

HARTFORD AREA HABITAT FOR HUMANITY

BOARD OF DIRECTORS MEETING

November 10, 2020, 5:30PM *Via Zoom*

- I. Welcome- 5:30-5:40PM**
- II. Audit/990- Board Vote (Mike DeRoy, Crystal Floyd) 5:40-6:00PM**
- III. Consent Agenda (Anne Hamilton-Secretary) 6:00-6:15PM**
 - a. Minutes
 - b. VHRMP- DocuSign sent via email
- IV. Operations Update 6:15-6:30PM**
- V. Habitat for Humanity International-Audit 6:30-7:00PM**
 - a. Development Plan
 - b. Risk Assessment-Will hire a consultant to conduct in Q1-2 of 2021
 - c. Succession Planning-
 - d. Strategic Plan-July 2021-June 2024
- VI. Executive Session 7:00-7:30**

AUDIT



**Hartford Area Habitat for Humanity,
Inc.**

Financial Statements

June 30, 2020

Whittlesey
Forward Advising™



Financial Statement Summary



Contents

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- Communication with Those Charged with Governance
- Form 990



Audit Plan and Execution



Objectives

- Conduct an independent audit of Hartford Area Habitat's financial statements in accordance with auditing standards generally accepted in the United States of America.
- Provide the Audit Committee independent assurance as to whether or not Hartford Area Habitat's financial statements as of and for the year ended June 30, 2020 are presented fairly, in all material respects, in accordance with U.S. Generally Accepted Accounting Principles.
- Ensure that the Audit Committee is kept appropriately informed of the Hartford Area Habitat's financial reporting matters and compliance with professional standards.



Auditors' Report



Independent Auditors' Report

- **Management's Responsibility for the Financial Statements**
- **Auditors' Responsibility**
- **Audit Opinion**

Statements of Financial Position

	2020	2019	\$
Assets			
Cash unrestricted and restricted	1,868,011	1,453,927	\$ 414,084
Mortgage notes receivable, net	6,399,022	6,686,313	\$ (287,291)
Inventory	996,455	1,005,654	(9,199)
Property plant and equipment, net	720,361	732,887	(12,526)
Investments in partnership	0	0	-
Other assets	136,021	310,762	(174,741)
Total assets	\$ 10,119,870	\$ 10,189,543	\$ (69,673)
Liabilities and Net Assets			
Debt, net	925,628	1,155,924	(230,296)
Refundable advance	263,032	0	263,032
Other liabilities	298,422	283,044	15,378
Total liabilities	1,487,082	1,438,968	48,114
Without donor restrictions	8,480,276	8,519,424	(39,148)
With donor restrictions	152,512	231,151	(78,639)
Total net assets	8,632,788	8,750,575	(117,787)
Total liabilities and net assets	10,119,870	10,189,543	(69,673)



Statements of Activities

	2020	2019	\$
Operating Revenues:			
Property transferred to homeowners	1,492,380	873,288	619,092
Contributions and grants	1,541,495	1,867,190	(325,695)
ReStore	888,906	1,013,016	(124,110)
Other revenue	760,963	580,942	180,021
Total operating revenues	4,683,744	4,334,436	349,308
Operating Expenses:			
Affordable housing program	3,602,837	2,901,515	701,322
ReStore	860,169	859,823	346
General and administration	116,564	141,965	(25,401)
Fundraising	221,961	355,794	(133,833)
Total operating expenses	4,801,531	4,259,097	542,434
Change in net assets from operations	(117,787)	75,339	(193,126)
Other Change in Net Assets			
NMTC benefit	-	723,000	(723,000)
Change in net assets	(117,787)	798,339	(916,126)
Net assets, beginning of year	8,750,575	7,952,236	798,339
Net assets, end of year	8,632,788	8,750,575	(117,787)



Significant Footnote Disclosures

- ▶ The footnotes are an integral part of the financial statements
- ▶ Adoption of ASU 2014-09, *Revenue from Contracts with Customers*, disclosed in Note 2
- ▶ Mortgage Notes Receivable disclosed in Note 6
- ▶ Long-Term Debt disclosed in Note 8
- ▶ Risk and Uncertainties related to COVID-19 in Note 14
- ▶ Refundable Advance related to Paycheck Protection Program (PPP) in Note 15



Emerging Accounting and Reporting Issues

- ▶ ASU 2016-02, *Leases* – effective for year ending June 30, 2022



Other Matters

- ▶ Communication with Those Charged with Governance
- ▶ Form 990 – Filing deadline is November 15th

HARTFORD AREA HABITAT FOR HUMANITY, INC.

Independent Auditors' Report

Financial Statements

June 30, 2020

Independent Auditors' Report

To the Board of Directors of
Hartford Area Habitat for Humanity, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Hartford Area Habitat for Humanity, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

HARTFORD AREA HABITAT FOR HUMANITY, INC.

