

Financial Report

Q4 2024



GRAND
JUNCTION
HOUSING
AUTHORITY

Through December 31, 2024

By Sheila Brubacher, Controller

Executive Summary

Unless otherwise stated, the use of “consolidated” or “combined” includes all Grand Junction Housing Authority properties and programs, not including the Tax Credit properties. Grand Junction Housing Authority is reporting fourth quarter 2024 consolidated net operating income of \$763,251, favorable compared to budget by \$1,008,227. The variance is primarily related to under budget operating expenses due to savings in housing assistance payments (HAP), compensation, and repair and maintenance expenses.

GJHA Consolidated Financial Overview

BALANCE SHEET OVERVIEW

Grand Junction Housing Authority ended the fourth quarter with total assets of \$52,895,495. This is offset by total liabilities of \$21,362,865 with fund balance and surplus of \$31,532,630. The balance sheet presents an increase in total assets over the quarter of \$512k. Interest earned on investments in the CD and Money Market accounts totaled \$53k in the fourth quarter.

Cash Position

Total GJHA and Doors 2 Success cash is \$9.6 million, a decrease of \$346,176 from the third quarter 2024. Cash is comprised of Unrestricted, Restricted, and Assigned (Please see detailed cash report included in this packet).

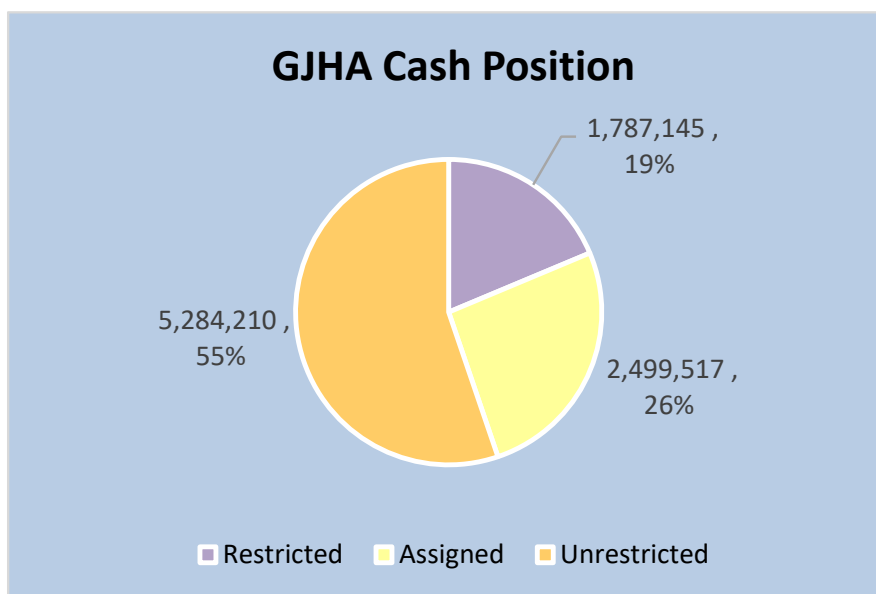


Table 1 - Cash Position

Other Assets and Liabilities

ACCOUNTS RECEIVABLE, DEVELOPER FEES RECEIVABLE, INTEREST RECEIVABLE

Interest receivable increased by \$202K (up from an increase of \$194k in 3rd quarter) due to regular monthly accrued interest on soft loans.

NOTES PAYABLE

Notes Payable decreased \$74k to \$14.6M due to regular principal payments.

BUDGET COMPARATIVE OVERVIEW

Net Operating Income

All-inclusive net operating income through December 2024 was \$763k which is \$1M favorable to budget.

Housing Assistance Payments (HAP) are excluded from the operating revenues and expenses sections below as HAP revenue and expense should offset each other with regular reconciliations.

