

HABITAT FOR HUMANITY NORTH CENTRAL CT

Board Meeting via Zoom

May 3, 2022

Fiscal 2023 HfH Budget Questions/Comments

Board 1 Build schedule

- Should the 2 TBD recycles included on the Home Sales 2023 tab be included on this page? **We have removed the 2TBD recycles from the Home Sales 23 tab but kept the expenses in the spreadsheet for budget planning.**

Board 2 Book P&L

- Cell B8 – Home Sales - Comment does not tie to Board 1 Build Schedule tab, which includes 4 new homes, 1 rehab, 3 specific recycles plus an additional 2 TBD recycles. **Updated the comment to reflect everything except the 2 additional TBD recycles.**
- Cell B12 – Est. Mtge. Discounting on Current Year Sales - Why is 60% used as the assumption for mortgage discounting in 2023? 2022 was 55% How is this achieved? I.e., what action drives this amount? **Every year HFHI issues the discount rate for mortgages. This formula is generated by HFHI. It may be adjusted in late June/early July.**
 -
- Cell B13 – Est. Imputed Interest on All Mortgages Held - Is this \$400k amount provided by the accountants? What does it represent?
 - Should it vary with the home sales/mortgage amounts? **This is generated by Whittesley Advising. I will be sure to follow with a full explanation and share with the finance committee. They typically finalize during the audit based on number of units sold and overall cost.**
- Cell B18 – Development – Is there any contingency plan for HTCC as it's ~\$500k of the \$1.7M development revenue total (if memory serves correctly). Is there any action that can be taken that can make the HTCC grant more likely? I reached out to HTCC regarding Eversource's participation for FY23. **I was told to apply as in prior years. If Eversource opts to not participate we will be notified. The State is looking for another entity that will need to utilize the credit to reduce tax responsibility.**
 - FYI – While reviewing the budget, I noticed that the Strategic Plan document includes Total Revenue as Development Revenue
 - Fiscal 2022 budgeted total revenue was \$2.025, which is included as Development Revenue in the Strategic Plan document. That amount includes development revenue, grant income, ReStore income, and other income. **Development income is equal to grants, donors, events and other events driven by the development team. Total Revenue is ReStore net profit, development revenue, other operational incomes such as mortgage payments, rebates, other. We will be sure to clarify the difference going forward.**
- Cell B30 – Gain on Sale of Mortgages - Please explain more about the assumption for 8 mortgage sales (from J17) assumed to be \$180k each
 - In previous years, mortgage sale estimate would be based on the value of specific properties completed within the year. The houses on the Home Sales tab have greater value than \$180k **Thank you for catching this. The tab was updated to reflect what we estimate will be actual mortgage sales in FY23. 5 units =Rainbow Road, Tryon Farms. My hope is to sale these mortgages to CHFA @.70 or PeoplesBank @.80. Cell updated to reflect updates.**

Cash flow

- Cell B11 – Mortgage Receipts from Homeowners - How is the mortgage receipts amount of \$600k determined? **On average monthly receipts from mortgage payments are 50K X12- 600K.**

- Cell B17 – Mortgage Sales to CHFA - Comment and P&L page say 80% (which I believe is consistent with past experience) but the cell uses 70% for the formula. If 80%, amount would be \$921k vs. \$806k **My hope is to sale these mortgages to CHFA @.70 or PeoplesBank @.80. Once we get confirmation, we can update the budget accordingly**

Home Sales 2023

- Is there any additional context/info about the 2 \$150k recycles? How will these be identified/have they been identified? How were the amounts estimated? **These are not identified and we do not have any prospects of receiving any properties through foreclosure in this upcoming FY; however, we have earmarked the expenses in the past to budget for expenses.**
- Why does the cost of \$343.4k for 315 Capitol include both the 6/30/22 and the 6/30/23 info from the Construction Expenditures worksheet while all other properties include only the 6/30/23 Construction info?
 - If the amount were only the fiscal 2023 cost, would it increase the gain on home sales by the 2022 amount of \$183.4k? Rollover multiple years. **Purchased in FY21. Renovations began in FY22 and will complete in FY 23. This is the true cost of purchase, renovate and resell.**

