



## Wellington Community Housing Board Agenda

Mar 2nd, 2023 6:00pm - 7:00pm MST

Virtual Meeting via Zoom: [https://us06web.zoom.us/j/84878190292?](https://us06web.zoom.us/j/84878190292?pwd=L05OWjYxUzlhOTR6QThlVW5idko1Zz09)

[pwd=L05OWjYxUzlhOTR6QThlVW5idko1Zz09](https://us06web.zoom.us/j/84878190292?pwd=L05OWjYxUzlhOTR6QThlVW5idko1Zz09)

Julie Francis is inviting you to a scheduled Zoom meeting.

Topic: Wellington Community Housing Board

Time: Mar 2, 2023 06:00 PM Mountain Time (US and Canada)

Every 3 months on the First Thu, until Dec 7, 2023, 4 occurrence(s)

Mar 2, 2023 06:00 PM

Jun 1, 2023 06:00 PM

Sep 7, 2023 06:00 PM

Dec 7, 2023 06:00 PM

Please download and import the following iCalendar (.ics) files to your calendar system.

Monthly:

[https://us06web.zoom.us/meeting/tZAlcOGppzsoE9ZVCilq6FmKLLCj2AMW\\_3AG/ics?](https://us06web.zoom.us/meeting/tZAlcOGppzsoE9ZVCilq6FmKLLCj2AMW_3AG/ics?icsToken=98tyKuGspjwiG92VshCFRpwIGo_CWevxmGJBj_pnqjzsKjEFRA7dGs5hOOBePe_v)

[icsToken=98tyKuGspjwiG92VshCFRpwIGo\\_CWevxmGJBj\\_pnqjzsKjEFRA7dGs5hOOBePe\\_v](https://us06web.zoom.us/meeting/tZAlcOGppzsoE9ZVCilq6FmKLLCj2AMW_3AG/ics?icsToken=98tyKuGspjwiG92VshCFRpwIGo_CWevxmGJBj_pnqjzsKjEFRA7dGs5hOOBePe_v)

Join Zoom Meeting

<https://us06web.zoom.us/j/84878190292?pwd=L05OWjYxUzlhOTR6QThlVW5idko1Zz09>

Meeting ID: 848 7819 0292

Passcode: 221764

One tap mobile

+17193594580,,84878190292# US

+17207072699,,84878190292# US (Denver)

Dial by your location

+1 719 359 4580 US

+1 720 707 2699 US (Denver)

+1 669 444 9171 US

+1 253 215 8782 US (Tacoma)

+1 346 248 7799 US (Houston)

+1 386 347 5053 US

+1 564 217 2000 US

+1 646 558 8656 US (New York)

+1 646 931 3860 US

+1 301 715 8592 US (Washington DC)

+1 309 205 3325 US

+1 312 626 6799 US (Chicago)

+1 360 209 5623 US

Meeting ID: 848 7819 0292

Find your local number: <https://us06web.zoom.us/j/84878190292>

**I. Call to Order - Wellington Community Housing  
(6:00-6:05)**

Mishie Daknis

6:00pm

**a. Mindful Moment**

**b. Citizen Input**

**II. Approval of Minutes from January 4, 2023  
Meeting (6:05-6:10)**

Mishie Daknis

6:05pm

 [Minutes Wellington Community Housing Board meeting  
01-04-2023.pdf](#)

**III. Action Items (6:10-6:30)**

6:10pm

**a. Election of Officers**

Mishie Daknis

6:10pm

**b. Line of Credit**

Tonya Frammolino

6:15pm

 [WCH Memo - LOC v20230224.pdf](#)

 [WEL-RES-2023-03-01 - ANB Bank LOC.pdf](#)

**c. Property Management Agreement**

Julie Brewen

6:20pm

 [WellCH Property Management Agreement and  
Addendum.pdf](#)

**IV. Staff Updates (6:30-6:35)**

6:30pm

**a. Portfolio Improvement Plan Update**

Julie Brewen

6:30pm

**V. Financials (6:35-6:50)**

6:35pm

**a. Q4 Financial Report**

Tonya Frammolino

6:35pm



[WCH.WHA - Q4 2022 Financial Report.pdf](#)

