

MOVING KING COUNTY RESIDENTS FORWARD

Annual Meeting of the Board of Directors

Monday, May 20, 2019

10:15 AM or immediately following the KCHA Board meeting

King County Housing Authority

Snoqualmie Conference Room

700 Andover Park West

Tukwila, WA 98188

Agenda

-
- I. Call to Order
 - II. Roll Call
 - III. Election of Officers
 - A. President
 - B. Secretary
 - C. Treasurer
 - IV. Public Comment
 - V. Approval of Minutes
 - A. May 21, 2018 Board Meeting Minutes 1
 - B. September 24, 2018 Board Meeting Minutes 2
 - C. December 17, 2018 Board Meeting Minutes 3
 - VI. Resolutions for Discussion and Possible Action
 - VII. Briefings and Reports
 - A. Fourth Quarter 2018 Financial Report for MKCRF and MKCRF - Owned Properties 4
 - B. First Quarter 2019 Report 5
 - VIII. Board of Directors Comments
 - IX. Adjourn

T
A
B

N
U
M
B
E
R

**MINUTES OF THE ANNUAL MEETING OF THE
MOVING KING COUNTY RESIDENTS FORWARD
BOARD OF DIRECTORS**

Monday, May 21, 2018

I. CALL TO ORDER

The annual meeting of the Board of Directors of Moving King County Residents Forward (MKCRF) was held on Monday, May 21, 2018 at the, at the King County Housing Authority, 700 Andover Park West, Tukwila, WA at 10:15 a.m.

II. ROLL CALL

Present: Board of Directors: Doug Barnes, Susan Palmer, TerryLynn Stewart, Michael Brown, John Welch, and Secretary of the Corporation, Stephen Norman

III. Election of Officers for the Organization

- a. President: Doug Barnes
- b. Secretary: Stephen Norman
- c. Treasurer: Michael Brown

IV. Public Comment:

No Public Comment.

V. Approval of the Minutes:

Minutes from the December 18, 2017 Board Meeting were presented for approval.

Director Susan Palmer moved for approval of the minutes, with Director TerryLynn Stewart seconding the motion. The minutes were approved.

VI. Resolutions for Discussion and Possible Action

None.

VII. Briefings and Reports

- a. **CY 2017 Fourth Quarter Financial Reports for MKCRF and MKCRF-Owned Properties**
- b. **CY 2018 First Quarter Financial Report for MKCRF and MKCRF-Owned Properties**

Craig Violante, Director of Finance, briefed the board and provided an overview on the MKCRF financial reports.

VIII. Board of Director Comments

None.

IX. Adjournment

There being no further business, the meeting was officially adjourned at 10:45 a.m.

MOVING KING COUNTY RESIDENTS FORWARD

Douglas J. Barnes
President

Stephen J. Norman
Secretary of the Corporation

DRAFT FOR APPROVAL

T
A
B

N
U
M
B
E
R

2

**MINUTES OF THE MEETING OF THE
MOVING KING COUNTY RESIDENTS FORWARD
BOARD OF DIRECTORS**

Monday, September 24, 2018

I. CALL TO ORDER

The annual meeting of the Board of Directors of Moving King County Residents Forward (MKCRF) was held on Monday, September 24, 2018 at the, at the King County Housing Authority, 700 Andover Park West, Tukwila, WA at 10:23 a.m.

II. ROLL CALL

Present: Board of Directors: Doug Barnes, Susan Palmer, TerryLynn Stewart, Michael Brown, John Welch, and Secretary of the Corporation, Stephen Norman

III. Public Comment:

No Public Comment.

IV. Approval of the Minutes:

Minutes from the May 21, 2018 Board Meeting were presented for approval.

V. Resolutions for Discussion and Possible Action

None.

VI. Briefings and Reports

a. Second Quarter 2018 Financial Reports for Moving King County Residents Forward (MKCRF) and MKCRF-Owned Properties

Craig Violante, Director of Finance, briefed the board and provided an overview on the MKCRF financial reports.

VII. Board of Director Comments

None.

VIII. Adjournment

There being no further business, the meeting was officially adjourned at 10:35 a.m.