5 Dept. Expenses/Total Payroll and Benefits

- Observation – Operating expenses are increasing 22% in 2023 to \$2.1M
 - Previously, operating expenses would be approximate to the development budget. (In fiscal 2022 budget – expenses were ~\$1.8M, development revenue was ~\$1.74M; in 2023, expenses are \$2.1M, development revenue remains \$1.74M
 - Do we expect this increase in operating expenses, which will continue in future years, will be covered in the future by development or other revenue growth? **To be discussed during the call. Actual total revenue income is 2.5M**
- Where were Volunteer expenses included in previous budgets? Or is this a new type of expense? **Previously in construction, finance/administration.**
- Will any additional ReStore staff be needed in 2023? 4 new positions were assumed in the Strategic Plan. **To be determined. We added one employee and waiting to see if a second employee is warranted.**
- Karraine's salary is being evaluated and will increase. The \$123,600 is understated. **Please advise on what dollar amount should be entered.**
- On the Payroll and Benefits exhibit, insurance information varies significantly by person. Is insurance offered for all employees. If so, should insurance estimates be included for the new positions? **Updated to reflect all possible outcomes for new employees**
- Can all new employees participate in 401k matching? If so, should 401k contributions be assumed for the new positions? **After 90 days they can participate, match begins after one year of employment.**
- Please provide information about the COO hire. **To be discussed.**

BUILD SCHEDULE

	Budget FYE 6/30/2023	Projected FYE 6/30/2022	Budget FYE 6/30/2022
Current Year Construction Hard Costs	\$1,849,200	\$1,456,730	\$1,134,000

SOLD:

NEW HOMES SOLD

1 Windsor Rainbow Rd	1 Chester	1 Chester
2 Windsor Rainbow Rd	2 Forbes	2 Forbes
3 Windsor Rainbow Rd	3 132 Cleveland	3 132 Cleveland
4 Windsor Rainbow Rd		

REHABS SOLD

315 Capitol	1 62 Vineland	1 62 Vineland
	2 57 Risley	

RECYCLES SOLD

1 69 Enfield	1 170 South Marshall	1 9 Moore	sold in FYE 6/30/2021
2 152 Enfield	2 54 Risley	2 54 Risley	
3 Tryon Farms Rd, Glastonbury	3 259 West Granby		

OWNED:

NEW HOMES IN PROGRESS

1 Hartford Clark	1 Windsor Rainbow Rd	1 Windsor Rainbow Rd
2 Hartford Barbour (Unit 1)	2 Windsor Rainbow Rd	2 Windsor Rainbow Rd
3 Hartford Barbour (Unit 2)	3 Windsor Rainbow Rd	3 Windsor Rainbow Rd
4 Hartford Nelson	4 Windsor Rainbow Rd	4 Windsor Rainbow Rd
5 Hartford Capen	5 Hartford Clark	5 21 South St Manchester
6 Hartford Westland	6 Hartford Barbour (Unit 1)	6 27 South St Manchester
	7 Hartford Barbour (Unit 2)	
	8 Hartford Nelson	
	9 Hartford Capen	
	10 Hartford Westland	

REHABS IN PROGRESS

Capitol Ave	None
-------------	------

RECYCLES IN PROGRESS

1	1 69 Enfield
2	2 152 Enfield

BOOK PROFIT & LOSS

4 New Homes
1 Renos
3 Recycles

HOME SALES & MORTGAGES

Home Sales
Cost of Homes Sold
Cost of Land
Gain/Loss on Home Sales
Est. Mtge. Discounting on Current Year Sales
Est. Imputed Interest on All Mortgages Held
Loss on Home Sales and Mortgages

	BUDGET FYE 6/30/2023	PROJECTED FYE 6/30/2022	BUDGET FYE 6/30/2022
Home Sales	1,905,000	1,585,400	940,000
Cost of Homes Sold	-1,401,200	-1,285,400	-818,000
Cost of Land	-203,000	-132,500	-40,000
Gain/Loss on Home Sales	300,800	167,500	82,000
Est. Mtge. Discounting on Current Year Sales	-963,000	-871,970	-517,000
Est. Imputed Interest on All Mortgages Held	380,000	380,000	400,000
Loss on Home Sales and Mortgages	-282,200	-324,470	-35,000

60 of NEW Mortgage because of no-interest 30 year term and risk

Lead Inclusion Taxon Error

Accounting recognition of a portion of mortgage collections as interest income

MORTGAGE SALES 2023	
1	260,000
2	260,000
3	260,000
4	260,000
5	260,000
6	200,000
7	200,000
	1,700,000
	x.70
	1,190,000

DEVELOPMENT & OPERATIONS

Development
Public Grant Revenue
Department Expenses
Development & Operations Net Income