**VI. Discussion Items (6:50-6:55)**

6:50pm

**VII. Adjournment - Wellington Community Housing**

Mishie Daknis

**VIII. Call to Order - Wellington Housing Authority**

Mishie Daknis

**IX. Election of Officers (6:55-7:00)**

Mishie Daknis

6:55pm

**X. Adjournment - Wellington Housing Authority**

Mishie Daknis

**XI. Next Meeting Date - Wellington Community Housing: June 1, 2023**

END  
7:00pm



## Wellington Community Housing - January 4, 2023

### I. Attendees

Board Members: Amy Comstock, Mishie Daknis, John Evans, Bob Novascone

Staff: Julie Brewen, Michele Christensen, Tonya Frammolino, Julie Francis, Kristin Fritz, Tara Gaffney, Rachel Gaisford, Carly Johansson, Traci McGraw, Jeanna Nixon

### II. Call to Order

Vice President Bob Novascone called the meeting to order at 6:03 pm.

### III. Mindful Moment

Housing Catalyst Chief Executive Officer Julie Brewen led the group in a mindful moment.

### IV. Citizen Input

There was no citizen input.

### V. Approval of Minutes from October 20, 2022

Director Novascone moved to approve the minutes of the October 20, 2022 meeting.

President Mishie Daknis seconded, and the motion was passed unanimously.

### VI. Action Items

Ms. Brewen requested approval to delete the wait list item from this meeting agenda because it was covered at the last meeting. Director Amy Comstock moved to approve. Director John Evans seconded, and the motion was passed unanimously.

Director Novascone asked about the possibility of removing lawn at 3914 Roosevelt and replacing with artificial turf or gravel in order to save on water and landscaping needs. Ms. Brewen asked that this question be delayed until later in the meeting when there will be a discussion about long-term plans and the recently completed Capital Needs Assessment (CNA). Part of a long-term plan will include discussion about landscaping needs and costs, along with many other issues.

#### a. Capital Needs Assessment

Housing Catalyst Manager of Real Estate Development Carly Johansson presented information and details describing initial steps taken to determine how to revitalize the portfolio of properties. The presentation is located in Boardable for reference. Ms. Johansson showed a map of all of the properties in the portfolio, where there is also a list of the property addresses, the types of buildings, and the unit descriptions.

Housing Catalyst Chief Real Estate Officer Kristin Fritz discussed the development research process: steps the development team takes when determining potential projects. She discussed the Town of Wellington's 2021 Comprehensive Plan and the Land Use Code, and how they effect the properties in the portfolio. She noted that the town's impact fees are very high for new construction.

Ms. Johansson then reviewed the recently completed CNA, as well as the process to hire the company to do it. She described what a CNA typically addresses, and the process that takes place to create the CNA. The company that was contracted to perform this work inspected 22 units, looking at all aspects of the property, recording all observations, and analyzing how much life remains to components of the property.

She discussed the summary of the products, equipment and costs for replacement on a like-for-like basis. Total replacement costs, to reach 15 years, is approximately \$1.87 million, plus additional required development costs. Other hard and soft costs would also be added. The projected total in hard costs is estimated at \$2.5 million (\$60,000 per unit); plus soft costs of \$1.4 million (\$34,000 per unit).

Ms. Brewen explained that there is still work to do, research to be conducted, and funding sources to be researched. The current budget and operating expenses will be reviewed carefully as currently it appears that the operating costs for these properties are outside of the parameters of the funding sources to be competitive. Additional information and details will be brought to this Board as progress is made.

## **VII. Staff Updates**

### **a. Line of Credit Update**

Housing Catalyst Chief Financial Officer Tonya Frammolino provided an update noting that she has received two quotes from local banks, and is waiting for a quote from a third bank. She will bring this issue back to the next meeting of this Board.

## **VIII. Financials**

### **a. Audit update**

Ms. Frammolino noted that Eide Bailly has been notified of the desire for an audit. More information will be presented to this Board at a later date.