Statements of Financial Position

June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,868,011	\$ 1,451,738
Restricted cash	-	2,189
Grants and other receivables	48,797	133,196
Current portion of mortgage notes receivable	751,123	750,546
Inventory	996,455	1,005,654
Prepaid expenses	22,594	29,873
Total current assets	3,686,980	3,373,196
Property and equipment:		
Land, building and improvements	516,265	479,365
Furniture, fixtures and equipment	1,161,395	1,102,091
Less: accumulated depreciation	(957,299)	(848,569)
Total property and equipment	720,361	732,887
Other assets:		
Mortgage notes receivable, net of mortgage discount	5,647,899	5,935,767
Other real estate owned	62,114	145,177
Deposits and escrows	2,516	2,516
Total other assets	5,712,529	6,083,460
Total assets	10,119,870	10,189,543
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long-term debt	105,480	150,469
Refundable Advance	263,032	-
Accounts payable and accrued expenses	250,743	258,049
Advance payments and down payments	47,679	24,995
Total current liabilities	666,934	433,513
Long-term debt, net of current portion and CHFA mortgage discount of \$51,940 and \$51,940, respectively	820,148	1,005,455
Total liabilities	1,487,082	1,438,968
Net assets:		
Without donor restrictions	8,480,276	8,519,424
With donor restrictions	152,512	231,151
Total net assets	8,632,788	8,750,575
Total liabilities and net assets	\$ 10,119,870	\$ 10,189,543

The accompanying notes are an integral part of the financial statements.

HARTFORD AREA HABITAT FOR HUMANITY, INC.

Statement of Activities

For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Property transferred to homeowners	\$ 873,288	\$ -	\$ 873,288
Contributions	1,300,445	486,495	1,786,940
Grants	80,250	-	80,250
Imputed interest on mortgage receivables	437,063	-	437,063
ReStore income	1,013,016	-	1,013,016
Other income	17,811	-	17,811
Interest income	3,525	-	3,525
Gain on sale of mortgages	122,387	-	122,387
Satisfaction of program restrictions	662,395	(662,395)	-
Total revenue and other support	<u>4,510,180</u>	<u>(175,900)</u>	<u>4,334,280</u>
Expenses:			
Program services			
Affordable housing program	2,901,515	-	2,901,515
ReStore	859,823	-	859,823
Total program services	<u>3,761,338</u>	<u>-</u>	<u>3,761,338</u>
Management and general	141,965	-	141,965
Fundraising	355,794	-	355,794
Total expenses	<u>4,259,097</u>	<u>-</u>	<u>4,259,097</u>
Other change in net assets:			
NMTC benefit	723,156	-	723,156
Change in net assets	974,239	(175,900)	798,339
Net assets - beginning of year	<u>7,545,185</u>	<u>407,051</u>	<u>7,952,236</u>
Net assets - end of year	<u>\$ 8,519,424</u>	<u>\$ 231,151</u>	<u>\$ 8,750,575</u>

The accompanying notes are an integral part of the financial statements.

HARTFORD AREA HABITAT FOR HUMANITY, INC.

Statements of Cash Flows

For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (117,787)	\$ 798,339
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	108,730	111,499
Amortization	-	73,565
NMTC benefit	-	(723,156)
Loss on impairment	68,106	39,175
CHFA mortgage discount	-	20,155
Changes in assets - (increase)/decrease:		
Inventory	(58,907)	(689,430)
Prepaid expenses	7,279	(11,509)
Grants and other receivables	84,399	319,897
Other real estate owned	83,063	97,479
Changes in liabilities - increase/(decrease):		
Accounts payable and accrued expenses	(7,306)	40,019
Advance payments and down payments	22,684	(14,683)
Refundable advance	263,032	-
Net change in cash from operating activities	453,293	61,350
Cash flows from investing activities:		
New loans originated	(1,484,352)	(292,470)
Loan payments	247,754	300,088
Proceeds from sale of recycled homes	492,973	196,949
Proceeds from sale of mortgages	838,508	-
Purchase of land, buildings and equipment	96,204	9,545
Deferred assets	-	24,676
Net change in cash from investing activities	191,087	238,788
Cash flows from financing activities:		
Proceeds from notes payable	233,479	15,140
Payments on notes payable	(463,775)	(199,791)
Net change in cash from financing activities	(230,296)	(184,651)
Change in cash and cash equivalents	414,084	115,487
Cash, cash equivalents and restricted cash - beginning of year	1,453,927	1,338,440
Cash, cash equivalents and restricted cash - end of year	\$ 1,868,011	\$ 1,453,927
Supplementary information:		
Interest paid	\$ 24,581	\$ 72,582
Noncash investing activity:		
Mortgage discount	\$ 890,995	\$ 415,230
Imputed interest on mortgage receivables	(399,723)	(437,063)
Total noncash investing activity	\$ 491,272	\$ (21,833)

The accompanying notes are an integral part of the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents - Cash and cash equivalents include cash and all highly liquid instruments with an original maturity of three months or less. HAHFH maintains its cash in bank accounts which, at times, may exceed federally insured limits. HAHFH has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Receivables - Grant and other receivables arising from regular operations are stated net of an allowance for doubtful accounts. Allowances are set based on assessments by management as to the collectability of individual accounts. There was no allowance for doubtful account for the years ended June 30, 2020 and 2019.