Development	1,740,000	1,740,000	1,740,000
Public Grant Revenue	750,000	75,000	75,000
Department Expenses	-2,153,132	-1,724,430	-1,828,808
Development & Operations Net Income	336,868	90,570	-13,808

RESTORE

Restore Revenue
Restore Expenses
Restore Net Income

Restore Revenue	1,480,000	1,195,581	1,200,000
Restore Expenses	-1,268,738	-1,154,145	-989,041
Restore Net Income	211,262	41,436	210,959

Income / - Loss from Operations

Income / - Loss from Operations	265,930	-192,464	162,151
---------------------------------	---------	----------	---------

Gain on Sale of Mortgages

Gain on Sale of Mortgages	297,500	241,300	149,100
---------------------------	---------	---------	---------

Mortgages sold at 70% of face value

NET BOOK INCOME \ -LOSS

NET BOOK INCOME \ -LOSS	563,430	48,836	311,251
-------------------------	---------	--------	---------

CASH FLOW

	BUDGET FYE 6/30/2023	PROJECTED FYE 6/30/2022	BUDGET FYE 6/30/2022	
Development & Operations Net Income	336,868	90,570	-13,808	
ReStore Net Income	211,262	41,436	210,959	
Non- Home & Mortgage Revenue	548,130	132,006	197,151	-65,145
Current Year Construction Hard Costs	-1,849,200	-1,456,730	-1,134,000	-322,730
Land & Rehab Acq. Cost & Other Capital Costs	-180,000	-411,000	-229,000	-182,000
Mortgage Receipts from Homeowners	600,000	710,000	480,000	230,000
Loan Principal Payments	-90,000	-110,000	-120,000	10,000
Non-Cash Book Expenses (Depreciation)	118,774	115,107	109,212	5,895
	-1,400,426	-1,152,623	-893,788	
Cash Flow from Operations	-852,296	-1,020,617	-696,637	-323,980
Mortgage Sales to CHFA/Other	1,190,000	724,700	521,850	-323,980
Fiscal Year Cash Flow	337,704	-295,917	-174,787	202,850
Cash Beginning of Year	1,154,521	1,450,438	1,216,139	
Projected End of Fiscal Year Cash Balance	1,492,224	1,154,521	1,041,352	

Donation Revenue less all expenses except Hard Construction Costs

Cost to finish homes started in the previous fiscal year, and costs to start new homes/rehabs

Previous to CHFA & WFS mortgage sales, mortgages were assigned

sold at 70 or 80% of face value. Entered conservative 70%

January 31, 2022 Actual Cash Balance

1,803,204

Applicant Financial Worksheet
Financial Screening Team

2022

Applicant #1: Cheryl Soares
Applicant #2:
Phone #s:
Email add.:

Financially Qualified? Yes
If Not, Why Not??

No. of Adults: 3 **No. of Bedrms:** 4
No. of Children: 1

Current Rent: \$ -
Rent as % of Income: 0%

YTD Gross Income thru
Divide by Weeks Worked This Year
equals Weekly Income

Multiply by 50 or 52 weeks
equals Annual Gross Earned Income
plus Other Income [see Worksheet]
equals Total Annual Gross Income

Applicant #1 or primary job	Applicant #2 or second job
\$ 55,224.00	
52	52
\$ 1,082.00	\$ -
52	52
\$ 55,224.00	\$ -
\$ 55,224.00	\$ -
\$ 55,224.00	\$ 55,224.00

Unearned Income Worksheet:
SSI
Child Support
Alimony
Tax Credits
Total Unearned Income
Maximum Allowed

\$ -	
\$ -	
\$ -	
\$ -	
\$ -	
\$ 8,940.00	

Max Income for Family Size

\$ 89,400.00
Minimum to apply \$ 38,000.00

Housing Expenses

Principal [see Worksheet] \$ 641.11
RE Taxes 541.55
HO Insurance 58.41
Utilities

Total Monthly Housing Expenses \$ 1,241.07
Multiply by 12
Total Annual Housing Expenses \$ 14,892.84
Divide by Annual Gross Income [47] 27.0%

If Percentage Above Exceeds 29%, Family Does Not Qualify

80% of Area Median Income by Family Size:

	Earned Income	Additional allowed Unearned Income
2-person	41,720	4,172
3-person	48,935	4,894
4-person	52,150	5,215
5-person	56,322	5,632
6-person	60,494	6,049
7-person	64,666	6,467
8-person	68,838	6,884

Fixed Monthly Obligations ("FMO")