## **IX. Discussion Items**

### **a. Ethical Standards of Conduct/Conflict of Interest Policy and Form**

Ms. Brewen noted that Board members will be receiving a copy of the newly-combined Ethical Standards of Conduct/Conflict of Interest Policy and form. All Board members will be requested to complete the form and sign.

## **X. Adjournment - Next Meeting Date: March 2, 2023**

Vice Chair Novascone adjourned the meeting at 6:58 pm.

**To:** Wellington Community Housing – Board of Directors

**From:** Tonya Frammolino, Chief Financial Officer

**Meeting Date:** March 2, 2023

**Action Item:** WEL-RES-2023-03-01 | ANB Line of Credit Loan

**Alignment to Strategic Plan:**

Alignment to Goal 2: Increase supply of affordable housing. More specifically, Strategy 1 to build new homes and preserve existing homes that are affordable.

**Background:**

Wellington Community Housing has asked Housing Catalyst to secure quotes for an unsecured Line of Credit (“LOC”) that will be utilized to pay for development costs incurred prior to securing project permanent funding. Housing Catalyst has secured 3 quotes from various local banking partners.

**Description of Action Item:**

The Board of Directors for Wellington Community Housing will need to vote to approve the resolution empowering Housing Catalyst staff’s ability to execute loan documents on their behalf.

**Fiscal Impact:**

Securing of a loan requires a loan fee plus any third party costs such as appraisals, title policy, recording and attorneys fees. Evaluation of the 3 quotes are as follows:

|                          | ANB Bank                 |         | First Bank   |         | Bank of Colorado |         |
|--------------------------|--------------------------|---------|--------------|---------|------------------|---------|
| Loan Amount              | \$                       | 500,000 | \$           | 500,000 | \$               | 500,000 |
| Loan Origination Fee     | \$                       | 2,500   | \$           | 500     | \$               | 2,500   |
| Interest Rate            | Prime - 50bp             |         | Prime + 75bp |         | Prime - 50bp     |         |
| Rate Floor               | 5.5%                     |         | 7.0%         |         | n/a              |         |
| Term                     | 36 Months                |         | 12 Months    |         | 24 Months        |         |
| DSCR                     | n/a                      |         | 1.25x        |         | 1.30x            |         |
| LTV                      | tbd                      |         | tbd          |         | Max 50%          |         |
|                          |                          |         |              |         |                  |         |
| Cost to Carry - 3 Years  | (Assumes \$250k Average) |         |              |         |                  |         |
| Prime as of: 2/24/2023   | 7.75%                    |         | 7.75%        |         | 7.75%            |         |
| Loan Rate                | 7.25%                    |         | 8.50%        |         | 7.25%            |         |
| Annual Interest only     | \$                       | 18,125  | \$           | 21,250  | \$               | 18,125  |
| 3 Year Average with fees | \$                       | 56,875  | \$           | 65,250  | \$               | 58,125  |

Additional terms are provided in the attached Letter of Interest (“LOI”). Based upon the terms quoted it is recommended that the Wellington Community Housing Board proceed with ANB Bank for the most favorable terms.

**Recommendation:**

It is recommended that the Board of Directors approve Resolution “WEL-RES-2023-03-01 | ANB Line of Credit Loan” for approval and adoption.

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**From:** [Ryan.Cassidy@anbbank.com](mailto:Ryan.Cassidy@anbbank.com) <[Ryan.Cassidy@anbbank.com](mailto:Ryan.Cassidy@anbbank.com)>  
**Sent:** Friday, November 18, 2022 12:55 PM  
**To:** Tonya Frammolino <[tframmolino@housingcatalyst.com](mailto:tframmolino@housingcatalyst.com)>  
**Cc:** Tara Gaffney <[tgaffney@housingcatalyst.com](mailto:tgaffney@housingcatalyst.com)>  
**Subject:** [EXTERNAL] RE: Wellington Community Housing - Line of Credit

Hi Tonya and Tara,

Thanks for the email and for the opportunity to look at this. It looks like the 3914 Roosevelt 42-unit property is held free-and-clear? If so, my thought it to secure the \$500k line of credit with that property, the LTV would be very low.

