

**HARTFORD AREA HABITAT FOR HUMANITY**

**BOARD OF DIRECTORS MEETING**

September 1, 2020, 5:30PM *Via Zoom*

- I. Welcome— **5:35**
- II. Consent Agenda **5:40-6:00**
- III. Operations Update **6:00-6:20**
  - a. Proposed Construction Schedule for 2021 and 2022
  - b. Tolland Expansion
  - c. ReStore Operations
  - d. Family Services/Mortgage Performance
  - e. Covid response in case of second wave
- IV. Habitat for Humanity International-Audit **6:20-6:45**
  - a. Development Plan
  - b. Risk Assessment
  - c. Succession Planning
  - d. Strategic Plan- current and future
- V. Covenant with HFHI-see attached **6:45-6:50**
- VI. Middlesex HFH Opportunity **6:50-7:00**
- VII. Executive Session **7:00-7:30**

# **CONSENT AGENDA**

# DRAFT MINUTES

Minutes of the Meeting of the

Board of Directors

Hartford Area Habitat for Humanity

June 2, 2020

By Zoom

Present: Augustine, Bates, Below, Brown, Cheeks, Daigle, Dwivedi, Floyd, Guidry, Hamilton, Hernandez, Rivera, Symonette, Vasington

Staff: DeRoy, Moody

**A motion to accept the Consent Agenda was made by Billie, seconded by Crystal and unanimously approved.**

Proposed Budget:

New projects Bristol, rehab (to be acquired)

**Finance Report: Mike DeRoy:** Public grant money goes down each year. We will incur \$1.8 in department expenses which will result in a small loss; the ReStore is expected to break even. So our loss on operations is estimated at \$111,000; when we sell the mortgages at 70% on the dollar, we expect to break even.

Hard costs for construction for this year's homes: We expect to buy land, for about \$310,000 (includes houses we purchase for Rehab) A lot depends on mortgage receipts for our 180 outstanding mortgages, which are subject to change, especially as a result of Covid 19. We sell our mortgages; (we used to assign them and get a loan) We also have to compute depreciation, which has a positive effect on cash flow of \$320,000. Our mortgage receipts are estimated at \$756,000 which gives us cash on hand of \$436,000. At the beginning year. We expect to sell two new homes, two - three rehabs and 2 recycled homes.

We are trying to find ways to reduce operational expenses as much as possible. One reason for increase is the expected hiring of a director of development. Another item is the costs of health insurance which have increased a lot (they may be reduced for next years.) We are considering reducing the number of support staff. At the end of the year, our cash balance is expected to be \$1.6 million.

**A MOTION TO APPROVE THE BUDGET FOR 2020-21 was made by Crystal and seconded by Sharon. The motion was approved unanimously.**

## RESPONSE TO AUDIT FINDINGS:

**Fiscal Safeguard and Controls policy:** We paid attention to findings and recommendations and have made sure the following are done: We have outlined the tasks of staff and auditors to make sure they will be in compliance with our policies; we have outlined the responsibilities of the financial department. One recommendation we are going to follow is to add a person to the finance department. We have identified the signatories on bank accounts (Karraine, Mark, Anne) in the four banks where we have

relationships. (The accounts are split among the banks to allow insurability);The policy describes what staff can do and what level of expenditure triggers referral to Board. What threshold of expenditures requires two signatures (\$25,000).

The ReStore has separate provisions with regard to cash handling. We mostly do not deal with cash, but there is a policy that ensures checks and balance. We do not accept cash payments by homeowners. During a foreclosure procedure, payments are made to attorney. EFT is used occasionally, but we rarely use this to send money out unless it's a large payment. Corporate credit cards: there is a policy in place with regard to expenditures and receipts. The construction supervisors have a \$500 limit. Department directors also have credit cards, and the expenditures and receipts are reconciled regularly. Karraine's expenditures are reviewed by Crystal. Our payroll is done through QuickBooks. We no longer make loans to employees.

**The five concerns of the auditors were reviewed, updated and tightened when necessary. The only concern that still needs to be revisited is the anti-money laundering policy. Money laundering in an organization like ours is extremely rare, nevertheless, we will develop a suitable control.**

**Family Selection/Mortgage Origination:** The process has been tightened and altered to comply with the pre-closing notifications required by new federal closing requirements. The Board needs to see an applicant's payment history and a snapshot of the family before closing. Applicants: pay \$25 for credit check for one person and \$50 for a couple. An applicant's down payment will be \$3,000; but we are considering increasing the down payment to \$4,500 because the cost of insurance and taxes is increasing. This money is applied to the escrow account. The Affiliate picks up balance of closing costs. Previously, we had a pro bono lawyer, but we have hired a lawyer to conduct our closings. He is comfortable representing both buyer and seller and Ted, our former pro bono lawyer, will still attend closings. Our traditional dedications may not continue because of the process imposed by the new federal closing procedures. We can't require homeowners to have dedication, but most would like to have one. We will have an event, which is important to funders and volunteers, but we are not sure what role the homeowner will play.

**Governance Policy:** has been updated; some parts have remained, with only technical changes. (see attached)

Of the 25 items noted in the Audit Report, there are 4-5 outstanding issues: Risk assessment and internal controls will be addressed by the end of the calendar year. The others tie in with our Strategic Plan, which will be updated later this year: The issues include: How many homes should we be building. Annual risk assessment. Succession planning.

**A motion to approve the policies as set forth by the committees, and allow technical corrections was made by Ben Daigle and seconded by Anne. The motion was unanimously approved**

**Future:** What to expect this summer:

- Build in Bristol and Hartford
- ReStore to maintain schedule
- Zoom to be held for AIM this week
- Zoom meetings scheduled with corporate sponsors in late summer and fall



Preparing for Builds in 2021; Habitat retains safety protocol that will be maintained. (Departments communicate every morning)

We purchased two lots in Manchester in late May – we will look for funding and see about infrastructure, which will include a sewer connection.

Golf tournament: Is still a go. But will people commit? As things open up, we will see what is happening. August 24 is target date.

The board went into executive session.

Mark reminded board members of their responsibility to make a meaningful gift – preferably by June 30, so it will be received by the end of the fiscal year. We have until June 30 2021 to raise the \$100,000 that the board has pledged to raise. Eric has secured a commitment of \$25,000 to jump start the campaign.

**A motion to adjourn was made by Anne and seconded by Billie and approved unanimously.**

The meeting adjourned at 7:31.

Respectfully submitted,

Anne M. Hamilton,

Secretary

# Review of Budget by Mike DeRoy

## Highlights from Tab 1 of spreadsheet:

Construction Hard Cost for the fiscal year are budgeted to be \$456,600 compared to a typical year of \$1.3 million

There will only be two new construction homes sold, but we still expect to sell 7 homes

## Highlights from Tab 2 of spreadsheet:

Because of mortgage discounting to 40-45% of the mortgage amount, it is common for each home sale to produce a book loss. Fewer home sales this fiscal year will result in only a small loss from home sales.

Donation Revenue and Public Grant Revenue (which has been significantly lower in the past three fiscal years) will cover all but \$104,000 of the combined Department Expenditures of \$1,802,323 (Finance, Construction, Development, & Family Services). Department Expenditures are higher than the previous year budget by \$67,000 mostly due to the planned addition of a Director of Development.

Restore has been forecast to breakeven.

The Sale of mortgages at 70% of the mortgage amount when paired with the discount of 40-45% results in additional book income of \$151,200 resulting in an overall Budgeted Book Income of \$39,788

## Highlights from Tab 3 of spreadsheet:

To convert the Book Budget Income to Cash Flow we adjust for the following:

The Cost of Home Sales on the Book Income tab considers accumulated costs of construction of the homes sold, but some of the expenditures were made in the previous fiscal year. The Hard Construction Costs for this fiscal year alone are the historically low figure note above of \$456,600.

We will expend \$310,000 cash for Land for building in fiscal year ended 6/30/22 and a Rehab for 6/30/21

We have mortgage receipts for our mortgage portfolio of \$540,000 and \$100,000 for Loan principal payments on older mortgages that we leveraged with bank loans more than 5 years ago.

Depreciation is a non-cash expense which is included in the Department and Restore Book budgets.