- Operating Revenues excluding HAP Income are favorable to budget by \$358K.
- Bad debt write-offs are \$1.8k over budget for 2024, due to some significant turnover expenses that are not methamphetamine related. Additionally, we incurred \$67.7k in meth bad debt that appears in non-operating expense.
- Legal fee income, from GJHA properties and the Tax Credit properties, is under budget \$81.5k due to timing of needs for The Current and other activities for which internal billing can occur.
- Other income includes \$13k in unbudgeted revenue from a Pinnacol worker's compensation dividend as well as \$83k received from the City of Grand Junction for the retaining wall project at Crystal Brook.

Total Operating Expenses of \$7.8M had a favorable variance as of the end of fourth quarter 2024 and are \$619k below the budgeted amount of \$8.4M. The key items to note are:

- Total compensation was \$4.3M at the end of 4th quarter, which was \$251K favorable to budget. This was due to vacancy savings in maintenance and accounting as well as timing of discretionary award payments. The Chief Financial Officer position was budgeted for all of 2024 but potential alternatives are being researched for 2025.
- Total professional fees are favorable to budget by \$68K. External computer fees are under budget \$56k due to the timing of projects such as migration preparation for our software and an internal security audit. These are still planned but are likely to occur in 2025. Internal legal fees for the GJHA properties only are under budget \$26k. These favorable expenses are partially offset by over budget (\$23k) other professional fees including GJHA's financial contribution of \$15k to the City of Grand Junction's Unhoused Needs Assessment.
- Consolidated Administrative expenses are under budget \$32k for the year in large part due to savings in planned travel and training expenses and office supply purchases.

Non-Operating Income (Expenses) and Net Income

Non-operating income and expenses are unfavorable to budget at the end of 4th quarter by \$452k. This variance is due, in part, to hazard cleanup expenses of \$734k, \$41k in unrelated costs for the Walnut Park capital improvements project that were moved off the balance sheet in 1st quarter, and budgeted grant proceeds for the Walnut Park Capital Improvement Project that were, ultimately, not pursued. Non-operating income and expenses also include over budget interest income (\$170k) received mainly from our investments in the CD and money market account, which roll over every 90 days. The unfavorable variances are partially offset by \$450k in other non-operating income due to the debt forgiveness on the Bank of the West/FHLB loan discussed during 1st quarter. As a result of Board approved budget revisions as well as the accounting treatment of methamphetamine expenses and the Walnut Park Capital Improvement project, year-to-date net income of \$182k is favorable to budget by \$555k.

APPENDIX A: CONSOLIDATED BALANCE SHEET

Grand Junction Housing Authority Combined Balance Sheet

Period - January 2024- December 2024

	Beginning Balance	Quarterly Activity	Ending Balance
ASSETS			
CURRENT ASSETS			
Allocated Cash (BOC)	1,131,377	(108,810)	1,022,567
Cash (Online Rent)	95,007	4,760	99,767
Cash- GJHA Reserve for Market Properties	45,930	78	46,008
Certificate of Deposit	3,771,828	42,875	3,814,704
Money Market	1,231,829	10,118	1,241,948
Non-Interest Bearing Checking	1,000,000	-	1,000,000
Petty Cash	250	-	250
Other Cash Accounts Linden Point Cap Imp.	452,053	(134,264)	317,789
Total Cash	7,728,275	(185,242)	7,543,033
A/R Tenants	34,540	64,470	99,010
A/R GJHA Programs	347,138	123,927	471,065
A/R Online Rent	(36,496)	(4,567)	(41,063)
Allowance for Doubtful Accounts	(26,443)	(327)	(26,770)
A/R Security Dep. and Revolving Loans	105	-	105
A/R Section 8 Fraud Recovery	26,648	634	27,281
A/R HUD & Other	265,369	(173,785)	91,584
I/R Linden Pointe	114,704	-	114,704
A/R Ports-In	978	9,661	10,639
Prepaid Expenses	33,540	(12,733)	20,807
Prepaid Insurance	34,218	(34,218)	-
Inventory Holding	87,488	88,617	176,106
A/R Inventory	27,457	8,800	36,257
TOTAL CURRENT ASSETS	909,245	70,480	979,725