My thoughts on terms are below:

- \$500,000 amount
- 36 month term
- Interest only, due monthly, if a balance is drawn
- Pricing at the Prime rate -.50%. Prime is currently 7.0%. 5.5% floor rate on the loan.
- 0.50% origination fee (\$2,500) + \$250 doc prep fee
- 1.0% pre-payment penalty if the loan is refinanced with another lender.

If we are able to provide the line of credit, could we get started on a deposit account relationship with Wellington Community Housing with this request? I see about \$58k in cash on the balance sheet.

Does this look in line with what you were thinking? If so, I can get over a needs list and get started on this. If you had different thoughts on structure, etc., please let me know and I will see what I can do to accommodate.

Thanks,  
Ryan

Ryan Cassidy  
Community Bank President – Fort Collins  
NMLS# 566181  
2108 Milestone Drive, Suite 100 | Fort Collins, CO 80525  
Office: 970-282-2440 | Fax: 970-282-8945  
[Ryan.Cassidy@ANBBank.com](mailto:Ryan.Cassidy@ANBBank.com)

 **ANB Bank.**  
[www.anbbank.com](http://www.anbbank.com)



January 6, 2023

Tonya Frammolino, CFO  
Housing Catalyst  
1715 West Mountain Avenue  
Fort Collins, CO 80521

RE: Wellington Community Housing - LOC

Dear Tonya,

Thank you for allowing us to provide you with a proposal for a line of credit for Wellington Community Housing. Bank of Colorado ("Lender") looks forward to providing a competitive package and working with you on this project. The conditions set forth in this letter will outline the general terms, conditions and pricing for the loan. The following information should be considered as a conditional proposal and not as a commitment to lend.

|                                     |
|-------------------------------------|
| <b>LINE OF CREDIT - SINGLE DRAW</b> |
|-------------------------------------|

|                       |                                                                                                                                                                                                                      |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Borrower:</b>      | Wellington Community Housing                                                                                                                                                                                         |
| <b>Guarantor:</b>     | Town of Wellington<br>Wellington Housing Authority                                                                                                                                                                   |
| <b>Loan Amount:</b>   | \$500,000 (max. 50% LTV)                                                                                                                                                                                             |
| <b>Purpose:</b>       | Pre-construction costs for potential rehab project                                                                                                                                                                   |
| <b>Loan Term:</b>     | 24 months                                                                                                                                                                                                            |
| <b>Interest Rate:</b> | Floating rate – Prime Minus 50 b.p.<br>Subject to confirmation loan is tax exempt                                                                                                                                    |
| <b>Collateral:</b>    | 1 <sup>st</sup> deed of trust and assignment of rents on housing units located in Wellington.<br>(specific units to be discussed)                                                                                    |
| <b>Loan Fee:</b>      | One-half of one (.5%) of the loan amount, payable at loan closing. Borrower will also be responsible for all third-party costs (i.e. appraisal, mortgage title policy, attorney fees estimate, recording fees, etc). |



MEMBER FDIC

- Repayment:** Interest only monthly
- Appraisal:** Bank will need to engage appraisals if this proposal is accepted. Turnaround time is estimated at 2 weeks.
- Other:** Borrower and Wellington Housing Authority will provide annually:
- Annual rent roll;
  - Annual audited financial statement and tax return;
  - Annual DCR of not less than 1.3X

### **SPECIFIC LENDING CONDITIONS**

These conditions shall become effective only upon the approval of this financing package by Lender. The following specific conditions may or may not be used for your loan but are provided to insure better communication prior to approval and/or closing.