MOVING KING COUNTY RESIDENTS FORWARD

Douglas J. Barnes
President

Stephen J. Norman
Secretary of the Corporation

T
A
B

N
U
M
B
E
R

3

**MINUTES OF THE MEETING OF THE
MOVING KING COUNTY RESIDENTS FORWARD
BOARD OF DIRECTORS**

Monday, December 17, 2018

I. CALL TO ORDER

The annual meeting of the Board of Directors of Moving King County Residents Forward (MKCRF) was held on Monday, December 17, 2018 at the, at the King County Housing Authority, 700 Andover Park West, Tukwila, WA at 10:40 a.m.

II. ROLL CALL

Present: Board of Directors: Doug Barnes, Susan Palmer, TerryLynn Stewart, Michael Brown, John Welch, and Secretary of the Corporation, Stephen Norman

III. Public Comment:

No Public Comment.

IV. Approval of the Minutes:

Meeting Minutes from September 24, 2018 were postponed from being approved.

V. Resolutions for Discussion and Possible Action

- A. Resolution No. 29** – Acceptance of the Washington State Auditor’s Office Accountability Report for the Period January 1, 2015 through December 31, 2017.

Craig Violante, Director of Finance, reported that the Auditor’s office issued the Accountability Report for MKCRF on November 1, 2018. A separate financial statement audit is not required as MKCRF is deemed low risk. The auditors found that MKCRF had complied with all state laws and regulations and its own policies and procedures. It also found that internal controls were adequate to safeguard public assets. There were no negative findings in the report.

Director TerryLynn Stewart moved and Director Susan Palmer seconded the motion. The Board unanimously approved Resolution No. 29.

- B. Resolution No. 30** –Adoption of the Calendar Year 2019 Operating and Capital Budgets

Craig Violante, Director of Finance, summarized that the MKCRF-owned Properties will continue to generate positive cash flow in 2019.

Director Michael Brown moved and Director Susan Palmer seconded the motion. The Board unanimously approved Resolution No. 30.

VI. Briefings and Reports

A. Third Quarter 2018 Financial Reports for Moving King County Residents Forward (MKCRF) and MKCRF-Owned Properties

Craig Violante, Director of Finance, briefed the board and provided an overview on the MKCRF financial reports.

VII. Board of Director Comments

None.

VIII. Adjournment

Director TerryLynn Stewart moved and Director Susan Palmer seconded the motion. The meeting was officially adjourned at 10:50 a.m.

MOVING KING COUNTY RESIDENTS FORWARD

Douglas J. Barnes
President

Stephen J. Norman
Secretary of the Corporation

T
A
B

N
U
M
B
E
R

4

MOVING KING COUNTY RESIDENTS FORWARD

TO: Board of Directors

FROM: Craig Violante

DATE: March 18, 2019

RE: Calendar Year 2018 Financial Reports for Moving King County Residents Forward (MKCRF) and MKCRF-Owned Properties

EXECUTIVE SUMMARY

Throughout 2018, the MKCRF-owned Properties (the Properties) generated cash flow sufficient to make all required debt service payments, fully fund replacement reserves, and complete the interior upgrade of 18 units using KCHA's internal unit upgrade crews.

FOURTH QUARTER 2018 FINANCIAL REPORTS

Attached are financial reports for the fourth quarter of 2018:

- Statements of Financial Position for the Properties as reflected on the books of KCHA as operator of the properties, and for MKCRF itself. MKCRF information is on the far right.
- Cash Reconciliation reports for the Properties as reflected on the books of KCHA as operator, and for MKCRF itself. MKCRF information is on the far right.

KCHA Operations of the Properties

Year-to-date Tenant Revenue is on-target as the Properties received 100.2% of budgeted projections. Excluding garbage expenses at Wellswood that were inadvertently over-budgeted, year-to-date operating expenses ended 2018 at 94.8% of budget.

Throughout the year, the Properties generated net operating cash flow of \$1.8 million after required debt service payments and additions to replacement reserves:

Operating Revenues	\$7,732,036
Operating Expenses	(4,261,451)
Debt Service	(1,547,979)
Transfers to Replacement Reserves	(142,049)
Net Cash Flow	<u><u>\$1,780,556</u></u>

This cash flow was partially used to fund the interior upgrades of 18 units, slightly more than the 2018 budget of 16 units. Since acquiring the Properties in 2012, 149 units have been upgraded by KCHA's in-house unit upgrade crew. A total of 361 units (70.9%) have been upgraded since inception of the program in 2006.