The anticipated sale of 6 mortgages is the most significant non-Book part of cash flow. The expected proceeds would increase our cash flow by \$756,000 resulting in a budgeted cash increase of \$435,338

Because of recent loan proceeds from the SBA Paycheck Protection Program (\$263,000) and Economic Disaster Loan (\$160,000) the 6/30/2020 projected cash balance is expected to be significantly higher than \$1,000,000.

## Minutes for Finance Committee June 16, 2020 8:00am

Attendees: Mark Vasington, Crystal Floyd, Bildade Augustin, Anne Hamilton, Ellen Below, Don Gates, Karraine Moody, Mike DeRoy

### Budget vs Actuals:

There were no new issues and no questions. Results showed the reduction in Revenue and reduction wage expenses as noted in previous meetings.

### Key Indicators:

There are YTD unfavorable variances in all revenue categories. Lower than budgeted construction hard costs, department expenses and Restore operations offset the revenue shortfalls.

### Cash Schedule:

Total Cash \$1,767,872 and Cash Reserve \$752,317 are high in comparison to typical months. The \$263,000 SBA paycheck loan is excluded from Cash Reserve, but the relaxed forgiveness rules to a 24-month period of payroll expenditures puts us in a good position for significant forgiveness. However, final instructions for the Forgiveness Application are not released yet.

As we approach fiscal year end, Total Cash is higher than projected in the 6/30/21 budget because of SBA Paycheck Loan (\$263,000), SBA Economic Disaster Loan (\$160,000) and employee furloughs (\$65,000). If Donation Revenue goals are met for the upcoming fiscal year, 6/30/21 Total Cash could approach \$2,000,000.

The SBA Economic Disaster Loan for loss of revenue was a \$10,000 grant and a \$150,000 30-year loan at 2.75%. Payments are deferred for one year and will be \$641 per month. It can be prepaid at any time. The Affiliate has debt from leveraged mortgages at 6% and 4%. The next Finance Committee meeting will include a report of current debt.

Windsor Federal Line of Credit:

A Loan Commitment of \$750,000 has been received. The Affiliate would likely request a lower amount of \$500,000. There are concerns about the terms, and we need to ensure that we are not prevented from selling mortgages to meet our budget. Prior to the meeting Mark and Don provided notes which are included as an attachment to these minutes.

Liberty Bank:

Karraine is exploring an arrangement with Liberty Bank which would offer 100% funding of 0% mortgages directly to homeowners with the qualified financial standing. This would replace some of the CHFA funding we utilize at 70%. Liberty Bank has had some issues with fair lending practice guidelines in the past which is their motivation for this program. We would retain the right to purchase any future non-performing loans.

The meeting adjourned at 8:45 am

## WFS Line of Credit comments:

### Mark:

- Blank UCC lien-will this impact our ability to run our organization (mortgages and other transactions)
- right to select our own counsel

### Don:

Thanks for sending over the proposal. In general, the proposal looks good and on market terms. Some items I would like to point out are:

- The Loan is technically "On Demand", meaning they have the right not to advance if they choose not to and/or demand payment of any outstanding principal balance. 99% of time this would be fine, but it is not a "committed facility" available at all times if we are in compliance with the covenants in the loan agreement. Typically, I have seen "Demand" facilities with no financial covenants...this proposal has a Debt Service Coverage covenant. I have not reviewed the financials but we would want to ensure we can easily meet that covenant based upon historical performance and budgeted performance. The trade-off for "demand" v. "committed" facilities would typically be an annual fee or unused line fee for a committed facility.
  - I'd ask them how they treat Demand facilities v. Committed facilities.
- Security is typically a UCC Lien on all assets, so that is a market term.
  - I'd discuss with them your process for periodically selling off mortgages and how they would address/handle that in the agreement. They could add a basket for us to sell mortgages (i.e. up to \$X before we need their approval).
- Other Debt...that's a standard provision
  - Not sure if there are any other existing loans or future ones anticipated (i.e. for computers or copiers, etc.). As we would just want to be upfront if you envision any additional debt going forward, because it would create a default in the agreement if we took out even a small loan without their consent. Typically we see a small basket for computers, etc. in most deals.
- Operating Accounts...that's a standard provision but could add a lot of work to your finance staff upfront...Are they our cash management bank today? If not, this would mean that we have to open accounts, signature cards, new payment instructions, new online portal, etc. Also, we should get treasury pricing from them as well to make sure they are in line with our current treasury pricing.
- Debt Service Covenant...this is a standard covenant and a limit of 1.0:1 is good. Like I mentioned above, we should just run the numbers to make sure we are and will be in compliance with it.

Minutes for Finance Committee July 21, 2020 8:00am

Attendees: Mark Vasington, Crystal Floyd, Bildade Augustin, Anne Hamilton, Ellen Below, Don Gates, Karraime Moody, Mike DeRoy

Cash Schedule:

Total Cash \$1,719,001 and Cash Reserve \$1,154,251 are high in comparison to typical months. The \$263,000 SBA paycheck loan is excluded from Cash Reserve, but the relaxed forgiveness rules to a 24-month period of payroll expenditures puts us in a good position for significant forgiveness. The Construction Hard Costs and General Operations figures were updated to the FYE 6/30/2021 Budget amounts.

Windsor Federal:

A reduction in the loan amount of the pending Windsor Federal Line of Credit would reduce the collateral they were seeking in the \$750,000 Commitment Letter.

The Cash Management Agreement was discussed with concern that it did not provide FDIC protection.

Liberty Bank:

The Memorandum of Understanding was discussed and is being given serious consideration. This arrangement would offer 100% funding of 0% mortgages directly to homeowners with the qualified financial standing. This would replace some of the CHFA funding we utilize at 70%. It would also enable some homeowners (mortgages with Public Funding in our portfolio) the opportunity to refinance to a Liberty Mortgage with proceeds payable to the Affiliate.

Construction:

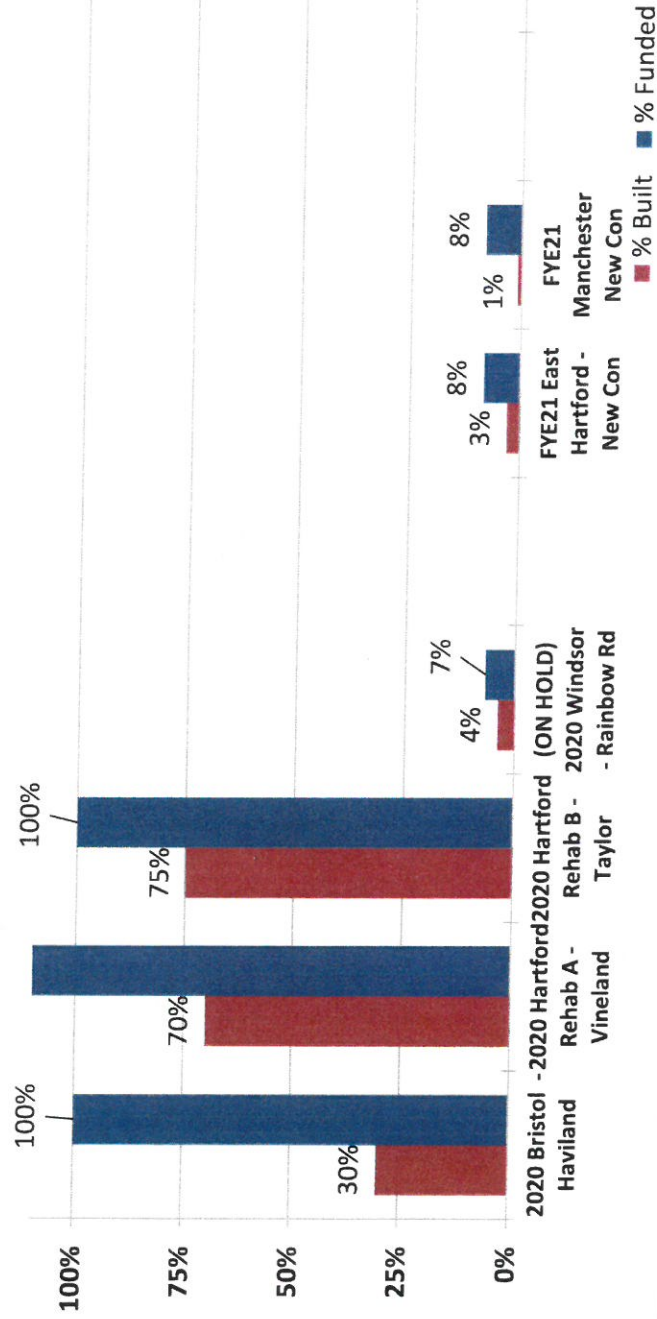
Though no longer in the FYE 2021 building plans, the Rainbow Road, Windsor plans were approved by the Town of Windsor for the FYE 2022 plans.

