726	7.8%
Operating Expenses	237,714	301,208	(63,494)	194,239	43,475	22.4%

LINDEN	2022 Actual	2022 Budget	Budget Variance	2021 Actual	\$ Change	% Change
Operating Cash Balance	396,121		N/A	128,829	267,292	207.5%
Net Operating Income	342,385	220,542	121,843	321,294	21,091	6.6%
Net Income	14,655	(338,915)	353,570	(68,187)	82,842	-121.5%
Non-Operating	(327,730)	(559,457)	231,727	(389,481)	61,751	-15.9%
Operating Revenues	880,464	787,321	93,143	833,129	47,335	5.7%
Operating Expenses	538,079	566,779	(28,700)	511,835	26,244	5.1%

MONUMENT BUS. CENTER	2022 Actual	2022 Budget	Budget Variance	2021 Actual	\$ Change	% Change
Operating Cash Balance	67,055		N/A	34,600	32,455	93.8%
Net Operating Income	118,486	104,925	13,561	114,821	3,665	3.2%
Net Income	41,658	11,414	30,244	38,210	3,448	9.0%
Non-Operating	(76,828)	(74,681)	(2,147)	(76,610)	(218)	0.3%
Operating Revenues	127,055	124,303	2,752	121,512	5,543	4.6%
Operating Expenses	8,568	19,378	(10,810)	6,691	1,877	28.1%

## Occupancy

The five properties within the GJHA portfolio (excluding Monument Business Center) have a combined total of 425 units. The 2022 average annual occupancy ratio for these units was 97.91%. The individual property occupancy ratios range from 97.26% at Ratekin Tower to 99.03% at Nellie Bechtel.

## Key Definitions

### Net Income

Net income ("NI"), also called net earnings, is calculated as sales minus cost of goods sold, selling, general and administrative expenses, operating expenses, depreciation, interest, taxes, and other expenses. It is a useful number for investors to assess how much revenue exceeds the expenses of an organization. This number appears on a company's income statement and is also an indicator of a company's profitability. (Investopedia, 2021)

### Net Operating Income

Net operating income (NOI) is a calculation used to analyze the profitability of real estate investments and organizations. NOI equals all revenue from the property, minus all reasonably necessary operating expenses.

NOI is a before-tax figure, appearing on a property's income and cash flow statement, that excludes principal and interest payments on loans, capital expenditures, depreciation, and amortization. When this metric is used in other industries, it is referred to as "earnings before interest, taxes, depreciation and amortization" (EBITDA). In our presentations we utilize the NOI term exclusively.