Mortgages Receivable - Mortgages receivable consist of non-interest bearing loans which are secured by the real estate and payable in monthly installments over the life of the mortgage.

Inventory - Inventory on properties constructed for sale is valued using specific identification.

Property and Equipment - All acquisitions or donations of property and equipment are recorded at cost or their fair market value at the date of the gift. Depreciation is provided for over the estimated useful lives of the assets on a straight-line basis. The respective estimated useful lives are five to thirty-nine years. HAHFH follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000.

Other Real Estate Owned - Other real estate owned is carried at the lower of fair value or acquisition cost.

Contributions - Contributions, including unconditional promises to give, are recognized as revenue in the period received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give that are due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Donated Materials and Services - Donated property, including building materials, is recorded as a contribution at a discounted retail value when received. HAHFH receives donated services from a variety of unpaid volunteers who assist in building the houses. No amounts have been recognized in the accompanying statements of activities for these services because the criteria for recognition of such volunteer efforts under the Not-for-Profit Entities topic of the FASB Accounting Standards Codification (FASB ASC 958) have not been satisfied.

Functional Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited. The financial statements report certain categories of expenses that are attributable to one or more supporting functions of the Organization. Personnel costs, including fringe benefits, have been allocated among the programs and supporting services benefited based on time and effort. All other expenses have been allocated by costs of specific functions served.

HAHFH reports gifts of buildings and equipment as unrestricted support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent explicit donor stipulations about how long those donated assets must be maintained, HAHFH reports expirations of donor restrictions when the donated or acquired assets are placed in service. HAHFH reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

NOTE 3 - INVENTORY

The residential units in inventory consist of the following as of June 30,:

	2020	2019
Construction in progress and completed units that are unoccupied	\$ 747,262	\$ 767,851
Land	185,342	210,075
ReStore purchased inventory	63,851	27,728
Total inventory	<u>\$ 996,455</u>	<u>\$ 1,005,654</u>

NOTE 4 - OTHER REAL ESTATE OWNED

Other real estate owned is comprised of foreclosed and first right of refusal ("FROF") homes. Properties are foreclosed upon after the homeowner has become seriously delinquent in their loan payments and all attempts to work with the homeowner have failed. For the FROF homes, HAHFH maintains a FROF to repurchase any Habitat home that is proposed to be sold by a Habitat homeowner during the term of the mortgage. Other real estate owned totaled \$62,114 and \$145,177 for the years ended June 30, 2020 and 2019, respectively.

NOTE 5 - LIQUIDITY

HAHFH's financial assets available to meet general expenditures within one year of June 30, 2020 are as follows:

	2020	2019
Financial assets		
Cash and cash equivalents	\$ 1,868,011	\$ 1,451,738
Grants and other receivables	48,797	133,196
Mortgage notes receivable, current portion	751,123	750,546
	<u>2,667,931</u>	<u>2,335,480</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>152,512</u>	<u>231,151</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,515,419</u>	<u>\$ 2,104,329</u>

HAHFH manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability;
- Maintaining adequate liquid assets; and
- Maintaining sufficient reserves to provide reasonable assurance that long term commitments and obligations will continue to be met, ensuring the sustainability of HAHFH.

NOTE 8 - LONG-TERM DEBT

During May 2020, HAHFH received approval for a U.S. Small Business Administration ("SBA") COVID-19 Economic Injury Disaster Loan ("EIDL") of \$150,000 and EIDL Emergency Advance of \$10,000. Repayment terms are 30 years at an interest rate of 2.75%. Payments are deferred for one year. Organizations who receive an EIDL Emergency Advance in addition to a Paycheck Protection Program ("PPP") loan will have the amount of EIDL Emergency Advance subtracted from the loan forgiveness of their PPP loan.