The meeting adjourned at 8:45 am



# HARTFORD HABITAT FOR HUMANITY - BOARD OF DIRECTORS DASHBOARD

## HABITAT HOMES: WORK-IN-PROGRESS BUILT AND FUNDED STATUS



Primary Sponsor	Arthur G. Russell, SHOP, WB20, KBE, Barnes	Travelers, GOLF20	Travelers	Pledged: TLD, Stanadyne	(ON HOLD) 4 New Con-Single Family Units Rainbow Rd - Windsor	FYE21 East Hartford - 2 New Construction (TBD)	FYE21 Manchester - 2 New Construction (TBD)
Amount Funded	\$380,000	\$213,956	\$110,000	\$55,098		\$35,225	\$31,574

Assumptions: Based on 2020/2021 Budget Formalized 02/2020  
 Bristol: \$380,000.00

FYE20

Account Purpose	Operating Accounts	07/31/20
Current revenue, expenses and payroll	Checking - Windsor Federal & Sweep Acct.	526,924
Bank of America	Savings	250,500
Collection of Mortgage payments	Checking - United Bank	559,696
Shop Loan- immediate EFT to WFS upon receipt	Windsor Federal HUD/SHOP-0429	300
Current revenue, expenses and payroll	ReStore Operating Cash	444,502
	<b>1,781,922 Total Cash</b>	
	<b>(114,125) 3 months Construction Hard Costs Budget</b>	
	<b>(450,625) 3 months General Operations Budget</b>	
	<b>1,217,172 Additional Cash Reserve</b>	

### Additional Cash Reserve

June 30, 2020	1,154,251
May 31, 2020	752,317
April 30, 2020	712,158
March 31, 2020	808,617
February 28, 2020	935,840
January 31, 2020	1,027,512
December 31, 2019	996,622
November 30, 2019	(44,130)
October 31, 2019	(18,281)
September 30, 2019	358,787
August 31, 2019	492,913
July 31, 2019	131,807
June 30, 2019	351,952



Lender	Principal	Int Rate	Monthly pmt
WFS (5+ years)	\$390,000	4%	\$3,700
Nissan	\$20,725	5.59%	\$550
CHFA	\$248,000	0%	\$2,400
SBA Loan	\$150,000	1%	650 begins in late 2020
SHOP	<u>\$89,000</u>	0%	<u>\$2,600</u>
	\$897,725		\$9,900
WFS (< 5 years)	\$30,000	4%	paid off 7/2020
Key Bank	\$43,000	6%	paid off 7/2020

## **Development Committee Meeting 6/19/20**

Meeting Began at 12:31PM

### **Agenda:**

Updates on Development Initiatives (Women's Build/Golf Tournament)

General Giving Update

Board Giving for 2020

Current Outlook - 2021

Misc

### **In attendance:**

Mark Vasington, April Hansley, Billie Augustin, David Symonette

### **Updates on Development Initiatives:**

#### **Golf Tournament**

- Tournament is moving forward
- Discussion about whether or not participants will need/want to share carts or if individual carts will be required in planning to ensure the safest experience
- Possibility that if individuals will need to ride 1 to a cart this could increase costs
- Among changes for this year's tournament, possibility that there will be no deck lunch or post-game cocktail/dinner hour to maintain social distancing
- 2 options presently on the table for Tee-off: 1 to have scheduled tee times OR 2 to keep shotgun method typically used
- Suggestion to survey registrants as to their comfort with sharing a cart or preference to go 1 cart per person
- Mark to follow up with the Club to determine what amount of lead time would be needed to determine if additional carts are required and costs

### **General Giving Update:**

None at this time

### **Board Giving for 2020:**

- Deadline for Board Giving is 6/30/2020
- Expectation is 100% Board Giving Achieved
- Mark to send out an email reminder to the Board
- Reminder to push for Board Members to exercise use of matching programs for themselves and/or spouses to maximize gifts

### **Current Outlook – 20201**

- Discussed Future Meeting Format for Development Committee
- Moving forward Development Meeting Sessions will mirror finance committee meeting format

- Updated Dashboard for Board Giving, Fundraising Goal for Board House and other current Development initiative (i.e. Women's Build; Golf Tournament; etc.) are items to be included for each meeting
- Update will go out 1 week prior to meeting to provide members an opportunity to review materials and prepare questions/recommendations
- Once the Development Director is hired, they will have a standing line-item and be a part of ongoing meetings to aid and support Board in effective fundraising/development efforts

Meeting adjourned at 12:30PM

# **OPERATIONS UPDATE**

## Operations Update September 2020

### Construction Proposed Schedule for 2021-2022

- Hartford Rehabs-2- Closing December 2020
- Bristol New Construction-2- Complete by June 2021
- East Hartford-New Construction-2- Break ground in May 2021/ April 2022 Complete
- Manchester-New Construction-2 Break ground in May 2021/April 2022 Complete
- Windsor-New Construction-4-Breakground in June 2021/June 2022 Complete

New construction begins only if we have 50% funded projects. Staff is currently raising funds for East Hartford, Manchester and Windsor. We do not have any rehabs on the schedule to date, because of the market. Recently resigned from the Hartford Land Bank to ensure that we can get properties through this pipeline. The HLB was recently awarded and funded by the DOH so I know that progress is soon coming. This schedule is aggressive considering the market but will follow the 50% rule before breaking ground.

### Tolland Expansion

We have secured office space at the First Congregational Church of Vernon for 2021. Ryan Gorecki, Volunteer Manager will manage office hours once per week from 9am to noon tentatively on Wednesday or Thursday. We will also partner with Cornerstone Foundation and be on site once per month. Previously approved by the board that we would begin our outreach in Tolland with our home repair programs and volunteer engagement. Please see list of identified stakeholders that we would like to invite to a zoom meeting led by the board of directors. **Action item: I would like to host zoom before the end of the year and potentially bring on 2-3 representatives from Tolland onto our board.**

### Family Services/Mortgage Performance

We currently have 28 families on principal deferred due to unemployment. Our total mortgage portfolio is a little over 190 (about 15%). We also have about another 15% that are delinquent between 30-90 days. All of our foreclosures are on hold. So we are canceling the legal representation to reserve funds. We continue to offer "cash for keys" with the hope of resolving housing without the courts. During covid we converted one of the eight into a transition. At this time, all of our mortgages are with Capital for Change and People United Bank is no longer serving our mortgages.

