

NEF, Inc.
ANALYTICAL REVIEW EXPLANATIONS (EXAMPLES)

Discussion:

Projects selected for analytical review will be required to submit an analytical review analysis with explanations for material variances as part of the year-end reporting requirements by February 28, 2012.

Below is a template for wording explanations for typical variances identified and examples of the documentation which should be provided to corroborate the variances.

If a separate workpaper or other documentation is available to support variances, this may be provided in lieu of providing a detailed explanation as noted below.

Note: Explanations may result in additional follow-up questions or requests during the NEF Inc. Audit.

Limited Partnership Name: _____

Scope: _____

December 31, 2011 Income Statement

A: Total revenue:

Total revenue increased/decreased by \$ _____ and _____% as a result of:

Property occupancy increased/decreased from _____% to _____%

Provide property rent rolls, including lease start and end dates to support changes in occupancy

One-time proceeds from grants, condemnation, etc. of \$ _____

Miscellaneous income of \$ _____

Provide check copies or other supporting documentation for significant amounts

B: Total rental expense:

Total rental expense increased/decreased by \$ _____ and _____% as a result of:

Administrative expenses increased/decreased by \$ _____ due to _____.

Utilities expense increased/decreased by \$ _____ due to _____.

Operating and maintenance expense increased/decreased by \$ _____ due to _____.

Marketing and leasing expense increased/decreased by \$ _____ due to _____.

Taxes and/or insurance expense increased/decreased by \$ _____ due to _____.

Please provide supporting documentation (ex. agreements, contracts, invoices, check copies), as applicable, for significant variances or account balances.

C: Total financial income/(expense):

Financial income/(expense) increased/decreased by \$ _____ and _____% as a result of:

Interest income increased/decreased by \$ _____ due to _____.

Interest expense increased/decreased by \$ _____ as a result of _____ (ex. a new loan drawn during the year, payoff of a loan, decrease in amortizing loan, change in interest rate for variable rate loans).

Provide debt and interest summary, including interest rates and recalculation of interest expense, if performed, or year-to-date loan statements or confirmations (if received) to support year-to-date interest incurred

D: Other expense:

Other expense increased/decreased by \$ _____ and _____% as a result of:

Management fee and/or asset management fee expense increased/decreased by \$ _____ due to a change in fee amounts or a new management contract.

Provide new/revised management fee contract or monthly invoice to evidence change in fee amount or account balance.

Organizational cost expense increased/decreased by \$ _____ due to start-up costs incurred in the current/prior year.

Provide invoice support for significant expense amounts or account balance.

E: Depreciation and amortization expense:

Depreciation and amortization expense increased/decreased by \$ _____ and _____% as a result of:

Depreciation expense increased/decreased by \$ _____ due to \$ _____ in additions to fixed assets, \$ _____ in disposals of fixed assets, \$ _____ in fully depreciated fixed assets, or changes in lives of _____ fixed assets

Provide depreciation schedule, including details of additions/disposals and depreciable lives

Amortization expense increased/decreased by \$ _____ due to a new loan drawn during the year, payoff of a loan, or additional tax credit fees (should only be incurred at start-up of project).

Provide deferred costs summary within capitalized amounts and amortization period

F. Impairment expense:

Impairment expense of \$ _____ was recorded in the current year.

Provide SFAS 144 impairment calculation.

Other:

The following are other types of income/expense amounts that may be recorded on the financials:

Loss/income on interest rate cap/swap (derivative instrument) of \$ _____ was recorded in the current year.

Provide year-end statement that includes current year change in market value or beginning and end of year value of instrument.

Other comprehensive income/(loss) of \$ _____ was recorded in the current year.

Provide year-end statement that includes current year change in market value or beginning and end of year value of investment securities.