Grand Junction Housing Authority Combined Balance Sheet

Period - January 2024- December 2024

	Beginning Balance	Quarterly Activity	Ending Balance
Property Plant & Equipment			
Land	2,431,651	-	2,431,651
Land Improvements	3,801,820	189,945	3,991,765
Construction in Progress- Foresight	1,100	-	1,100
Construction in Progress- Linden	270,985	193,393	464,378
Construction in Progress- 24 rd	4,887,533	84,503	4,972,036
Development in Progress	63,784	247,241	311,025
Buildings	28,834,900	-	28,834,900
Building Improvements	2,250,314	47,985	2,298,298
Furniture Equipment & Machinery	2,789,046	25,528	2,814,574
Total Property Plant and Equipment	45,331,133	788,595	46,119,728
Less: Accumulated Depreciation	(22,999,841)	(182,238)	(23,182,079)
Net Property Plant & Equipment	22,331,292	606,357	22,937,649
	-		
Other Assets	-		
Total accounts receivable	150,610	12,322	162,932
Developer Fees Receivable	330,084	-	330,084
Total Interest Receivable	6,777,554	202,120	6,979,674
Notes Receivable	11,291,127	-	11,645,957
Investment in Properties	292,092	-	292,092
TOTAL OTHER ASSETS	19,196,298	214,442	19,410,740
Restricted Assets			
Replacement Reserves	758,244	45,298	803,542
Insurance Reserves	61,730	23,816	85,547
Laundry Assets Reserves	43,941	1,441	45,382
Rehab Escrow/Construction Reserves	1,036,109	(281,860)	754,249
Tenant Security Deposits (Cash Account)	235,544	964	236,508
FSS HAP Escrow Reserves	82,216	16,905	99,121
TOTAL RESTRICTED ASSETS	2,217,784	(193,435)	2,024,348
	-		
TOTAL ASSETS	52,382,894	512,601	52,895,495

Grand Junction Housing Authority Combined Balance Sheet			
Period - January 2024- December 2024			
	Beginning Balance	Quarterly Activity	Ending Balance
LIABILITIES AND FUND BALANCE			
CURRENT LIABILITES			
Accounts Payable	368,880	56,816	425,697
Accrued Liabilities	1,475,741	77,254	1,552,995
Tenant Security Deposits Payable	231,737	(699)	231,037
FSS HAP Escrow Payable	73,419	19,301	92,719
Deferred Revenue	3,270,338	262,142	3,532,480
Current Portion Long-Term Debt	355,775	(52,503)	303,272
A/P Inventory	8,509	(470)	8,039
TOTAL CURRENT LIABILITIES	5,784,399	361,841	6,146,239
LONG-TERM LIABILITIES	-		
A/P General Fund	354,830	-	354,830
Accrued Interest Payable	499,563	7,127	506,690
Mortgage/Notes Payable	14,741,755	(74,479)	14,667,276
Total Long-Term Liabilites	15,596,147	(67,352)	15,528,795
Less: Current Portion Long-Term Debt	(310,192)	(1,978)	(312,170)
NET LONG-TERM LIABILITES	15,285,955	(69,330)	15,216,626
FUND BALANCE & SURPLUS			
Earned Surplus	10,069,291	-	10,069,291
Unreserved Surplus	17,494,737	-	17,494,737
Voucher Admin Operating Reserve	590,081	-	590,081
Contributed Capital	2,343,587	-	2,343,587
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	194,445	-	194,445
Investment in Foresight	859,955	-	859,955
Investment in Affordable Homes	100	-	100
Syndication costs	(45,652)	-	(45,652)
Excess Revenues over Expenditures	(1,689,908)	220,090	(1,469,818)
TOTAL FUND BALANCE & SURPLUS	31,312,540	220,090	31,532,630
	-		
TOTAL LIABILITIES & FUND BALANCE	52,382,894	512,601	52,895,495