### **Covid response in case of second wave**

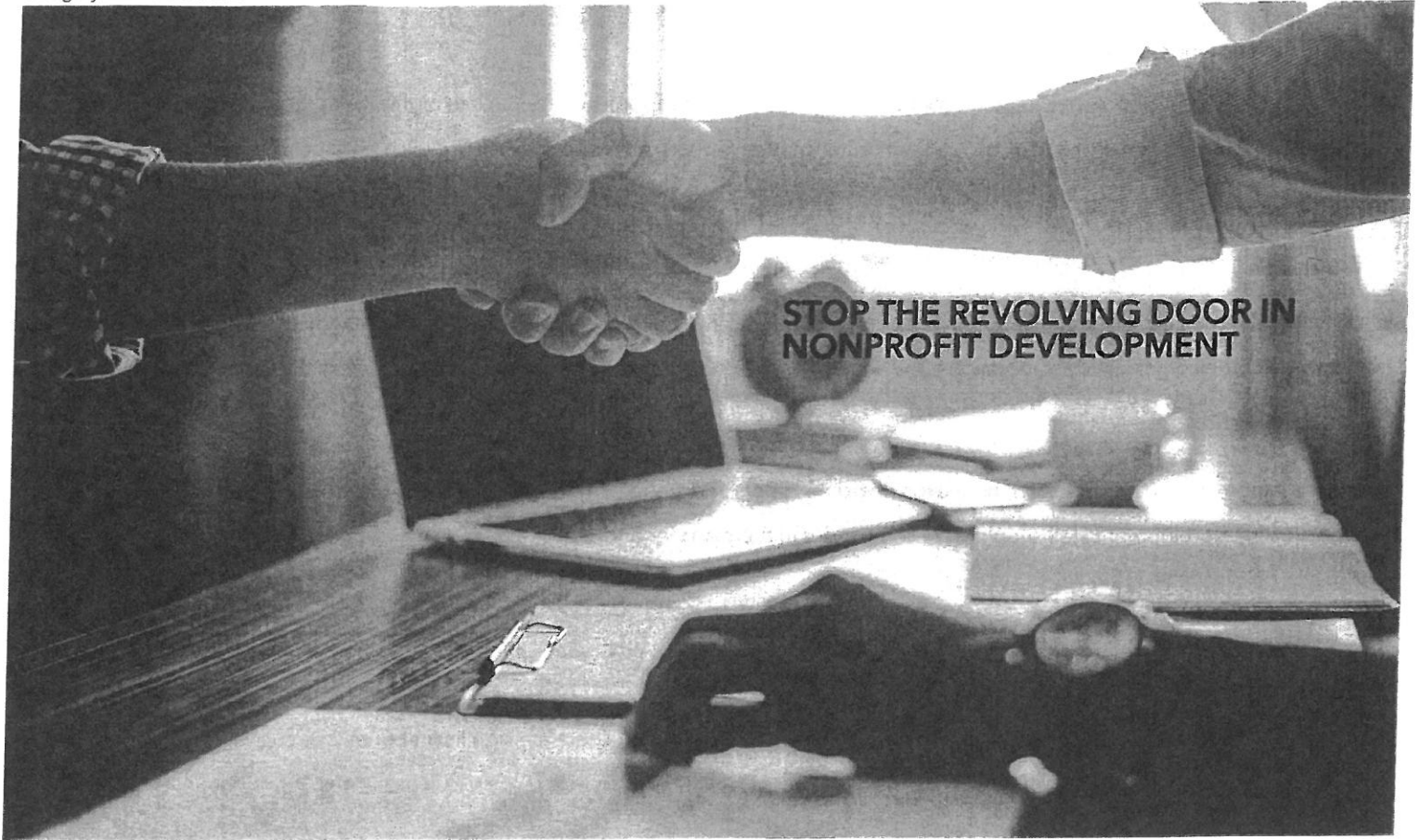
The directors are meeting on September 8 and will finalize a operations plan in case CT has a second wave of covid. Our goal is to keep operations moving forward similar to the spring. Construction is currently recruiting teams to support our builds throughout the fall and winter. ReStore is building a new separate e-commerce site that will enable online shopping. I will be sure to send that document to the board before September 30<sup>th</sup>

### **Development Plan**

The Development team (staff) will present the revenue development plan to the board in December. Prior to that presentation, a collaborative meeting will be held with the development committee (board) for feedback and input. We are all excited to welcome Deborah Zuckerman to the team. Deborah started in mid-July. During this time, I am ensuring that Deborah has the capacity to "cultivate our donors" which is critical to the organization.

## STOP THE REVOLVING DOOR IN NONPROFIT DEVELOPMENT

Category: Executive Search



In the nonprofit sector, it's no secret that some development positions turn over too frequently. In fact, development director roles are often referred to as "revolving doors"—with employees cycling in and out of organizations at an alarming frequency.

According to a study by author Penelope Burk, the average fundraiser stays at his or her job for 16 months before assuming another position. And replacing these professionals doesn't come cheaply—averaging around \$127,650 in direct and indirect costs.

This loss of talented development staff creates a tremendous burden for nonprofit organizations since fundraising is rooted in strong donor relationships. An absent or inexperienced gift officer can spell trouble for philanthropic support.

### Professional Challenges

You don't have to be an HR expert to know that high turnover rates stem from employee dissatisfaction and that satisfied staff members stick around, even through the tough times. But what does that really mean? We've found that development professionals tend to experience the following challenges.

- **Clear, Realistic Expectations**

The nonprofit sector can be demanding, especially when an organization's mission is on the line. When expectations and fundraising goals are set unrealistically high, they may significantly damage morale among development staff. In a recent study by Campbell & Company, 75% of CDOs and 62% of CEOs considered unrealistic expectations to be the chief reason for high development director turnover.

Development professionals are often expected to work long hours and possess a perfect balance of personality traits—analytic and creative, assertive and warm, extroverted while insightful. It's a challenging role.

- **Sufficient Compensation**

And many of today's development professionals don't feel adequately compensated for the late nights, steep goals, and tight deadlines that come with their position. In a survey of 1,100 fundraising professionals, 48% said they left their last position to "seek a higher salary elsewhere."

- **Inclusion**

While fundraising and development should be a collective undertaking, many development professionals find themselves disconnected from the rest of their organization's operations. This sense of isolation can distance these staff members from the broader mission of your nonprofit.

Ideally, development should be a team endeavor. Board members and staff at any level should be aware of and engaged in fundraising efforts. Similarly, development staff should have some input in the plans for and use of the funds they worked so hard to raise. In the best nonprofits, collaboration is the key to success.

## **Benefits of Retention**

The best nonprofits also work hard to keep good development professionals. There are significant benefits to cultivating continuity in your fundraising staff.

- **Good For Business**

Because development is relationship-based, each new development director must spend time establishing relationships with donors and stakeholders. When development officers cultivate and steward relationships over the long term, both the donors and the organization benefit from an intensified engagement and the comfort of a familiar guide.

- **Cost-Effective**

With the retention of development staff, the organization does not spend resources on a search or miss opportunities while a vacancy exists. The loss of a development professional may also mean the remaining staff members must step in until an appropriate replacement is secured, thus slowing cultivation and solicitations and spreading development efforts thin. With a stable development team, fundraising efforts need not be scaled back or postponed. And resources can be invested in the retention and professional development of a dynamic fundraising team.

- **Time Well Spent**



Hiring and training are time-consuming and challenging. A recent study found that more than half (53%) of nonprofit executives felt their most recent hiring efforts attracted an insufficient number of experienced development professionals. Therefore, they had to repeat the process. By retaining the members of your development staff, you can invest time more productively—in the mission of the organization, the well-being of your donors, and the long-term sustainability of your organization.

## **Stopping the Cycle**

The first step in attracting and maintaining talented staff is to understand the problem of turnover. The next is taking specific, practical steps.

- **Find a Good Fit**

To begin, you'll want to hire qualified candidates who are a strong fit with your organization's culture and values. This will look different for every organization, but it may involve budgeting for a more experienced candidate, enlisting the support of a third-party consulting firm, or devoting more time and resources to recruiting efforts.

- **Ensure Sufficient Support**

Once you identify the perfect candidate, you'll want to make every effort to support him or her. From fair pay to ample opportunities for professional growth, your development staff should feel valued and well-integrated into the fabric of your organization.