Long-term debt consists of the following as of June 30,:

	Maturity Date	Interest Rate	Outstanding Balance	
			2020	2019
Habitat for Humanity International				
SHOP/HUD Notes	12/31/2019	0.000%	\$ -	\$ 4,224
	6/30/2020	0.000%	1,120	4,396
	12/31/2020	0.000%	944	1,880
	12/31/2020	0.000%	1,046	2,054
	12/31/2020	0.000%	708	1,410
	12/31/2020	0.000%	1,652	3,290
	12/31/2020	0.000%	200	380
	6/30/2021	0.000%	1,121	1,787
	6/30/2021	0.000%	1,121	1,787
	6/30/2021	0.000%	1,121	1,787
	12/31/2021	0.000%	1,644	2,346
	12/31/2021	0.000%	3,129	4,461
	12/31/2021	0.000%	9,316	13,294
	12/31/2022	0.000%	10,145	12,908
	6/30/2023	0.000%	21,336	26,250
	6/30/2024	0.000%	7,333	7,333
	6/30/2024	0.000%	3,667	3,667
	6/30/2024	0.000%	7,333	7,333
	6/30/2025	0.000%	6,625	6,625
	6/30/2025	0.000%	8,514	8,515
			\$ 88,075	\$ 115,727
Windsor Federal Savings	6/1/2019	4.080%	\$ -	\$ -
	1/1/2023	4.000%	12,478	16,689
	8/1/2024	4.000%	14,369	17,228
	2/1/2025	2.875%	-	316,089
	2/1/2031	4.000%	40,673	48,211
	4/1/2031	4.000%	90,136	96,158
	12/1/2031	4.000%	44,579	48,073
	4/1/2032	4.000%	106,249	112,505
	7/1/2032	4.000%	111,173	117,780
			\$ 419,657	\$ 772,733
Key Bank	4/24/2027	6.000%	\$ 41,680	\$ 96,846

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were subject to the following purpose restrictions as June 30,:

	2020	2019
Housing construction	\$ 171,554	\$ 213,254
Education	17,897	17,897
Total net assets with donor restrictions	<u>\$ 189,451</u>	<u>\$ 231,151</u>

Net assets with donor restrictions of \$249,117 and \$662,395 were released for housing construction during the years ended June 30, 2020 and 2019, respectively.

NOTE 10 - PENSION PLAN

HAHFH provides a 401(k) plan for its employees. Eligible participants can elect to contribute salary deferrals up to the IRS maximum. HAHFH will match 100% of the employee's contribution up to 4% of the employee's compensation at the plan year end. For the years ended June 30, 2020 and 2019, HAHFH's contributions totaled \$31,057 and \$25,607, respectively.

NOTE 11 - LEASES

HAHFH leases buildings under various operating lease agreements expiring in various years through September, 2024. Rent expense for the years ended June 30, 2020 and 2019 totaled \$107,194 and \$109,952, respectively. Minimum future rental payments under operating leases having remaining terms in excess of one year are as follows:

For the years ending June 30,:

2021	\$ 74,186
2022	75,250
2023	76,209
2024	46,691
2025	11,000

NOTE 12 - COMMITMENTS AND CONTINGENCIES

HAHFH is from time to time subject to legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position of HAHFH.

NOTE 13 - LOSS ON IMPAIRMENT

HAHFH determined that certain other real estate owned have been impaired. Therefore, HAHFH was required to make a fair value determination. This fair value determination was based on previous sales by HAHFH of homes in the area. HAHFH recorded an impairment adjustment of \$68,106 and \$39,175 during the years ended June 30, 2020 and 2019, respectively, which is reflected in the statements of activities.