Operations of Moving King County Residents Forward

MKCRF had minimal operating activity during 2018, but had expenditures for audit fees and tax preparation services in the fourth quarter. All required monthly debt service payments to KCHA were made.

Moving King County Residents Forward
Statements of Financial Position
As of December 31, 2018

	MKCRF Properties Managed by KCHA			MKCRF
	Operations	Capital	Combined	
Assets				
Cash-Unrestricted	\$859,761	\$136,101	\$995,862	(\$8,199)
Cash-Designated	788,477	0	788,477	0
Cash-Restricted	76,825	0	76,825	0
Accounts Receivable	41,127	0	41,127	0
Other Short-term Assets	114,707	0	114,707	0
Long-term Receivables	0	0	0	0
Capital Assets	84,293	1,951	86,243	71,065,023
Other Assets	0	0	0	0
Total Assets	<u>\$1,965,190</u>	<u>\$138,051</u>	<u>\$2,103,241</u>	<u>\$71,056,824</u>
Liabilities and Equity				
Short-term Liabilities	\$210,247	\$104,617	\$314,864	\$0
Current Portion of Long-term Debt	0	0	0	619,952
Long-term Debt	0	0	0	14,508,340
Other Long-term Liabilities	0	0	0	0
Total Liabilities	<u>210,247</u>	<u>104,617</u>	<u>314,864</u>	<u>15,128,292</u>
Equity	1,754,942	33,434	1,788,377	55,928,532
Total Liabilities and Equity	<u>\$1,965,190</u>	<u>\$138,051</u>	<u>\$2,103,241</u>	<u>\$71,056,824</u>

Moving King County Residents Forward
Cash Reconciliation Report
Properties and MKCRF
Through December 31, 2018

	MKCRF Properties, Managed by KCHA				MKCRF			
	Actual	Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	Actual	Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance
BEGINNING UNRESTRICTED/PROGRAM CASH	(\$174,668)				(\$778)			
<i>Rental Revenue and Subsidy</i>								
Tenant Revenue	\$7,732,036	\$7,713,505	\$18,531	0.2%	\$0	\$0	\$0	n/a
<i>Total Rental Revenue and Federal Support</i>	7,732,036	7,713,505	18,531	0.2%	0	0	0	n/a
<i>Other Operating Revenue</i>								
Other Revenue	30,033	17,849	12,184	68.3%	4,152,867	5,123,020	(970,153)	-18.9%
<i>Total Other Operating Revenue</i>	30,033	17,849	12,184	68.3%	4,152,867	5,123,020	(970,153)	-18.9%
<i>Total Operating Revenue</i>	7,762,069	7,731,354	30,715	0.4%	4,152,867	5,123,020	(970,153)	-18.9%
<i>Operating Expenses</i>								
Salaries and Benefits	(1,820,170)	(1,848,032)	27,862	1.5%	0	0	0	n/a
Administrative Expenses	(135,096)	(154,847)	19,751	12.8%	(7,421)	(1,000)	(6,421)	-642.1%
Maintenance Expenses, Utilities, Taxes	(1,727,774)	(2,007,216)	279,442	13.9%	0	0	0	n/a
Management Fees Charged to Properties and Programs	(575,436)	(576,339)	903	0.2%	0	0	0	n/a
Other Programmatic Expenses	(2,975)	(817)	(2,158)	-264.1%	0	0	0	n/a
Debt Service	(1,547,979)	(1,548,491)	512	0.0%	0	0	0	n/a
<i>Total Operating Expenses</i>	(5,809,430)	(6,135,742)	326,312	5.3%	(7,421)	(1,000)	(6,421)	-642.1%
<i>Net Operating Income</i>	1,952,639	1,595,612	357,027	22.4%	4,145,446	5,122,020	(976,574)	-19.1%
<i>Non Operating Income/(Expense)</i>								
Interest Expense	0	0	0	n/a	(928,029)	(928,029)	0	0.0%
Other Non-operating Income/(Expense)	91,901	0	91,901	n/a	0	0	0	n/a
<i>Total Non Operating Income/(Expense)</i>	91,901	0	91,901	n/a	(928,029)	(928,029)	0	0.0%
<i>Capital Activity</i>								
Capital Project Funding, Excluding Debt Issuance	2,604,888	3,575,529	(970,641)	-27.1%	0	0	0	n/a
Capital Project Expenditures	(3,261,417)	(4,073,102)	811,685	19.9%	(2,604,888)	(3,575,529)	970,641	27.1%
<i>Total Change in Capital Assets, net of Direct Funding and Debt</i>	(656,529)	(497,573)	(158,956)	-31.9%	(2,604,888)	(3,575,529)	970,641	27.1%
<i>Change in Other Assets/Liabilities</i>								
Change in Designated/Restricted Cash	(141,949)	(132,132)	(9,817)	-7.4%	0	0	0	n/a
Change in Short-term Assets	38,924	0	38,924	n/a	0	0	0	n/a
Change in Short-term Liabilities	(114,455)	0	(114,455)	n/a	0	0	0	n/a
Change in Long-term Debt	0	0	0	n/a	(619,951)	(658,188)	38,237	5.8%
<i>Change in Other Assets/Liabilities</i>	(217,480)	(132,132)	(85,348)	-64.6%	(619,951)	(658,188)	38,237	5.8%
<i>Change in Unrestricted/Program Cash</i>	\$1,170,530	\$965,907	\$204,623	21.2%	(\$7,421)	(\$39,726)	\$32,305	81.3%
ENDING UNRESTRICTED/PROGRAM CASH	\$995,862				(\$8,199)			
BEGINNING DESIGNATED/RESTRICTED CASH	\$723,352				\$0			
Change in Replacement Reserves	142,049	132,132	9,917	7.5%	0	0	0	n/a
Change in Debt Service Reserves	0	0	0	n/a	0	0	0	n/a
Change in Other Reserves	(100)	0	(100)	n/a	0	0	0	n/a
<i>Change in Designated/Restricted Cash</i>	141,949	132,132	9,817	7.4%	0	0	0	n/a
ENDING DESIGNATED/RESTRICTED CASH	\$865,302				\$0			