- **Work Together**

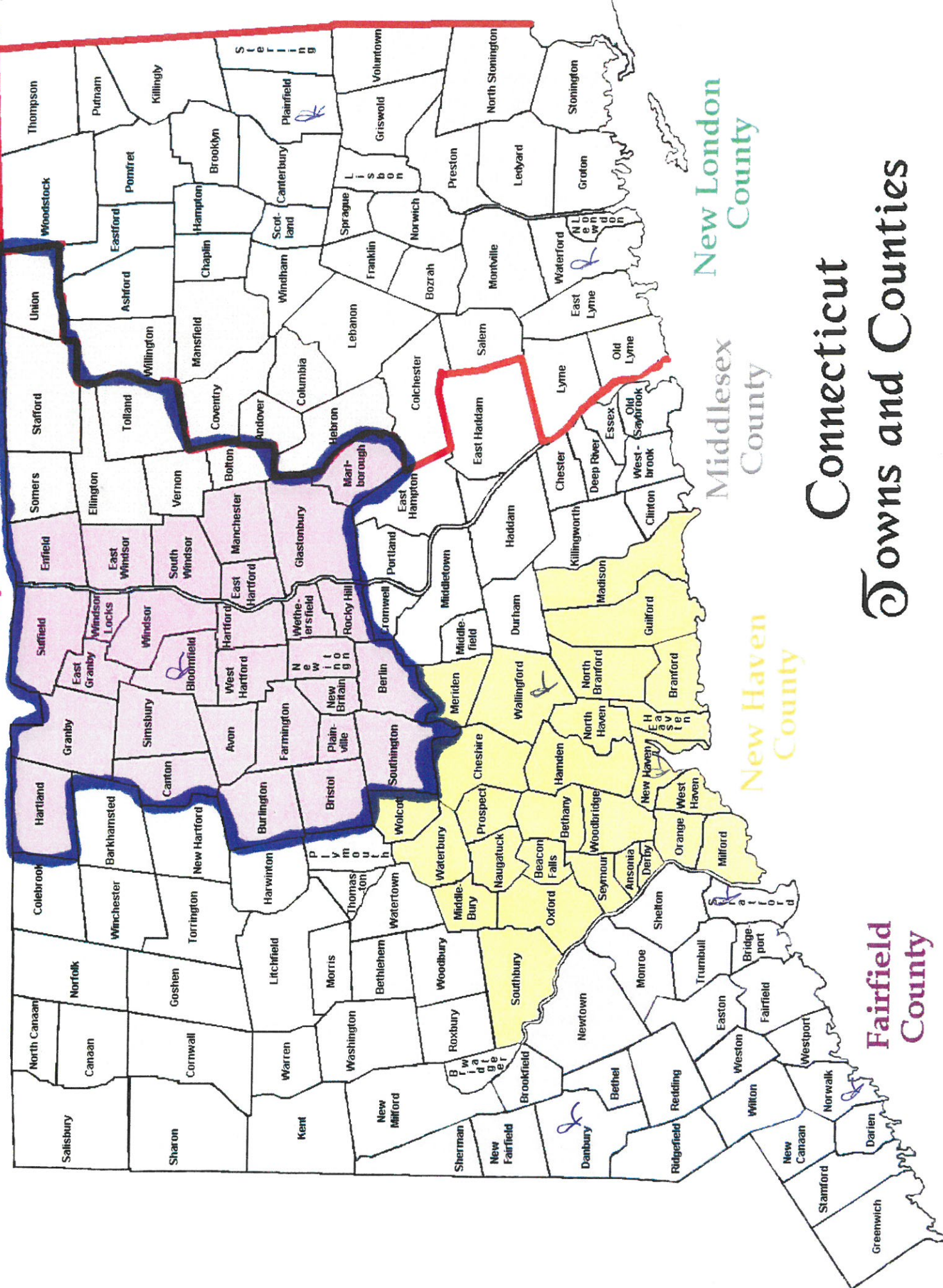
Above all, focus on building a "culture of philanthropy" within your nonprofit—in other words, include your staff, volunteers, and board in fundraising and development efforts. A recent study found that while 89% of development directors serve on management teams, a majority reported "little" or "moderate" influence on the engagement of staff in fund development or on annual budgeting. Development is a crucial part of facilitating your organization's mission. As such, it should be embraced as a collective effort toward your organization's maximum impact.

No matter the size, scope, or mission of your nonprofit, your development staff is crucial in sustaining your operations for today and your impact for tomorrow. By investing in these professionals—and ensuring their longevity in your organization—your nonprofit will have both the funding and the focus to achieve its goals.

# Town Profiles

Town	Number of families we served	Housing solutions	Repair opportunities	Funding source	Corporate Base	Civic/youth	Subsidized units					
	Homes built/ rehab	Other programs (Repairs, FFC)	% Cost burdened renters	Demolitions	Homes built pre-1950	HH Median Income	Industries	% Disengaged youth	% Poverty Rate	Veterans		
Bolton	0	0	30.5	0	14.7	\$101,667	129	M:8.7	F:8.5	3.6	333	26
Ellington	0	0	42.3	6	13.9	\$82,507	355	M:0	F:4.5	1.9	1,053	363
Somers	0	0	54.7	0	19.2	\$101,897	262	M:7	F:0	3.8	695	181
Stafford	0	0	50.5	3	38.2	\$68,813	264	M:25.5	F:8.8	9.8	712	384
Tolland	0	0	61.3	0	7.1	\$112,740	358	M:4.4	F:0	2.3	941	177
Union	0	0	0	1	16.8	\$93,750	18	M:0	F:0	1.2	76	5
Vernon	6	0	48.8	13	16.6	\$60,648	750	M:22	F:1.9	8.5	1,913	2,293

Litchfield County      Hartford County      Tolland County      Windham County



# Connecticut Towns and Counties

Fairfield  
County

# **AUDIT REPORT**



### Resource Development – Urgent need to develop an effective fundraising strategy and organization structure-item 1

<p>With the increasing competition for a limited pool of resources available to non-governmental organizations, developing an effective fundraising strategy, structure and organization is of paramount importance at the affiliate. A review of the resource development arrangements at the Affiliate revealed the following issues:</p> <ul style="list-style-type: none"> <li>• Absence of a detailed fundraising strategic plan. A draft was prepared for discussion with the Board but there is no formal Board-approved fundraising strategy for the Affiliate.</li> <li>• Inadequate organization and capacity in the fundraising activities of the Affiliate. Although the Affiliate had three staff in the Development department covering the corporate, individual and volunteer engagement areas, upon further scrutiny most of the activities were geared towards volunteer engagement and not specifically towards fundraising.</li> <li>• There is no coordinator assigned overall responsibility for the fundraising activities at the Affiliate. All of the three staff in the Development department report directly to the CEO.</li> <li>• While there is a Development Committee at the Board level responsible for developing a fundraising strategy in consultation with the CEO, there was no evidence that the Committee had been as effective as would have been expected.</li> <li>• The Affiliate does not have a strong social media presence, which would enable it to reach a wider audience by digitizing its advertising and marketing.</li> </ul>	<p>The CEO, in consultation with the Board, should:</p> <ul style="list-style-type: none"> <li>• Reexamine the Affiliate's fundraising activities with a view to developing a well-thought-out fundraising strategy, structure and staffing. The strategy should have very clear goals and targets, which should be communicated to all staff members to create a sense of cohesion so that everyone can collaborate towards a common goal.</li> <li>• Ensure that the Development Committee of the Board sets its fundraising goals and works in tandem with the CEO and the staff in the Development department. The plan should be reviewed and adjusted to take into account any new developments.</li> <li>• Consider working with a consultant or professional fundraiser to assist the development team, the Board and the whole organization in developing a fund raising strategy and techniques.</li> <li>• Develop a social media strategy that could include not only fundraising objectives but other communications, brand recognition, volunteer engagement and youth engagement strategies.</li> </ul>	<p><b>Action:</b> The affiliate will hire a Director of Development to streamline the development efforts and bring the staff to accountability. Position is posted on Indeed and hope to hire the new DOD by July 1, 2020. The development plan was completed by the HPPG with a consultant and included input by board and staff. It will be the marching orders of the new DOD. It will be adopted by the board by 10/30/2020.</p> <p>Management rejects the claim of not having a strong social media presence.</p> <p>Board recently initiated the Development Committee and has made the pledge to raise funds towards the sponsorship of a home at 100K.</p> <p>It was not brought to management's attention that the auditors were seeking data on social media presence and impact.</p> <p><b>Position Responsible: CEO and Board</b></p> <p><b>When: July 1, 2020</b></p>
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Findings and Risks		Recommendations	Management Response
<ul style="list-style-type: none"> <li>Noncompliance with HFH policies and procedures</li> </ul>			
<b>1. Governance – Nonperformance of an annual risk assessment-item 15</b>			
<p>The HAHFH Board and management had not developed a formal risk assessment process to identify high risks to which the organization could be exposed (e.g. managing growth, lack of sustainability, mission drift, etc.) as well as emerging issues and mitigating controls.</p> <p>Incorporating a risk assessment in the annual strategic and business planning processes would help to provide reasonable assurance that scarce resources will be utilized efficiently and effectively and that issues that pose the highest risks to the organization receive appropriate attention.</p> <p><b>Potential Risks:</b></p> <ul style="list-style-type: none"> <li>Waste and inadequate use of HAHFH resources</li> <li>Excessive focus on low-priority projects</li> <li>Commitment to unrealistic goals</li> </ul>		<p>The HAHFH Board and management should incorporate an annual risk assessment exercise into the annual planning process. The combined strategic planning and risk assessment exercise should entail the following:</p> <ul style="list-style-type: none"> <li>Identifying a strategic plan and individual business unit goals that support it.</li> <li>Identifying up to ten top risks associated with each business and, for each risk, identifying mitigating activities and controls in place. In addition, management should determine the strategies to manage the risks, which should include if the risk is avoided, reduced, shared, and/or accepted.</li> </ul> <p>The Affiliate may wish to request HFH to assist them with Board training and development during their coming Board meeting in March 2020.</p>	<p><b>Action:</b> Affiliate/board will review and conduct an assessment.</p> <p><b>Position Responsible:</b> Board/CEO</p> <p><b>When:</b> December 2020</p>