1. Loan Documents. Loan documents including a loan agreement, promissory note, environmental indemnity agreement, deed of trust, security agreement and UCC-1 financing statement, assignment of any and all leases and rents from the project, notes receivable, general contracts, water rights, tap rights or utility supply agreements, engineering rights, land planning maps, soil tests, environmental reports, flood zone reports, surveys, permits, licenses and any other agreements, contracts and rights necessary or useful for development of the Project.
2. Business Entity Documents. Articles of Organization, ByLaws, BOC provided Affidavits related to such governing documents, Certificates of Good Standing and appropriate Borrowing Resolutions for all entities shown as Parties to the Loan(s) and/or Grantor(s) of Collateral.
3. Insurance. Loss payee/mortgagee certificates of insurance and general liability insurance.
4. Appraisal. An appraisal of the Project certified to Lender by an appraiser satisfactory to Lender establishing a loan to value ratio not to exceed 50%.
5. Title Insurance. A loan policy of title insurance or an irrevocable and unconditional commitment to issue such policy in the aggregate amount of the Credit Facility issued by a Title Insurance Company acceptable to Lender. Such policy must contain only such exceptions as are satisfactory to Lender and must have attached such endorsements as Lender may reasonably require.
6. Survey. A current improvement location certificate of the collateral acceptable to the Lender and Title Company, indicating that all improvements currently constructed are located within property lines without infringement on established easements or rights-of-way and or in violation of any ordinance. The survey must be certified as accurate by a licensed surveyor in the State of Colorado

and contain a certificate imprinted thereon in the form approved by the American Land Title Association stating that the survey is made for the benefit of Lender and Title Company.

7. Financial Statements. Borrower, and other Parties to the Loan(s), must provide most recent EOY audited financial statements and interim financial statements less than 90 days old, showing no material adverse change in financial conditions. All contingent liabilities must be delineated and described. Borrower, and other Parties to the Loan(s), will provide audited financial statements at least annually and provide tax returns for the most recent year-end and annually thereafter.
8. Costs and Expenses. Borrower must pay all costs incurred by Lender in connection with the required documentation and other closing requirements, appraisal fees, including appraisal review fees, legal fees, title fees, development inspection fees, recording fees, and such other costs as may be reasonably required.
10. Prepayment Language: There is NO PREPAYMENT PENALTY.
11. Opinion Letter. Legal opinions of independent counsel for Borrower, opining to such matters as Bank or its counsel may reasonably request.

**General Loan Terms:**

It is understood and agreed that the terms recited herein are not exclusive and are subject to final loan approval.

By signing below, Borrower agrees and acknowledges the conditions contained herein and is requesting Bank of Colorado to move forward with the approval. Borrower agrees to reimburse Lender for all costs including attorneys' fees incurred in connection with the underwriting of these Loans, regardless of whether or not the Loan is closed. Borrower further acknowledges that this Letter does not contain all terms and conditions that will be included in the final approval letter. Bank of Colorado appreciates the opportunity to provide this proposal and look forward to discussing with you.

Sincerely,

BANK OF COLORADO



Sue Wagner  
Sr. Vice President

Tonya Frammolino, CFO  
Housing Catalyst  
January 6, 2023  
Page 4

ACCEPTED AND AGREED TO THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2023.

BORROWER:

WELLINGTON COMMUNITY HOUSING

By: Housing Catalyst, Manager

By: \_\_\_\_\_  
Title:



**PROPOSED TERM SHEET**  
**EFFECTIVE DATE: 12/7/2022**

|                                   |                                                                                                                                                                                                          |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Borrower:</b>                  | Wellington Housing Authority                                                                                                                                                                             |
| <b>Guarantor(s):</b>              | N/A                                                                                                                                                                                                      |
| <b>Collateral:</b>                | Unsecured Supervised Line of Credit                                                                                                                                                                      |
| <b>Loan Amount:</b>               | \$500,000                                                                                                                                                                                                |
| <b>Loan Terms:</b>                | 12 months, interest only                                                                                                                                                                                 |
| <b>Approximate Interest Rate:</b> | The rate will be variable based on the Wall Street Journal Prime Rate plus .75%. The rate will be subject to a rate floor of 7%. Interest on the loan will accrue using an Actual/360 accounting method. |
| <b>Loan Fee:</b>                  | \$500                                                                                                                                                                                                    |
| <b>Required Deposits:</b>         | Borrower agrees to maintain their primary banking relationship with FirstBank                                                                                                                            |
| <b>Pre-payment penalty:</b>       | None                                                                                                                                                                                                     |
| <b>Debt Service Coverage:</b>     | 1.25 on Windsor Housing Authority financial                                                                                                                                                              |

The terms disclosed herein are confidential for the exclusive use of the Borrower and should not be shared with any third parties, including any financial institution or intermediary, without FirstBank’s prior written consent. It is important to note that the proposed terms are intended for discussion purposes only and do not constitute a commitment to lend on the part of FirstBank. Any commitment to lend must be formally approved by FirstBank and is subject to the full and satisfactory completion of a due diligence and underwriting process. Quotes of interest rates represent FirstBank’s rates in effect on the date of this term sheet. Rates and terms are subject to change at any time.