- 1) Due to rising interest rates, higher than anticipated interest income was earned on invested cash.
- 2) Professional Services-Hearing Officers is below target. Also, due to reinstatement of previously written-off accounts receivable. Unbudgeted.
- 3) The electrical material expenses budget at Juanita Trace, Juanita Court and Wells Wood included both inspections and replacement of meter packs. After the inspections of the sites was done, it was decided that the meter packs did not need to be replaced. Yard/Garden materials budgeted in preparation for REAC inspection were under target as the actual need was not as much as forecasted in the budget. Young's Lake and Greenleaf parking lot projects were below target. Also, due to a budgeting error related to Wellswood garbage expense.
- 4) The budget originally projected transfers from MTW to fund capital projects. As actual expenditures lagged budget projections (see note 5), related funding transfers were also below budget.
- 5) MKCRF capital expenditures are less than budgeted as the Juanita Trace building envelope and Green Leaf envelope and deck projects started late in 2018 and continued in 2019. They are now expected to be completed in the 3rd quarter of 2019. This variance was partially offset by the completion of 18 unit upgrades in 2018 vs. 16 included in the budget.
- 6) Decrease in short term liabilities due to technical entries to reverse the 2017 year-end accounts payable accruals and prepaid rents entries.

T
A
B

N
U
M
B
E
R

MOVING KING COUNTY RESIDENTS FORWARD

TO: Board of Directors

FROM: Windy K. Epps

DATE: May 13, 2019

RE: Calendar Year 2019 Financial Reports for Moving King County Residents Forward (MKCRF) and MKCRF-Owned Properties

EXECUTIVE SUMMARY

Throughout the first quarter of 2019, the MKCRF-owned Properties (the Properties) generated cash flow sufficient to make all required debt service payments, fully fund replacement reserves, and complete the interior upgrade of five units using KCHA's internal unit upgrade crews.