Findings and Risks	Recommendations	Management Response
<p><b>19. Governance – No succession plan for key management positions</b></p> <p>The audit revealed that the Board and the CEO had not developed a succession plan for key management positions. A succession plan is a tool that assists management in identifying and developing staff to fill key leadership roles to ensure a smooth transition, business continuity, and minimize disruption to the organization in the event of a change in leadership.</p> <p><b>Potential Risks:</b></p> <ul style="list-style-type: none"> <li>• Disruption of operations</li> <li>• Exposure to leadership gap</li> <li>• Impairment of business continuity</li> </ul>	<p>The Executive Committee of the BOD and the CEO should develop a succession plan to present to the full Board for approval. This plan should be reviewed and updated on an annual basis for any changes in senior management or in the organization.</p>	<p><b>Action:</b> Agreed. Succession Plan to be established for key management and CEO.</p> <p><b>Position Responsible:</b> Board/Senior Leaders</p> <p><b>When:</b> December 2020</p>
<p><b>20. Cash and Banking – Weaknesses in credit card reconciliation processes</b></p> <p>Review of HAHFH's current processes in place related to credit card expenses identified the following weaknesses:</p> <ul style="list-style-type: none"> <li>• A form of a reconciliation process was in place in which the Office Manager collected and filed receipts for the employees' expenses; however:             <ul style="list-style-type: none"> <li>◦ There was no supervisory review and approval of the expenses; and</li> </ul> </li> <li>• There was no process in place to provide the Director of Finance with the supporting documentation prior to payment of the credit card statements. We noted that none of the paid credit card statements sampled had the required supporting documentation showing that they had been reviewed and approved. For example, the total credit card expenditures for the CEO for the two months tested was \$6,791 and she had only submitted \$500 of supporting documents (7%) to the Office Manager although the credit card statements had been paid. In addition, the CEO's</li> </ul>	<p>The CEO, in collaboration with the Director of Finance, should:</p> <ul style="list-style-type: none"> <li>• Develop and implement a robust system for a credit card reconciliation process;</li> <li>• Ensure that all credit card transactions are substantiated with sufficient supporting documentation;</li> <li>• Ensure that all credit card reconciliations are reviewed and approved by the respective employee's supervisor; and</li> <li>• Ensure that all credit card reconciliations are performed prior to payment of the credit card statement.</li> </ul>	<p><b>Action:</b> We have now combined the process into one streamlined system that is managed by operations. The credit card bill isn't paid until all receipts are accounted for. The CEO has transitioned all of the recurring charges from the assigned credit card to the operations credit card to make the process streamlined. In addition, the Board Chair or a designated Board member will approve all credit card bills by the CEO.</p> <p><b>Position Responsible:</b> Operations</p> <p><b>When:</b> Already in place along with the updated sign off sheet that makes credit card holders accountable for missing receipts. Credit cards limits were adjusted in 2019 reduce by CEO. Also canceled cards for other staff.</p>

## Findings and Risks

## Recommendations

## Management Response

**Governance – Need to scale up the operations of the Affiliate (ITEM 6)**

<p>HAHFH builds and rehabs around six to eight houses a year and served five families in FY19. Based on the social and economic factors (wealth and the need for affordable housing) of the Hartford area, the Affiliate should have higher production numbers. However, management informed us that among the main factors negatively impacting the productivity of the Affiliate were the lack of land, and, when available, the fact land is too expensive, high construction costs, and lack of public funds. We noted that up to now, HAHFH has operated mainly in the Hartford metropolitan area but there are plans to expand its operations beyond the Hartford metropolitan area where land is more accessible. The current mix of rehabs and new constructions is in many cases dictated by factors beyond the control of the Affiliate, such as donor preferences, availability of land and is not based on a Board-approved strategic decision. Going forward, the CEO in consultation with the Board may want to make a strategic decision on the actual mix of rehabs and new construction, taking into account the factors mentioned above. The Affiliate may also want to look into revisiting public funds, which could help increase the funds available considerably.</p> <p><b>Potential Risks:</b></p> <ul style="list-style-type: none"> <li>• Limited capacity to accomplish the strategic plan and goals of the organization</li> <li>• Inadequate segregation of duties</li> <li>• Delays or inability to deliver programs</li> </ul>	<p>The CEO, in consultation with the Board, may wish to:</p> <ul style="list-style-type: none"> <li>• Consider ways and means of scaling up the organization including expanding its operations beyond the Hartford metropolitan area where land is more accessible, with a view to build more homes and serve more families.</li> <li>• Make a strategic decision on the actual mix of rehabs and new construction while considering the factors mentioned in the finding.</li> <li>• Consider revisiting public funds, which could considerably help increase the funds available to the Affiliate.</li> </ul>	<p><b>Action:</b> Disagree with the total number of families served on an annual basis. It was explained that affiliate had permit issues with the City of Hartford in CY 2018 which delayed our build schedule. In June 2019, the board reviewed the ideal mix of new construction, rehab and repairs. It is not the dire circumstances presented by the auditors. Affiliate builds/rehabs 10-12 per year. Affiliate completes 3-5 repairs per year.</p> <p>IAD should consider the operational adjustment needed to transition from 100% new construction to a full scale new/rehab and repair affiliate.</p> <p><b>Position Responsible:</b></p> <p><b>When:</b></p>
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# QUALITY ASSURANCE CHECKLIST

# FY2021 U.S. Affiliated Organization Covenant and Quality Assurance Checklist

Origination date: January 2007

Revision date: July 2020

Welcome to the annual electronic submission process for the U.S. Affiliated Organization Covenant and the Quality Assurance Checklist.

The U.S. Affiliated Organization Covenant (Covenant) is the foundational document between Habitat for Humanity International and U.S. affiliates. The Covenant continues to be our guiding spiritual and philosophical document. The yearly signing of the online Covenant ensures that, while affiliate leadership may change over time, the mission, mission principles and core tenets of Habitat for Humanity remain intact.

The Quality Assurance Checklist (QAC) contains standards and practices that are expected of each affiliate. As required by the U.S. Affiliation Agreement, affiliates must exercise their best efforts to comply with each of the standards. Failure to meet these standards can potentially affect good standing and result in other disciplinary action.

The QAC is divided into two sections.

Section 1: Core Requirements demonstrate sound, professional business practices and are also essential to one or more of the following: (a) protection and stewardship of the Habitat for Humanity brand and national reputation, (b) preservation of Habitat for Humanity's reputation and credibility with national, state and local government funders, (c) demonstration of practices that are considered critical by insurers and (d) demonstration of compliance with core Habitat for Humanity policies or other legal requirements binding on affiliates. While all of the QAC requirements are critical, non-compliance with a Core Requirement poses a potentially greater risk to the Habitat for Humanity network as a whole.

Section 2: Other Essential Practices demonstrate sound, professional business practices and also demonstrate compliance with core Habitat for Humanity policies or other legal requirements binding on affiliates.

Please go through each question and provide the most accurate response for your affiliate. Note that you can **choose to Save and Continue (blue button at the bottom center of each page) to move onto the next page of questions, or you can choose Save and Return Later (black bar across the top of your screen) to come back to the QAC survey later.** An email will be sent to you with a unique link to return to your QAC survey where you left off.