	Amt of Debt	Monthly Pymt
Dept of Ed/Navient	\$ 11,799	\$ 50.00
Hartford Federal CU	\$ 6,008	\$ 216.00
Amerist Net CU	\$ 4,968	\$ 108.00

\$ -	\$ -
\$ -	\$ -
\$ -	\$ -
\$ -	\$ -

Car Payment - Monthly/Lease

Car Insurance - Monthly

Term Debt - Monthly

	Amt of Debt	Monthly Pmt
\$ -	\$ -	
\$ -	\$ -	
\$ -	\$ -	
\$ -	\$ -	
\$ -	\$ -	

Maintenance Reserve

Alimony - Monthly

Total Monthly FMO

\$372

Totals:

Monthly Housing	\$1,241.07
Monthly Housing + FMO	\$ 1,613.07
Multiply by	12
Annual Housing + FMO	\$19,357
Divide by Annual Gross Income	35.1%

If Percentage Above Exceeds 41%, Family Does Not Qualify

Credit Reporting Scores: EFX, TU, XPN

Completed by: Tracy Thomas **Date:** 04/28/22

Notes:

- 1
- 2
- 3
- 4
- 5
- 6
- 7

Principal Worksheet:
Loan Term [Years] 30
Multiply by 12
Loan Term [Months] 360
Price of Home \$ 268,700.00
Monthly Principal \$ 841.11

**Applicant Financial Worksheet
Financial Screening Team**

2022

Applicant #1: Abdelaziz El Hajj
Applicant #2:
Phone #s:
Email add.:

Financially Qualified?
If Not, Why Not??

No. of Adults: 2 **No. of Bedrms:** 4
No. of Children: 3 **Gender:**

Applied for: East Hartford

Current Rent: \$
Rent as % of Income: 0%

YTD Gross Income thru
Divide by Weeks Worked This Year
equals Weekly Income
Multiply by 50 or 52 weeks
equals Annual Gross Earned Income
plus Other Income [see Worksheet]
equals Total Annual Gross Income

Applicant #1 or primary job	Applicant #2 or second job
\$ 45,819.80	
52	52
\$ 881.15	\$ -
52	52
\$ 45,819.80	\$ -
	0
\$ 45,819.80	\$ 9,880.00
	\$ 55,479.80

SSI	
Child Support	
Alimony	\$ -
Tax Credits	\$ -
Other	\$ 18,792.00
Total Unearned Income	\$ 18,792.00
Maximum Allowed	\$ 9,880.00

Max Income for Family Size

\$ 98,800.00 **Minimum Income to at \$ 38,000.00**

Housing Expenses

Principal [see Worksheet] \$ 641.11
RE Taxes 541.55
HO Insurance 87.08
Utilities n/a

Total Monthly Housing Expenses \$ 1,249.74
Multiply by 12
Total Annual Housing Expenses \$ 14,996.88
Divide by Annual Gross Income [47] 27.0%
If Percentage Above Exceeds 29%, Family Does Not Qualify

	Earned Income	Additional allowed Unearned Income
2-person	41,720	4,172
3-person	48,935	4,894
4-person	52,150	5,215
5-person	56,322	5,632
6-person	60,494	6,049
7-person	64,666	6,467
8-person	68,838	6,884

Fixed Monthly Obligations ("FMO")

Amt of Debt	Monthly Pymt
\$ -	\$ -
\$ -	\$ -
\$ -	\$ -
\$ -	\$ -
\$ -	\$ -
\$ -	\$ -
\$ -	\$ -
\$ -	\$ -

Car Payment - Monthly Lease
Car Insurance - Monthly
Term Debt - Monthly

Amt of Debt	Monthly Pmt
\$ -	\$ -
\$ -	\$ -
\$ -	\$ -
\$ -	\$ -
\$ -	\$ -
\$ -	\$ -

Maintenance Reserve

Alimony - Monthly
Total Monthly FMO

\$0

Totals:

Monthly Housing \$1,249.74
Monthly Housing + FMO \$ 1,249.74
Multiply by 12
Annual Housing + FMO \$14,997
Divide by Annual Gross Income 27.0%

If Percentage Above Exceeds 41%, Family Does Not Qualify

Credit Reporting Scores: EFX, TU, XPN

Completed by: Tracy Thomas **Date:**

28-Apr 22 TT.

Notes:

- 1
- 2
- 3
- 4
- 5
- 6
- 7

Loan Term [Years]	30
Multiply by	12
Loan Term [Months]	360
Price of Home	\$ 288,700.00
Monthly Principal =	\$ 641.11