FIRST QUARTER 2019 FINANCIAL REPORTS

Attached are financial reports for the first quarter of 2019:

- Statements of Financial Position for the Properties as reflected on the books of KCHA as operator of the properties, and for MKCRF itself. MKCRF information is on the far right.
- Working Capital reports for the Properties as reflected on the books of KCHA as operator, and for MKCRF itself. MKCRF information is on the far right.

KCHA Operations of the Properties

First quarter tenant revenue is under budget as the Properties budgeted contract rental increases to begin in January, however actual increases occur at the time of tenant recertification. Operating expenses were slightly lower than anticipated due primarily to seasonal and periodic contracts finishing the quarter at 97.1% of budget.

Throughout the period, the Properties generated net operating cash flow of \$640,037 after required debt service payments and additions to replacement reserves:

Operating Revenues	\$2,044,240
Operating Expenses	(980,138)
Debt Service	(386,995)
Transfers to Replacement Reserves	(37,070)
Net Cash Flow	<u>\$640,037</u>

This cash flow was partially used to fund the interior upgrades of five out of the 19 units that were included in the 2019 budget. Since acquiring the Properties in 2012, 154 units have been upgraded by KCHA's in-house unit upgrade crew. A total of 366 units (71.9%) have been upgraded since inception of the program in 2006.

Operations of Moving King County Residents Forward

MKCRF had no operating activity during the first quarter. All required monthly debt service payments to KCHA were made.

Moving King County Residents Forward
Statements of Financial Position
As of March 31, 2019

	MKCRF Properties Managed by KCHA			MKCRF
	Operations	Capital	Combined	
Assets				
Cash-Unrestricted	\$853,676	\$136,730	\$990,407	(\$8,200)
Cash-Designated	825,547	0	825,547	0
Cash-Restricted	77,550	0	77,550	0
Accounts Receivable	30,533	0	30,533	0
Other Short-term Assets	93,172	0	93,172	0
Long-term Receivables	0	0	0	0
Capital Assets	83,083	10,342	93,425	71,030,069
Other Assets	0	0	0	0
Total Assets	<u>\$1,963,562</u>	<u>\$147,072</u>	<u>\$2,110,634</u>	<u>\$71,021,869</u>
Liabilities and Equity				
Short-term Liabilities	\$191,610	\$114,276	\$305,886	\$0
Current Portion of Long-term Debt	0	0	0	658,189
Long-term Debt	0	0	0	14,309,230
Other Long-term Liabilities	0	0	0	0
Total Liabilities	<u>191,610</u>	<u>114,276</u>	<u>305,886</u>	<u>14,967,419</u>
Equity	1,771,951	32,797	1,804,748	56,054,450
Total Liabilities and Equity	<u>\$1,963,562</u>	<u>\$147,072</u>	<u>\$2,110,634</u>	<u>\$71,021,869</u>

Moving King County Residents Forward
Cash Reconciliation Report
Properties and MKCRF
Through March 31, 2019