APPENDIX B: CONSOLIDATED BUDGET COMPARATIVE

Grand Junction Housing Authority							
Combined Operating Statement							
Budget Comparison							
Period = January 2024- December 2024							
	Current Quarter	Quarter Budget	Variance	Last Year To Period	Current Year	Year To Date Budget	Variance
OPERATING REVENUES							
Total Rental Income	1,076,849	945,282	131,567	3,946,223	4,100,456	3,945,122	155,334
Total General Fund Income	682,883	624,868	58,015	2,118,957	2,457,410	2,525,697	(68,287)
Total Grant income	14,778	53,117	(38,339)	722,234	180,555	212,460	(31,905)
Total HAP income	2,696,225	2,839,388	(143,163)	9,857,593	11,098,437	11,357,547	(259,110)
Total Non Rental Income	200,563	51,379	149,184	326,589	508,820	205,521	303,299
TOTAL OPERATING REVENUE	4,671,297	4,514,034	157,263	16,971,596	18,345,677	18,246,347	99,330
OPERATING EXPENSES							
Total Management Fees	91,863	78,542	13,321	312,897	326,357	311,476	14,881
Total Compensation	1,215,270	1,227,628	(12,358)	4,120,957	4,325,608	4,577,388	(251,780)
Total Utilities	120,961	143,113	(22,152)	490,033	494,942	539,300	(44,358)
Total Repairs and Maintenance	249,394	331,740	(82,346)	962,460	1,091,181	1,298,630	(207,449)
Total Marketing Exps.	492	29,371	(28,879)	98	33,788	30,701	3,087
Total Professional fees	112,968	162,684	(49,716)	594,588	545,644	614,104	(68,460)
Total Administrative Expense	94,257	118,114	(23,857)	425,657	401,185	433,109	(31,924)
Total Occupancy costs	35,569	45,393	(9,824)	111,381	126,486	125,920	566
Total Housing Assistance Payments	2,418,560	2,526,319	(107,759)	8,593,395	9,781,539	10,071,338	(289,799)
Total Insurance and Taxes	72,875	121,632	(48,757)	441,893	455,697	489,357	(33,660)
TOTAL OPERATING EXPENSES	4,412,210	4,784,536	(372,326)	16,053,358	17,582,426	18,491,323	(908,897)
NET OPERATING INCOME	259,087	(270,502)	529,589	918,238	763,251	(244,976)	1,008,227

Grand Junction Housing Authority							
Combined Operating Statement							
Budget Comparison							
Period = January 2024- December 2024							
	Current Quarter	Quarter Budget	Variance	Last Year To Period	Current Year	Year To Date Budget	Variance
NON OPERATING INCOME/EXPENSE							
Investment Income - Restricted	204,253	188,478	15,775	775,629	798,330	753,912	44,418
Interest Income - Restricted	56,520	794	55,726	121,219	173,852	3,178	170,674
Interest Income - Unrestricted	8,175	46,649	(38,474)	109,809	106,518	187,271	(80,753)
Other NonOp Income	-	-	-	-	535,475	1,170,000	(634,525)
Other NonOp Expense	-	(127,103)	127,103	-	(127,103)	(127,103)	-
Mortgage Interest Expense	(94,691)	(87,317)	(7,374)	(302,062)	(339,388)	(322,621)	(16,767)
Incentive Performance Fee	-	(8,597)	8,597	-	-	(33,897)	33,897
Other Interest Expense	(46,009)	(38,101)	(7,908)	(171,462)	(186,794)	(156,525)	(30,269)
Depreciation Expense	(182,238)	(259,859)	77,621	(1,004,584)	(929,817)	(939,803)	9,986
Gain (Loss) on Sale of Asset	-	-	-	-	-	-	-
Prior Year Adjustments	-	-	-	-	-	-	-
Hazard Cleanup Income	16,876	-	16,876	406,060	89,473	-	89,473
Hazard Cleanup	(45,607)	(664,954)	619,347	(240,961)	(666,524)	(664,954)	(1,570)
Hazard Cleanup write offs	-	-	-	-	(67,773)	-	(67,773)
Transfers In	168,431	46,517	121,914	268,747	235,002	217,501	17,501
Transfers Out	(124,708)	(72,639)	(52,069)	(212,239)	(201,763)	(214,998)	13,235
TOTAL NON OPERATING INCOME/EXP.	(38,998)	(976,132)	937,134	(249,843)	(580,512)	(128,039)	(452,473)
NET INCOME (LOSS)	220,090	(1,246,634)	1,466,724	668,394	182,739	(373,015)	555,754

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.