CONSENT AGENDA

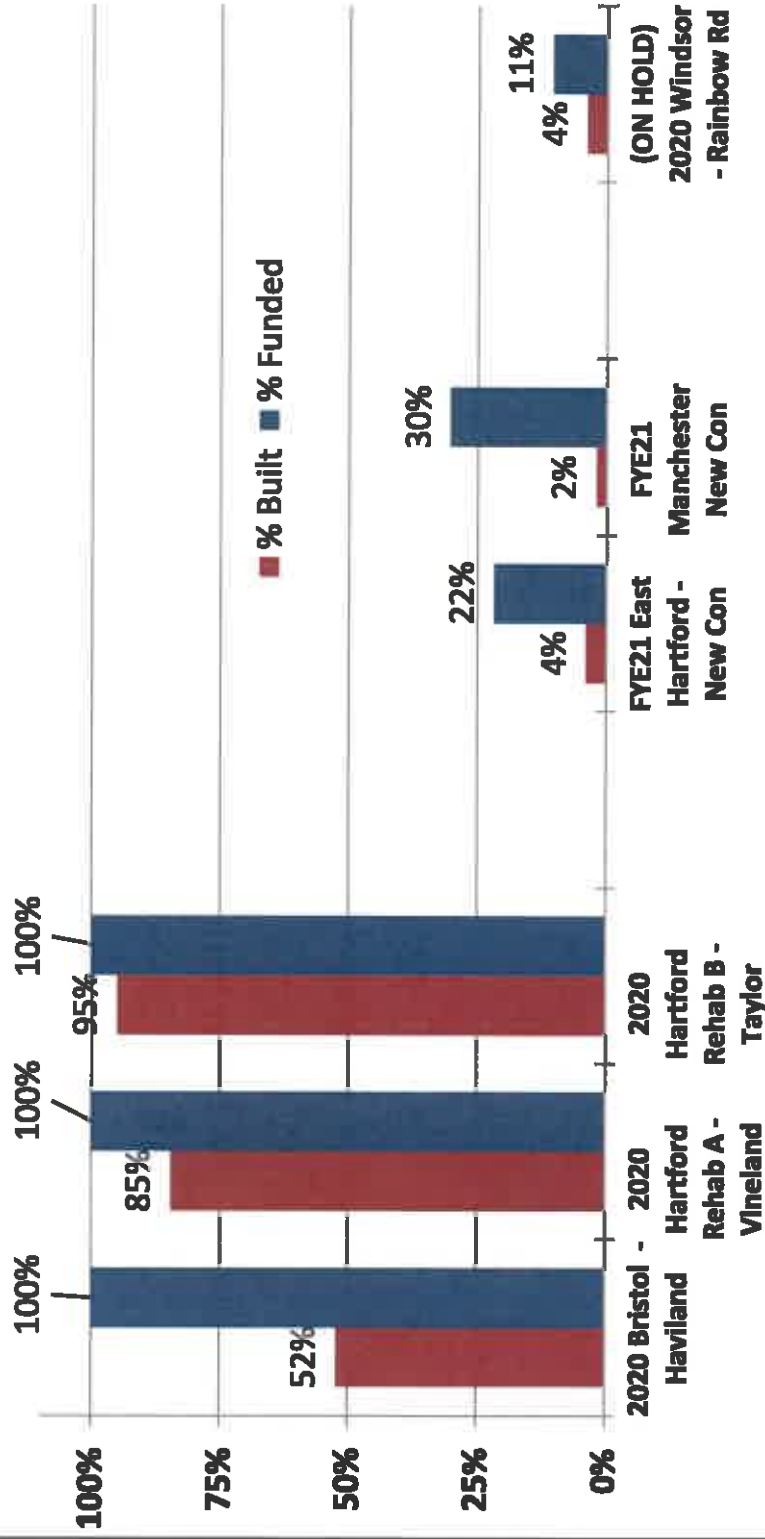
Account Purpose	Operating Accounts	09/30/20
Current revenue, expenses and payroll	Checking - Windsor Federal & Sweep Acct.	409,365
Bank of America	Savings	250,500
Collection of Mortgage payments	Checking - United Bank	602,096
Shop Loan- Immediate EFT to WFS upon receipt	Windsor Federal HUD/SHOP-0429	300
Current revenue, expenses and payroll	ReStore Operating Cash	567,396
	1,829,657 Total Cash	
	3 months Construction Hard Costs Budget	(114,125)
	3 months General Operations Budget	(450,625)
	1,264,907 Additional Cash Reserve	

Additional Cash Reserve

August 31, 2020	1,272,536
July 31, 2020	1,217,172
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

HARTFORD HABITAT FOR HUMANITY - BOARD OF DIRECTORS DASHBOARD

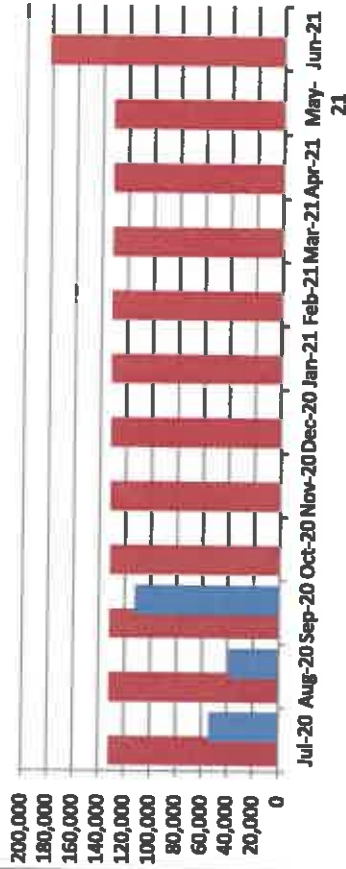
HABITAT HOMES: WORK-IN-PROGRESS BUILT AND FUNDED STATUS



	2 New Con - Bristol - Single Family Units	Hartford Rehab A - Single Family Unit (Vineland)	Hartford Rehab B - Single Family Unit (Taylor)	FYE21 East Hartford - New Construction (Forbes & South St)	FYE21 Manchester - 2 New Construction	(TBD) New Con - Single Family Units Rainbow Rd - Windsor
Primary Sponsor	Arthur G. Russell, SHOP, WB20, K&E, Barnes	Travelers, GOLF20	Travelers	WB21, PBD21, YOUTH21, BOA	GOLF21, BAT21, CBD21, NAA21	Pledged: TLD, Stanadyne
Amount Funded	\$380,000	\$213,956	\$110,000	\$91,810	\$115,222	\$85,057