**The deadline to electronically submit the FY2021 Covenant and Quality Assurance Checklist is Oct. 30, 2020.**

## **Affiliate Info**

Affiliate Name:  
Affiliate ID:  
State:  
GSA:  
Submitter Name:  
Submitter Title:  
Submitter Email:  
Submitter Phone:

**NOTE:** The above section will be auto-populated. If any of the information is not correct or missing, please contact the Affiliate Support Center at [USSupportCenter@habitat.org](mailto:USSupportCenter@habitat.org) to update your records.

## **Section 1: Core Requirements**

1. Affiliate is an organization based on Christian principles and as such:

- ☒ A) Adopts the official vision and mission statements of Habitat for Humanity.  
☐ B) Affiliate board of directors reads and signs the Covenant annually.  
☐ C) Supports the work of HFHI through an annual tithe.  
☐ D) Adopts and follows the Habitat for Humanity non-proselytizing policy.

Choose all that apply. Please provide the most accurate response for each unchecked selection.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

2. Affiliate serves:

- ☒ A) At least one family per year through one of the following housing interventions: new housing construction, rehabilitated home, repaired home, weatherized home.  
☐ B) A minimum of one family over a three-year period through a rehabilitated or new home construction.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

3. Affiliate makes all reasonable efforts to serve families who demonstrate a housing need. Need is evaluated by considering affiliate's service area median income, cost of living index, etc. Household incomes should not exceed 60% AMI and in no case exceed 80% AMI.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

4. Affiliate activities are governed by written, duly-adopted policies that comply with all local, state and federal laws (Fair Housing Act, Equal Credit Opportunity Act, and other Fair Lending laws, Fair Credit Reporting Act, Privacy, Flood, Bank Secrecy Act - Anti-Money Laundering, Office of Foreign Assets Control, Real Estate Settlement Procedures and Truth in Lending, OSHA etc.) including but not limited to:

- ☒ A) Anti-discrimination
- ☐ B) Child labor prohibitions
- ☒ C) Conflict of interest
- ☒ D) Construction safety
- ☒ E) Employment, including grievance
- ☒ F) Fiscal safeguards
- ☒ G) Mortgage origination, including homeowner selection and house pricing and transfer (written policies are required of all affiliates, including affiliates that use third-party originators)
- ☒ H) Mortgage servicing, including escrow fund management (written policies are required of all affiliates, including affiliates that use third-party servicers)
- ☒ I) Records retention
- ☐ J) Sex offender registration check
- ☒ K) Whistleblower

Choose all that apply. Please provide the most accurate response for each unchecked selection.

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

N/A - Not applicable for the following standard:

- Employment \*N/A should only be selected by affiliates with no employees

5. Affiliate complies with Internal Revenue Service Section 501 (c)(3) and with all state and local tax laws. Additionally:
- Affiliate annually files the appropriate IRS tax filings in a timely manner (e.g., Form 990-N, Form 990EZ, Form 990, or Form 990-T) in full accordance with IRS regulations and requirements.
  - After filing with the IRS, the affiliate also uploads a copy of their completed tax filings to the Affiliate Document Center.
  - Affiliate donors receive a timely written receipt documenting their contributions, as required by IRS guidelines.



Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

6. Affiliate has the required minimum insurance coverage for all aspects of its operations including General Liability, Builder's Risk, Volunteer Accidental Medical, Directors and Officers Liability, and, if applicable, workers' compensation and auto coverage.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

7. Affiliate loan originator activities are conducted by at least one loan originator qualified by:

- Making a determination of demonstrated financial responsibility, character and general fitness based on:

- A criminal background check.
- A credit check.
- Information about any other proceedings.

- Ensuring each such staff member or volunteer has completed all required training on federal and state laws that apply to the activities.

All loan originator activities, as defined by federal law, are performed only by a qualified loan originator. (QLOs are required of all affiliates, including affiliates that use third-party originators and/or servicers.)

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

8. Affiliate uses the HUD Equal Housing logo or equal housing opportunity statement on all applicant-facing materials and web pages, and posted anywhere applications are submitted and/or provided to applicants.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

9. Affiliate has at minimum one person who has been trained by HFHI as a Competent Person.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

10. Affiliate has liability waivers signed annually by all volunteers and retains those waivers for at least one year beyond expiration of the statute of limitations.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

11. Deselection of approved applicants only occurs in the following cases: failure to complete requirements set forth in the letter of acceptance/Homeownership Agreement, negative change in financial condition which would significantly impact the ability to pay, fraud on the application, or violation of a sexual offender policy.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

12. Affiliates with revenues of more than \$250,000 per year or assets greater than \$500,000 have had financial statements audited by an external auditor within the past 12 months. Affiliate is exempt from audit only if both of the following are true:

☐ Annual revenue is below \$250,000

☐ Assets are below \$500,000

Please choose from the following options:

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - we understand that we are not adhering to the standard and there are no plans to change.

**Exempt** (displays + auto-selects only if both exemption conditions are selected)

13. Affiliate has officially adopted the registered Habitat for Humanity logo and, if applicable, Habitat ReStore identifier. (Affiliates with registered HFH logo but no Habitat ReStore should still select 'yes.')

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

14. Affiliate has and abides by Habitat ReStore and/or retail operation safety standards, including, but not limited to:

A) Safety Manual.

B) Emergency Action Plan (EAP)/retail location.

C) Fire Protection Plan (FPP)/retail location.

D) Hazardous Communications Plan/retail location.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

N/A - Not applicable \*N/A should be selected only by affiliates without Habitat ReStores or other retail operations

## Section 2: Other Essential Practices

15. Affiliate has:

☒ A) A dedicated publicly accessible office.

☒ B) A dedicated mailing address \_\_\_\_\_.

☒ C) A telephone number dedicated exclusively to affiliate with voice mail capacity, which shall remain the property of affiliate in the event of the individual account holder's departure \_\_\_\_\_.

☒ D) An email address exclusive to affiliate which shall remain the property of affiliate in the event of the individual account holder's departure \_\_\_\_\_.

☒ E) Ownership of at least one computer with internet access and software for word processing and spreadsheets.

☒ F) A website (or other social media platform) displaying the Habitat for Humanity vision and mission statements and a reference to Habitat for Humanity's non-proselytizing policy.

☒ G) Corporate by-laws limiting the terms for its board of directors which are enforced by affiliate.

Choose all that apply. Please provide the most accurate response for each unchecked selection.

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

Portions of the above section will be auto-populated. If any of the information is not correct or missing, please email the Affiliate Support Center at [USSupportCenter@habitat.org](mailto:USSupportCenter@habitat.org) to update your records

16. Affiliate abides by requirements for operating a Habitat ReStore or any other retail/resale operation.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

N/A - Not applicable \*N/A should be selected only by affiliates without Habitat ReStores or other retail operations

17. Affiliate tracks volunteer hours.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change



18. Affiliate board annually approves a written budget, which includes projected sources and amounts of income and anticipated expenses. Affiliate and its board review the actual income and expense statements at least quarterly and compares them to the budget.

☒ Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

19. Affiliate has and abides by a board-approved Anti-Money Laundering (AML) program, ensuring that the following provisions are met:

- ☐ A) Policies and procedures, which include internal controls, are developed and applied consistently.
- ☐ B) An AML compliance officer is appointed and aware of his or her responsibilities.
- ☐ C) Ongoing training is conducted with all applicable staff and volunteers.
- ☐ D) An independent audit tests the compliance and effectiveness of the AML program.
- ☐ E) Suspicious Activity Reporting is done properly.

☒ Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

*Still working on the revision*

20. Affiliate and its board review the performance of affiliate's mortgage loan portfolio using the delinquency definitions in the Affiliate Statistical Report, comparing the number of delinquencies and amount of arrearages with prior periods, at least quarterly.

☒ Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

*Starting in 11/20*

21. Affiliate has designed, implemented, and currently maintains safeguards to keep consumer information confidential and protect it from threats and hazards such as unauthorized access or use of such records.