December 2024 Summary P & L							
		72 Units	72 Units	64 Units	72 Units	60 Units	
		Arbor Vista LLLP	Village Park LLLP	Highlands LLLP	Highlands II LLLP	2814 LLLP	Total
OPERATING REVENUES							
	Dwelling Rental Tenants	758,667	807,300	628,390	631,387	584,417	3,410,161
	Vacancy Loss	(39,237)	(18,207)	(31,168)	(9,522)	(14,504)	(112,638)
	Other Revenue	28,940	21,525	48,769	43,334.40	30,275	172,844
TOTAL OPERATING REVENUES		748,370	810,618	645,992	665,200	600,188	3,470,367
OPERATING EXPENSES							
	Management Fees	44,902	48,637	45,219	46,564	39,012	224,335
	Compensation	72,384	72,386	88,937	97,804	59,864	391,375
	Utilities	70,860	63,767	71,072	80,423	97,256	383,378
	Repairs & Maintenance	197,056	177,725	83,118	59,824	116,617	634,340
	Marketing & Professional Fees	58,193	54,510	54,141	53,194	55,271	275,309
	Admin & Occupancy	22,513	16,115	83,650	94,792	13,154	230,224
	Bad Debt Expense	18,454	17,774	3,161	-	8,248	47,637
	Insurance & Taxes	55,198	61,271	70,204	69,752	56,744	313,169
TOTAL OPERATING EXPENSES		539,562	512,184	499,501	502,354	446,166	2,499,767
NET OPERATING INCOME		208,807	298,434	146,490	162,846	154,022	970,600
Non-Operating Revenues (Expenses)							
	Interest Income Restricted	4,874	12,109	8,691	6,866	5,893	38,433
	Interest Expense	(347,722)	(196,785)	(132,491)	(206,468)	(100,300)	(983,766)
	Other non-operating	-	(23,693)	(13,437)	(11,820)	(21,855)	(70,804)
	Depreciation & Amortization	(398,166)	(393,054)	(473,601)	(466,301)	(485,390)	(2,216,513)
	Hazard Cleanup Income	-	-	595	-	-	595
	Hazard Cleanup Expense	(19,362)	-	(33,979)	-	(59,032)	(112,373)
	Hazard Cleanup Write Offs	-	-	-	-	-	-
NET NON-OPERATING REVENUES (EXP.)		(760,376)	(601,423)	(644,221)	(677,723)	(660,684)	(3,344,426)
NET INCOME (LOSS)		(551,568)	(302,989)	(497,731)	(514,877)	(506,662)	(2,373,826)

Table 4 - Managed Tax Credit Properties

Property Highlights

- All tax credit properties ended the year with net operating income favorable to budget.
- All tax credit properties experienced greater than budgeted rental income and (aside from Arbor Vista and The Highlands) under budget vacancy loss.
- Not including Arbor Vista, Operating expenses are also favorable to budget throughout the portfolio, mainly in repairs and maintenance internal and outside labor expense.

- Arbor Vista had two costly evictions in September, causing over budget labor and replacement reserve expenses for flooring replacements.
- All properties currently maintain strong cash balances.

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 on how each property performed related to their target.