	MKCRF Properties, Managed by KCHA				MKCRF			
	Actual	Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	Actual	Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance
BEGINNING UNRESTRICTED/PROGRAM CASH	\$1,323,610				(\$7,902)			
<i>Rental Revenue and Subsidy</i>								
Tenant Revenue	\$2,044,240	\$2,213,064	(\$168,824)	-7.6%	\$0	\$0	\$0	n/a
<i>Total Rental Revenue and Federal Support</i>	<u>2,044,240</u>	<u>2,213,064</u>	<u>(168,824)</u>	<u>-7.6%</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>n/a</u>
<i>Other Operating Revenue</i>								
Other Revenue	12,148	8,211	3,937	48.0%	766,678	904,889	(138,211)	-15.3%
<i>Total Other Operating Revenue</i>	<u>12,148</u>	<u>8,211</u>	<u>3,937</u>	<u>48.0%</u>	<u>766,678</u>	<u>904,889</u>	<u>(138,211)</u>	<u>-15.3%</u>
<i>Total Operating Revenue</i>	<u>2,056,388</u>	<u>2,221,275</u>	<u>(164,887)</u>	<u>-7.4%</u>	<u>766,678</u>	<u>904,889</u>	<u>(138,211)</u>	<u>-15.3%</u>
<i>Operating Expenses</i>								
Salaries and Benefits	(434,819)	(406,086)	(28,733)	-7.1%	0	0	0	n/a
Administrative Expenses	(28,998)	(35,675)	6,677	18.7%	0	0	0	n/a
Maintenance Expenses, Utilities, Taxes	(323,456)	(385,418)	61,962	16.1%	0	0	0	n/a
Management Fees Charged to Properties and Programs	(192,588)	(193,275)	687	0.4%	0	0	0	n/a
Other Programmatic Expenses	(277)	(213)	(64)	-29.8%	0	0	0	n/a
Debt Service	(386,995)	(387,303)	308	0.1%	0	0	0	n/a
<i>Total Operating Expenses</i>	<u>(1,367,133)</u>	<u>(1,407,970)</u>	<u>40,837</u>	<u>2.9%</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>n/a</u>
<i>Net Operating Income</i>	<u>689,255</u>	<u>813,305</u>	<u>(124,050)</u>	<u>-15.3%</u>	<u>766,678</u>	<u>904,889</u>	<u>(138,211)</u>	<u>-15.3%</u>
<i>Non Operating Income/(Expense)</i>								
Interest Expense	0	0	0	n/a	(226,122)	(222,627)	(3,495)	-1.6%
Other Non-operating Income/(Expense)	0	0	0	n/a	0	0	0	n/a
<i>Total Non Operating Income/(Expense)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>n/a</u>	<u>(226,122)</u>	<u>(222,627)</u>	<u>(3,495)</u>	<u>-1.6%</u>
<i>Capital Activity</i>								
Capital Project Funding, Excluding Debt Issuance	0	0	0	n/a	0	0	0	n/a
Capital Project Expenditures	(523,628)	(669,185)	145,557	21.8%	(379,683)	(517,586)	137,903	26.6%
<i>Total Change in Capital Assets, net of Direct Funding and Debt</i>	<u>(523,628)</u>	<u>(669,185)</u>	<u>145,557</u>	<u>21.8%</u>	<u>(379,683)</u>	<u>(517,586)</u>	<u>137,903</u>	<u>26.6%</u>
<i>Change in Other Assets/Liabilities</i>								
Change in Designated/Restricted Cash	(36,395)	(36,714)	319	0.9%	0	0	0	n/a
Change in Short-term Assets	78,298	0	78,298	n/a	0	0	0	n/a
Change in Short-term Liabilities	(540,733)	0	(540,733)	n/a	(298)	0	(298)	n/a
Change in Long-term Debt	0	0	0	n/a	(160,873)	(164,679)	3,806	2.3%
<i>Change in Other Assets/Liabilities</i>	<u>(498,831)</u>	<u>(36,714)</u>	<u>(462,117)</u>	<u>-1258.7%</u>	<u>(161,170)</u>	<u>(164,679)</u>	<u>3,509</u>	<u>2.1%</u>
Change in Unrestricted/Program Cash	(\$333,203)	\$107,406	(\$440,609)	-410.2%	(\$298)	(\$3)	(\$295)	-9825.0%
ENDING UNRESTRICTED/PROGRAM CASH	<u>\$990,407</u>				<u>(\$8,200)</u>			
BEGINNING DESIGNATED/RESTRICTED CASH	\$866,702				\$0			
Change in Replacement Reserves	37,070	36,714	356	1.0%	0	0	0	n/a
Change in Debt Service Reserves	0	0	0	n/a	0	0	0	n/a
Change in Other Reserves	(675)	0	(675)	n/a	0	0	0	n/a
Change in Designated/Restricted Cash	36,395	36,714	(319)	-0.9%	0	0	0	n/a
ENDING DESIGNATED/RESTRICTED CASH	<u>\$903,097</u>				<u>\$0</u>			

- 1) Tenant revenue is under budget as contract rental increases were budgeted to take effect in January, however actual increases occur at the time of tenant recertification.
- 2) Various categories are under target (professional services, postage and travel).
- 3) Seasonal and periodic contracts are low as is typical early in the year but expected to increase as the year progresses.
- 4) MKCRF expenditures less than budgeted as the 2019 budget included best estimate of the expenditures that would carry over from 2018. As more work was accomplished and paid in 2018 than projected, the 1st quarter capital expenditures are below target.
- 5) Due to change in accounts payable- reversal of the 2018 yearend AP Accrual .