☒ Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change



22. If the Fair Market Value (FMV must be established by an independent, third-party appraisal for each housing unit) of the affiliate's housing units are more than the sum of (i) the first mortgage, plus (ii) any cash down payment paid by the homebuyer, plus (iii) any third-party subordinate mortgages, then the affiliate must utilize deferred subordinate mortgages (commonly called a "soft" mortgage) to protect equity.

☒ Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

23. Affiliate sells the housing units it builds and/or rehabs by providing buyers with affiliate-originated mortgage financing at zero percent interest or via a third-party-originated affordable mortgage that is recognized as an authorized financing option or other HFHI-approved financing model.

☒ Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

24. Affiliate provides homeowner pre- and post-support services to all selected families through appointed volunteers, staff, HUD Certified Counselor or other professionals.

☒ Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

25. Affiliate complies with all applicable state and local building codes. Where there are no state/local codes, affiliate builds in compliance with the 2006 version of the International Residential Code (IRC).

☒ Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

26. Affiliate builds houses generally in accordance with the Habitat House Design Criteria.

☒ Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

Exempt – Local ordinances prevent affiliate from adhering to the Habitat House Design Criteria

27. Affiliate is not overly dependent on any single source of revenue, including Habitat ReStore, government funding, or single private donors. (As a guideline, affiliate generally has no single source of revenue on a continuing basis that exceeds 40 percent of the annual affiliate operating budget.)

☒ Yes

☐ No - Policy/procedure in this area is in progress or pending board resolution

☐ No - We understand we are not adhering to the standard and there are no plans to change

28. Affiliate adheres to U.S. Collaborative Development Handbook.

☒ Yes

☐ No - Policy/procedure in this area is in progress or pending board resolution

☐ No - We understand we are not adhering to the standard and there are no plans to change

29. Affiliate uses all contributions for the purpose expressed by the donor.

☒ Yes

☐ No - Policy/procedure in this area is in progress or pending board resolution

☐ No - We understand we are not adhering to the standard and there are no plans to change

30. Affiliate fundraising personnel, including employees, volunteers, and independent consultants, are not compensated on a percentage of the amount raised or any other commission formula.

☒ Yes

☐ No - Policy/procedure in this area is in progress or pending board resolution

☐ No - We understand we are not adhering to the standard and there are no plans to change

## **U.S. Affiliated Organization Covenant**

### **Preface**

Habitat for Humanity U.S. affiliated organizations work to create decent, affordable housing in partnership with those in need and to make shelter a matter of conscience with people everywhere. This Covenant outlines the relationship between Habitat for Humanity International and its affiliated organizations in the United States.

### **Mission Vision**

A world where everyone has a decent place to live.

### **Mission Statement**

Seeking to put God's love into action, Habitat for Humanity brings people together to build homes, communities and hope.

### **Mission Principles**

(1) **Demonstrate the love of Jesus Christ.** We undertake our work to demonstrate the love and teachings of Jesus, acting in all ways in accord with the belief that God's love and grace abound for all, and that we must be "hands and feet" of that love and grace in our world. We believe that, through faith, the minuscule can be multiplied to accomplish the magnificent, and that, in faith, respectful relationships can grow among all people.

(2) **Focus on shelter.** We have chosen, as our means of manifesting God's love, to create opportunities for all people to live in decent, durable shelter. We put faith into action by helping to build, renovate or preserve homes, and by partnering with others to accelerate and broaden access to affordable housing as a foundation for breaking the cycle of poverty.

(3) **Advocate for affordable housing.** In response to the prophet Micah's call to do justice, to love mercy and to walk humbly with God, we promote decent, affordable housing for all, and we support the global community's commitment to housing as a basic human right. We will advocate for just and fair housing policy to eliminate the constraints that contribute to poverty housing. And, in all of our work, we will seek to put shelter on hearts and minds in such powerful ways that poverty housing becomes socially, politically and religiously unacceptable.

(4) **Promote dignity and hope.** We believe that no one lives in dignity until everyone can live in dignity. We believe that every person has something to contribute and something to gain from creating communities in which all people have decent, affordable places to live. We believe that dignity and hope are best achieved through equitable, accountable partnerships.

(5) **Support sustainable and transformational development.** We view our work as successful when it transforms lives and promotes positive and lasting social, economic and spiritual change within a community; when it is based on mutual trust and fully shared accomplishment; and when it demonstrates responsible stewardship of all resources entrusted to us.

In addition, in recognition of and commitment to the global nature of the Habitat for Humanity mission, each U.S. affiliate is expected to contribute (tithe) at least 10 percent of its undesignated cash contributions to Habitat for Humanity's international work.

### **Agreement to Covenant**

In recognition of the Mission Principles stated in this Covenant, Habitat for Humanity International and \_\_ (Auto-populate affiliate name) \_\_ covenant as follows.

#### **Habitat for Humanity International Covenants:**

- To support the work of Habitat for Humanity affiliated organizations through program development, communication, learning opportunities, advocacy, and protecting and promoting the good name of Habitat for Humanity;
- To coordinate global fund-raising efforts;
- To create a global movement around the need for decent and affordable housing;
- To administer tithe funds contributed by affiliates in support of the efforts of Habitat for Humanity national organizations and affiliates.

\_\_ (Auto-populate affiliate name) \_\_ Covenants:

- To support the work of Habitat for Humanity affiliated organizations through program development, communication, learning opportunities, advocacy, and protecting and promoting the good name of Habitat for Humanity;
- To comply with the minimum operational standards contained in an annual certification process;
- To conduct its operations within its defined service area;
- To tithe for Habitat for Humanity's housing work outside the United States;
- To reject any support that is conditioned on deviating from the Mission Principles outlined earlier or other approved policies and practices;
- To conduct its operations in a manner that protects and promotes the good name of Habitat for Humanity and contributes to the growth of the Habitat for Humanity movement and is in the best interests of other affiliates and of Habitat for Humanity International including, but not limited to, actions that are specified in this covenant and in Habitat for Humanity policies.

This Covenant is valid upon approval by the affiliate board of directors and a designated representative of Habitat for Humanity International.

#### **Covenant Signatures**

Habitat for Humanity International:

By: Sue Henderson, Vice President, U.S. Operations

Date:

By: \_\_\_\_ (Auto-populate affiliate name) \_\_\_\_:

Date:

#### **Covenant Approval by Board of Directors**

I certify that the covenant between Habitat for Humanity International and (Auto-populate affiliate name) was approved by the board of directors at a meeting held on:

**Date:**

**Secretary of Board of Directors:**

Secretary Phone:

Secretary Email:

#### **Board President Information**

Board President Name:

Board President Phone:

Board President Email:

**Board Vice-President Information**

Board Vice-President Name:

Board Vice-President Phone:

Board Vice-President Email:

**Board Treasurer Information**

Board Treasurer Name:

Board Treasurer Phone:

Board Treasurer Email:

**Affiliate Contact Information**

Affiliate Contact Name:

Affiliate Contact Title:

Affiliate Contact Phone:

Affiliate Contact Email:

Affiliate Website:

**Board Approval and Certification**

The affiliate board of directors has reviewed the answers provided on this U.S. Affiliated Organization Covenant and Quality Assurance Checklist, certified them as correct, and approved this submission as an accurate declaration of the affiliate. We understand that failure to submit a timely and accurate Covenant and QAC may result in loss of good standing or other disciplinary action. Yes ☐ No ☐



## **Middlesex Habitat for Humanity-CT**

### **Initial SWOT Analysis**

#### **Potential Merger**

- Affiliate is seeking the infrastructure and support of a larger affiliate to enable them to serve more families in Middlesex County-CT. Affiliate builds on average one house every other year.

#### **Current staff**

- 10 employees-mostly part time-no existing benefit package.
- Ideal situation we would retain 50% of the current team and supplement operations with our existing team.

#### **Strengths/Opportunities**

- Opportunity for increased individual development (Sarah Bird-Executive Director)
- Solid construction and restore operations
- ReStore customer base is strong and has consistent revenue
- Dedicated volunteers with several working action teams
- Low expectations in terms of construction deliverables (a house every other year)
- Opportunity to serve more families, solidify Central Connecticut with Habitat mission
- Performing Habitat mortgages

#### **Weakness/Threats**

- Does not require sponsorship for build days-currently
- Affiliate is dependent on ReStore for operations
- We are entering the unknown in regards to covid19—not sure what to expect