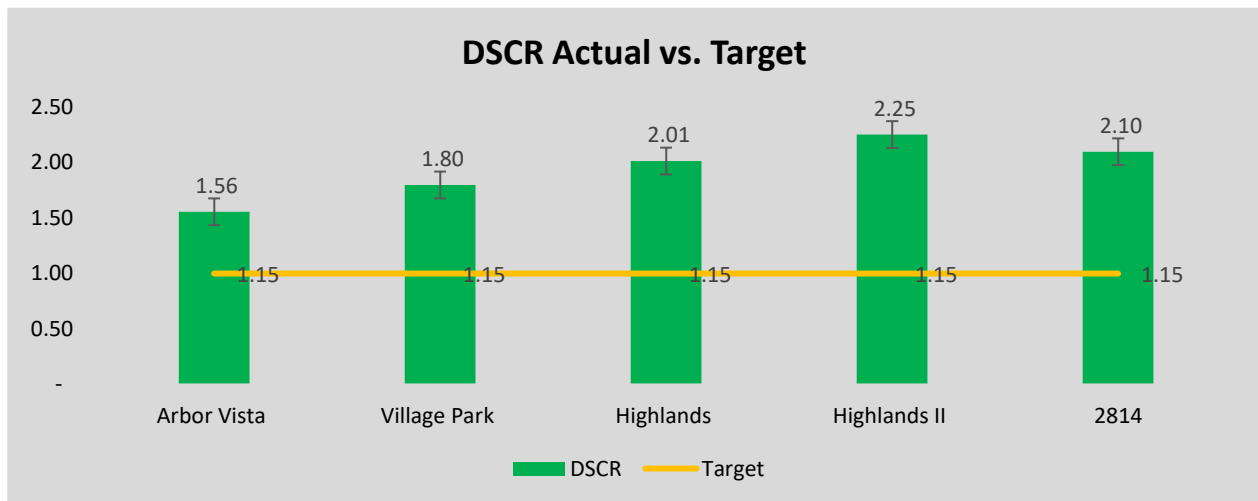


Table 5 - Percentage of Targeted DSCR

As illustrated in Table 5, all properties are hitting their DSCR targets for the quarter. Table 6 below presents the annualized excess NOI.

Dollar amount in excess or below Debt Service Coverage Ratio					
	Arbor Vista	Village Park	Highlands	Highlands II	2814
Annual Debt Service	134,118	165,955	72,734	72,293	73,460
Required NOI	154,236	190,848	83,644	83,137	84,479
Actual NOI	208,807	298,434	146,490	162,846	154,022
Excess NOI	54,572	107,586	62,846	79,709	69,543

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 96.58%. The individual property occupancy ratios range from 94.67% at The Highlands to 98.43% at Highlands II.

Grand Junction Housing Authority Owned Properties

This portfolio consists of Ratekin Towers, Walnut Park, Nellie Bechtel, Crystal Brook, and Linden Pointe. Lastly, Monument Business Center, which is a commercial property with a 10-year lease which matured June 30, 2024. This lease has been amended and renewed for a period of five years.

The financial focus on managing this portfolio is the Net Operating Income and operating cash. The charts below depict a summary of each property's performance through the fourth quarter of 2024 compared to fourth quarter's budget and the prior year during the same period.

Ratekin Towers Non-Operating items include \$367k in expenses for hazard cleanup and hazard bad debt, therefore, the property ended the year with a negative cash balance despite strong normal operations. Staff is working with auditors and HUD to properly address the negative cash position, and it is likely an increase in the note payable to the General Fund will occur in the amount of the negative cash. Walnut Park is over budget in Non-Operating expenses which include \$35k for costs related to early planning for the Walnut rehabilitation project that will not ultimately become part of the project costs. Therefore, they have been reclassified out of construction work in progress on the balance sheet and recorded as a prior period adjustment. Nellie Bechtel Non-Operating items include \$19k for hazard cleanup. As mentioned previously, Crystal Brook received \$83k from The City of Grand Junction for the retaining wall project. This greatly improved Crystal's Net Income as well as its debt coverage ratio (.99 in third quarter to 5.29 at the end of 2024). Linden Pointe's hazard cleanup expense of \$328k was slightly offset by insurance reimbursement of \$30k.

