

DWELLING PLACE OF GRAND RAPIDS

FINANCE COMMITTEE

March 27, 2019

Approved April 24, 2019

MEMBERS PRESENT: Chelsea Schaefer, Angela Sanborn, Sadie Erickson, Holly Jacoby (phone), Michael McDaniels (phone)

MEMBER ABSENT: David Byers

STAFF PRESENT: Karen Monroe, Steve Recker, Rebecca Long, Laurie Mullennix, Jessica Johnson, Brandon Watson, Grace Thuo, Liz Mui, Jessica Beeby, Kim Cross, Dennis Sturtevant

The meeting was convened at 12:00 pm by Chelsea Schaefer.

**APPROVAL OF
FEBRUARY MINUTES**

Minutes of the Finance Committee meeting of February 27, 2019 were approved by motion of Michael McDaniels, supported by Sadie Erickson and carried unanimously.

**REVIEW OF 2018
DRAFT FINANCIAL
STATEMENTS**

Mr. Recker presented the 2018 Draft Financial Statements. On the dashboard, which is a view of the entire company, he explained that income is over budget due to timing of the Michigan Non-Profit Housing Corporation (MNHPC) contributions from the properties and the Federal Home Loan Bank grant for Roosevelt. Cash flow is negative mostly due to construction projects in process. But, he noted that considering the ratios, the company is doing well.

Total days cash is slightly under, but it does not include our trading securities account because it's not included in cash/cash equivalents. Ultimately, Mr. Recker does not anticipate a need for trading in any securities and clarified that if there was a need for concurrent construction projects, we would utilize the Northern Trust line of credit before trading in any securities. The credit line is not shown in the statements, but we have up to \$2,000,000 available. It is also expected that we will receive additional cash infusions from MNPHC as well as a few other sources.

He briefly discussed the expanded version of the ratios, which provides a comparison to prior years and some NeighborWorks peer information, and the combined balance sheet mostly shows the cash and cash equivalents for Dwelling Place.

In reviewing the Dwelling Place Combined Income Statement, he explained that all of the sponsor loans go through the Administrative category. This includes large contributions in grants from the MNPHC, a grant for Harrison Park from Fund Development (\$875,000), as well as a Federal Home Loan Bank Grant (\$662,000). Mr. Sturtevant pointed out that as of 2020, MNPHC contributions will see significant reductions. The projects and developer fees have almost all been paid out and from an accounting standpoint will be a distribution coming to the balance sheet as a cash flow item around \$500,000-\$700,000 per year. Mr. McDaniels asked if the 2019 budget income reflect the anticipation of receiving MNPHC contributions. Mr. Recker clarified

that we will be under budget in 2019 by about \$300,000; there was an effort to estimate the variance as best as possible at year end. Mr. Recker noted that Unrealized Gains have already recovered from losses in the fourth quarter of 2018.

Affordable Housing

Mr. Recker pointed out that there have been some changes with accounting standards related to functional expenses. This will no longer be a program or if it is, many of the costs will have to be taken out and put into management and general. The statement may still be presented in this format because it represents the cost of having a management company, but we may also have to prepare a matrix, internally, to show the costs separated further.

Mr. Recker noted that for Housing Development, Other Income and Expenses shows a difference of \$120,000 due to purchasing Harrison Park for more than it was sold to the partnership.

Under Fund Development, Contributions are over budget due to grants received from foundations for Harrison Park, other Expenses and grants out are largely to the Harrison Park sponsor loan.

Support Services receives contributions from Dwelling Place to support the program. It is a little over budget, due to the addition of staff at the end of last year, partially because of the loss of funding for two positions via Pine Rest for Herkimer and Commerce.

Neighborhood Revitalization is over budget in vacancy loss. Mr. Recker explained that some spaces are currently vacant because of planned renovations. The department also added staff.

Dwelling Place Properties and Related Entities

Mr. Recker reviewed the document, describing each individual property's notes, identifying both usual and outlying activities.

Ms. Sanborn requested more information about understanding the performance metrics and/or the operating expectations for each property. Mr. Recker offered to share the Asset Management Plan. There was also discussion about other property orientation materials that would be helpful for new committee members, as well as a refresher for others. Ms. Cross added that Ms. Post has been working on a property orientation book for new Board members and will inquire to see if it's ready to be distributed. The Finance Committee members may have a need for more in-depth information on financials and performance metrics, so pulling from multiple resources could be useful.

Ms. Jacoby asked for clarification on the vacancy issues related to HAP referral properties: Commerce, Ferguson, and Verne Barry Place. Ms. Long explained that there was more vacancy than expected in 2018, when we transitioned to the HAP referral system, originally a one-to-one model that was not effective in addressing those vacancies due to the length of time expended in connecting with referrals and collecting paperwork. In July 2018, HAP agreed

to supply more referrals and internally we are now review vacancies for those properties collectively and directing referrals to available vacancies depending on the applicant's preferences, eligibility, and completion/collection of paperwork.

**UPDATES /
ANNOUNCEMENTS**

The committee did not discuss any updates or announcements.

**PROPOSED AGENDA
AND NEXT MEETING
DATE**

The next Finance Committee meeting will be held on Wednesday, April 24, 2019 at 12:00 pm.

ADJOURNMENT

The Finance Committee meeting was adjourned at 1:23 pm by Sadie Erickson.