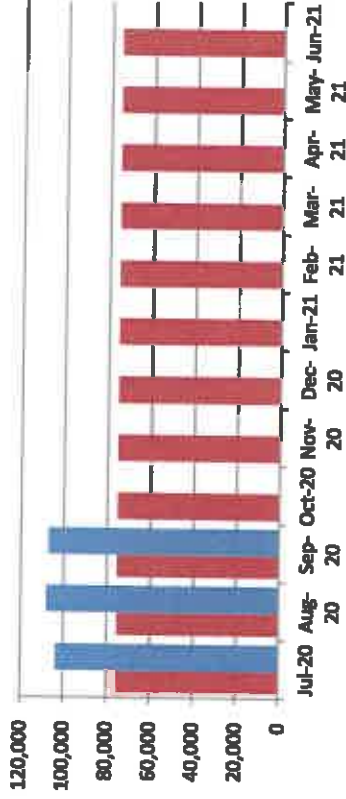
REVENUES AND EXPENDITURES

Development & Grant Revenue



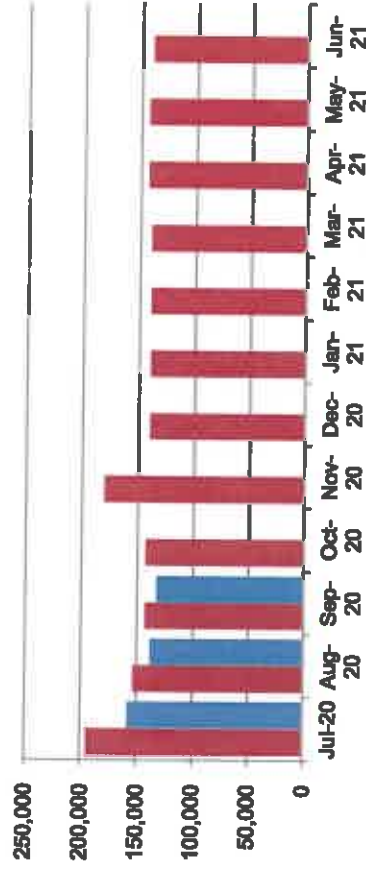
■ Development & Grant Revenue - Budget ■ Development & Grant Revenue - Actual

ReStore Revenue



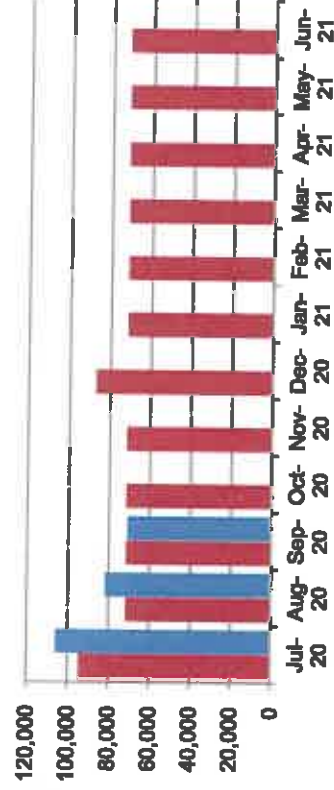
■ ReStore Revenue- Budget ■ ReStore Revenue- Actual

Operating Expenditures (and ReStore)



■ Operating Exp - Budget ■ Operating Exp - Actual

ReStore Expenditures



■ ReStore Exp - Budget ■ ReStore Exp - Actual

Finance Committee Report

Accrual Basis

Key Indicators for the fiscal Period 7/1/20 to 6/30/21

	YTD Actual	YTD Budget	YTD Variance	Total Budget
Development Income	205,858	396,250	(190,392)	1,585,000
Grant Income	0	0	0	50,000
ReStore Income	319,065	228,540	92,525	906,160
CIP Expenditures	186,909	114,125	(72,784)	458,500
Operating Expenses	429,552	491,004	61,452	1,802,323
ReStore Operating Expenses	258,761	238,208	(20,553)	900,000
Mortgage Sales \$	327,458	378,000	(50,542)	756,000
New Homes Closed	0	0	0	2
ReHab Homes Closed	0	0	0	3
Recycle Homes Closed	0	0	0	2
Mortgage Sales #	3	3	0	6

Foreclosed/Taken Back	0	0	0	3
Rehabs Purchased/ Donated	0	0	0	1
Lots Purchased/ Acquired	0	0	0	3

Minutes for Finance Committee October 20, 2020 8:00am

Attendees: Mark Vasington, Crystal Floyd, Anne Hamilton, Ellen Below, Don Bates, Karraine Moody, Mike DeRoy, Ed Sullivan (Whittlesey Advising Audit Partner), Bryan Jambard (Whittlesey Advising Audit Manager)

FYE 6-30-20 Audit Review:

Ed Sullivan and Bryan Jambard presented the Audit draft.