RATEKIN TOWERS	2024 Actual	2024 Budget	Budget Variance	2023 Actual
Operating Cash Balance	(107,235)		N/A	12,761
Operating Revenues	1,210,441	1,059,778	150,663	1,046,488
Operating Expenses	772,455	908,426	(135,971)	763,542
Net Operating Income	437,986	151,352	286,634	282,946
Net Income	(7,811)	(319,426)	311,615	77,482
Non-Operating	(445,797)	(470,778)	24,981	(205,464)

WALNUT PARK	2024 Actual	2024 Budget	Budget Variance	2023 Actual
Operating Cash Balance	1,226,734		N/A	970,865
Operating Revenues	869,884	872,485	(2,601)	1,254,600
Operating Expenses	612,042	670,985	(58,943)	620,519
Net Operating Income	257,842	201,500	56,342	634,081
Net Income	61,550	1,131,073	(1,069,523)	535,344
Non-Operating	(196,292)	929,573	(1,125,865)	(98,737)

NELLIE BECHTEL	2024 Actual	2024 Budget	Budget Variance	2023 Actual
Operating Cash Balance	480,142		N/A	303,881
Operating Revenues	982,333	867,892	114,441	920,154
Operating Expenses	574,171	673,000	(98,829)	559,989
Net Operating Income	408,162	194,892	213,270	360,164
Net Income	100,275	(126,543)	226,818	(1,561)
Non-Operating	(307,887)	(321,435)	13,548	(361,725)

CRYSTAL BROOK	2024 Actual	2024 Budget	Budget Variance	2023 Actual
Operating Cash Balance	401,863		N/A	485,377
Operating Revenues	480,807	366,507	114,300	396,512
Operating Expenses	335,424	340,038	(4,614)	294,769
Net Operating Income	145,382	26,469	118,913	101,743
Net Income	74,807	(45,016)	119,823	(3,182)
Non-Operating	(70,575)	(71,485)	910	(104,925)

LINDEN POINTE	2024 Actual	2024 Budget	Budget Variance	2023 Actual
Operating Cash Balance	418,676		N/A	372,608
Operating Revenues	922,854	830,214	92,640	881,052
Operating Expenses	650,120	716,612	(66,492)	574,377
Net Operating Income	272,734	113,602	159,132	306,675
Net Income	(428,510)	(552,897)	124,387	159,940
Non-Operating	(701,244)	(666,499)	(34,745)	(146,735)

MONUMENT BUS. CENTER	2024 Actual	2024 Budget	Budget Variance	2023 Actual
Operating Cash Balance	132,160		N/A	110,456
Operating Revenues	129,355	133,726	(4,371)	132,819
Operating Expenses	14,325	33,285	(18,960)	5,086
Net Operating Income	115,031	100,441	14,590	127,733
Net Income	30,813	14,903	15,910	55,173
Non-Operating	(84,218)	(85,538)	1,320	(72,560)

GJHA Properties Debt Service Coverage Ratio as of 12.31.24

GJHA Properties	Ratekin	Walnut Park	Nellie Bechtel	Crystal Brook	Linden
NOI Annualized	391,529	257,842	408,162	145,382	272,734
Monthly pmt	8,026	12,369	18,975	2,289	13,113
Debt Service	96,309	81,704	227,700	27,468	157,353
DSCR	4.07	3.16	1.79	5.29	1.73

Occupancy

The five properties within the GJHA portfolio (excluding Monument Business Center) have a combined total of 425 units. The 2024 average occupancy ratio for these units was 96.51%. The individual property occupancy ratios ranged from 94.08% at Linden Pointe to 98.25% at Walnut Park.

Doors2Success

Doors2Success ended fourth quarter 2024 with \$5.6k in operating cash, \$27k in reserved cash, and \$25k in cash reserved for flexible funds. Reserved cash consists of grants received from Colorado Realtor Foundation (\$5k), Western Colorado Community Foundation (\$10k), Center for Enriched Community (\$1k), and the Rocky Mountain Health Foundation (\$11K). Flexible funds include cash from Next50 and the City of Grand Junction. Overall, Net Operating income is under budget \$33.7k for the year due to the timing of receipt of grant funds (\$92k received vs \$137k budgeted).

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.