Overall results were similar to the prior year with more Revenue in Sale of Homes, but lower Restore Sales due to Covid shutdown.

Habitat received two Covid related SBA loans:

- 1. Economic Injury Disaster Loan (EIDL) of \$150,000 which will be paid back over 30 years beginning in May 2021 at 2.75%. Some of this loan was used to payoff Assigned Mortgage Debt at rates of 4% to 6%. The EIDL included a \$10,000 cash advance.**
- 2. SBA Paycheck Protection Loan of \$263,032 for which the Forgiveness application was submitted in October 2020. Though it is anticipated that \$253,032 of loan will be forgiven (The \$10,000 EIDL advance is the reduction), Whittlesey is recommending their clients report the loan proceeds as a loan at the end of the fiscal year, and record as Revenue in the 2021 fiscal year. The forgiveness details will be addressed in the financial statement footnotes.**

It is expected that the Whittlesey partner review process will be completed, and issuance of the financial statements will be on or before November 2nd for a Finance Committee vote by email. The financial statements would be part of the November 10th Board package for vote and approval.

Habitat Current Financial Update:

Reserve Cash of \$1,264,000 at 9-30-20 remains historically strong.

Though donation revenue is lower, cash has been lifted by this fiscal year's sales of mortgages for loans closed late in 6-30-20 fiscal year, and greater than

[illegible]

**MEETING OF THE BOARD OF DIRECTORS
HARTFORD AREA HABITAT FOR HUMANITY**

SEPTEMBER 1, 2020

BY ZOOM

PRESENT: AUGUSTIN, BATES, BELOW, BROWN, CARABASE, CHEEK, DAIGLE, DWIVEDIE, FLOYD, GUIDRY, HAMILTON, HERNANDEZ, VASINGTON.

STAFF: MOODY

The meeting began at 5:40 with a few remarks by Mark. Sometimes when things are darkest is when we learn the most. The next year will be exciting and there is a lot we can get done.

1. MOTION TO ACCEPT CONSENT AGENDA made by BILLIE AND seconded by MARK.

CORRECTION ON DON'S LAST NAME ON FINANCE COMM MINUTES. June 16; change "D" to "." The motion carries.

- 2. Mike gave an update on the financial situation : We have slightly over \$1.1 million in available assets.**
- 3. Audit: will begin remotely the week of the 13th; we have submitted the list of items they have requested. The details will be given to the board before the Federal 990 tax form is filed. We may need to request an extension to file.**
- 4. Operations update on the construction schedule: Hartford: we hope to close on the last houses on Main Street in Dec. 2020; In Bristol, the two homes are expected to be completed by June 2021. (As soon as the roof and siding are done in Bristol, we will shift to Hartford to finish by the end of December.) Eight new units are scheduled to start in 2021 : East Hartford (2), Manchester, (2) Windsor (4) but we will only begin construction if we have half the money on hand; this means that \$1.6 million is needed in total. Karraine has resigned from the Hartford Land Bank in order to avoid a conflict of interest because we are interested in buying rehabs through them. She was hoping to acquire more rehabs at a low price, but the market is rallying and is very competitive, and we haven't been able to acquire any through our regular contacts. The board is financing one house in Windsor and we need to focus on that. We want to find homeowners who can afford the houses, which are expected to sell for up to \$200,000. We are also recruiting more AmeriCorps volunteers (4) so we will keep building this winter. Gov. Lamont considers construction essential, so that will help us. If we commit to do this schedule, is there a downside if we have to back away? If we are transparent with our donors, they will understand, and Karraine will continue to be in touch with stakeholders. Land: the value is not included in the \$200,000 per house in Windsor, where the sale price is expected to be \$192,000, which includes engineering work and environmental cost. Eversource does the groundwork and land prep and will work with us to schedule a closing for us to purchase the property when we would like it, probably in the early part of 2021. The appraised value of the Windsor houses will probably be over \$220,000, but we will probably sell the houses for \$180,000-\$190,000 and hold a silent second mortgage for the difference. If we raise 50%, of the cost, we can break ground. We will have line of credit at Windsor Federal Savings and Loan as a security blanket; Liberty Bank: we will get Manchester and East Hartford mortgage money back when we close on those houses as Liberty is the entity**

generation of leaders. We need to have the strategic plan match the financial situation. Karraine will see if the Hartford Foundation will provide help and money to help us accomplish this.

13. A motion was made by Ben to endorse the responses to the quality assurance check list.

Ellen seconded the motion. The motion was approved unanimously.

14. Karraine reported on a meeting she had with the director of the Middlesex affiliate, and provided the board with a list of positive and negative aspects to a merger. There used to be 12 affiliates in Connecticut; there are now eight, and there has been consistent conversation with other affiliates about mergers. Middlesex Habitat wants to grow and expand, but they realize they can't do it alone. Waterbury Habitat will close at the end of this year. This would be a reachable merger on terms of the expectations the Middlesex area has. It depends a lot on their employees at their ReStore; the profits from ReStore allow them to build a house every other year. They have less than \$50,000 in unrestricted funds; they have strong Habitat mortgages, a popular ReStore, and a strong volunteer base (1,500 volunteers compared to our total of 4,500 to 5,000 volunteers). We don't know yet what the market in Middlesex County will look like. There has been no requirement that volunteers have sponsorship, so we would have to introduce this model. The key members of the Middlesex board are looking forward to a conversation with our board. This could be an opportunity to expand our mission: we have the leadership and the experience to expand our knowledge and influence. It's also a responsibility to maintain and expand the work, the energy and the mission of Habitat, and could also give us an opportunity to expand our partnerships with new corporations. The next step is a conversation between both boards. We need to contact Habitat International for the assistance of a consultant, and exchange information. The process is the same as the one we have been going through with Tolland. It's a six-to-eight-month process. We would be doing this at the same time we would be revising the Strategic Plan. The Middlesex people are all in favor of a merger; the next step is up to us.
15. A motion was made by Ben and seconded by Anne to go into Executive Session at 7:43 pm.

Executive session ended at 7:57, and Mark announced the unanimous decision to give Karraine a bonus of \$10,000 for the fiscal year ending June 30, 2020.

The meeting was adjourned at 8 pm.

Respectfully submitted,

Anne M. Hamilton

Secretary

The meeting adjourned at

Hartford Area Habitat for Humanity
Minutes of the Executive Committee

September 15, 2020

8:45 AM

Present: Mark, Billie, Crystal, Anne

Staff: Karraine

1. Tolland County: Potential partnership; Karraine is planning a virtual meet and greet with the influential stakeholders in the key towns. The purpose is to introduce ourselves and tell them who we are. The date has not yet been chosen, but Karraine is thinking of late October. The format could be: social hour, business meeting, then discussion, run by a moderator who could keep the conversation going. It is important to do this before we open our office in the church and let the mayor and other town officials know what we are interested in doing. Karraine will draft possible outline of the event.
2. Middlesex County Habitat: They will let us know when they are free for a conversation. Their board president, treasurer and ED will meet with Mark, Karraine, Crystal and whoever is interested. We need to figure out what we need to know about that organization in order to decide whether we want to bring them in, and specifically what the potential risk areas are. Karraine suggested that the meeting should not include staff. In the final analysis, it is a board decision whether we should merge with Middlesex. Sarah will propose some dates after her board meets this week. We might send our board members a questionnaire asking which questions they would like to ask: what are the potential liabilities? What are we walking into? We need to minimize our exposure and be as well informed as possible. We need to investigate their partners and funders and find out what their current relationship is with Middlesex Habitat. What is their reputation? In the community? Will the community support a new entity based in Hartford? Who are the key stakeholders, and will they be on board? There is a different funding style in Middlesex: volunteers can build without donations, compared to our pay-to-play method. We could make our first build a house for a veteran, which would garner community support. It would make sense to meet with leaders of other non-profits and community foundations in the area as a way to introduce ourselves.
3. Do we need a truck? Mark knows a potential donor who might be able to donate. Karraine will draw up a proposal.
4. Next EC meeting will be October 20 –
5. Board Build October 17: we have only two people signed up; Anne to send names to Mark, Billie, and Crystal to call the others to encourage them to attend. It is part of our commitment as board members to support the organization by attending at least one board build a year.

The meeting adjourned at 9:30 a.m.

Respectfully submitted,

Anne M. Hamilton

OPERATIONS UPDATE

2021 WORKING GROUPS

Development	donald.k.bates@bofa.com	
Development	adwivedi83@yahoo.com	
Development	sharonmcheeks@gmail.com	
Development	abildade@gmail.com	Chair/ Vice President
Development	Emily Rivera	
Succession Planning	guidryemba@hotmail.com	Chair of the Task Force
Succession Planning	ebrown@kbebuilding.com	
Succession Planning	ahamilton105@gmail.com	Secretary
Succession Planning	bdctus@gmail.com	
Succession Planning	mvasington@firstam.com	President
Strategic Plan	david.symonette@uhc.com	
Strategic Plan	steven.hernandez@cga.ct.gov	Chair of Committee
Strategic Plan	ellen.below@talcottresolution.com	
Strategic Plan	cfloyd@fairviewcapital.com	Treasurer
Strategic Plan	Jesse Carabase	