Please contact me directly with any questions.

Nicole Walusis  
Executive Vice president  
FirstBank  
1013 E. Harmony Road  
Fort Collins CO 80525  
970-282-3929  
Nicole.walusis@efirstbank.com

**RESOLUTION NO. WEL-RES-2023-03-01**  
**RESOLUTION OF THE BOARD OF DIRECTORS OF**  
**WELLINGTON COMMUNITY HOUSING**  
**APPROVING THE EXECUTION AND DELIVERY OF A NOTE**  
**IN AN AMOUNT NOT TO EXCEED \$500,000**

**WHEREAS**, Wellington Community Housing (the “Borrower”) desires to issue a short-term note in the aggregate principal amount of not to exceed \$500,000 (the “Note”) for the benefit of ANB Bank (the “Bank”); and

**WHEREAS**, the Borrower has contracted with Housing Catalyst (the “Manager”) to manage its operations; and

**WHEREAS**, the Borrower desires to use proceeds of the Note to pay primarily for pre-development costs on upcoming projects; and

**WHEREAS**, in connection with the delivery of the Note the Borrower desires to authorize the execution of the Note, and all other documents which are reasonably necessary to carry out the intentions hereof (collectively, the “Loan Documents”); and

**WHEREAS**, the Loan Documents will be executed and delivered in connection with the Loan on the terms specified in the term sheet issued by the Bank.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE WELLINGTON COMMUNITY HOUSING THAT:**

1. The Borrower hereby approves the execution and delivery of the Note for the benefit of the Bank together with such revisions thereto as may be approved by the Chief Executive Officer of the Manager and the Secretary, and the execution and delivery by the Manager of the Loan Documents and any other documents and certificates required by the Bank in connection with the Loan.

2. The Borrower hereby authorizes and directs Tonya Frammolino, Chief Financial Officer of Housing Catalyst and authorized agent of the Borrower, or in her absence, any available member of the Board of Directors or officer of Housing Catalyst, to execute the Loan Documents and all other agreements as are necessary to complete the Loan to the Borrower and to take such other action as may be necessary or appropriate to carry out the purposes and intents of this resolution.

**RESOLVED AND PASSED**, this 2<sup>nd</sup> day of March 2023, at a regular meeting of the Board of Directors of Wellington Community Housing.

BY: \_\_\_\_\_  
Mishie Daknis, Chairperson

ATTEST: \_\_\_\_\_  
Julie Brewen, Secretary

## **PROPERTY MANAGEMENT AGREEMENT**

THIS PROPERTY MANAGEMENT AGREEMENT (the “Agreement”) is made and entered into this day of by and between Wellington Community Housing (“Owner”), and Housing Catalyst, a body corporate and politic under the laws of the State of Colorado (“Manager”).

### **WITNESSETH:**

WHEREAS, the Owner is a Colorado nonprofit corporation organized and existing for the primary purpose of fostering low and moderate income housing.

WHEREAS, in furtherance of its purpose, the Owner has acquired and currently owns the real property located in the Town of Wellington, Larimer County, Colorado, as more particularly described on Exhibit “A” attached hereto, known as Wellington Community Housing (the “Project”); and

WHEREAS, the Manager is a governmental entity organized and existing as a housing authority pursuant to the Colorado Housing Authorities Law (C.R.S. Section 29-4-201, et seq.); and

WHEREAS, the Manager has as one of its purposes, as well, the providing of low income and moderate income housing to residents of the Town of Wellington; and

WHEREAS, the Manager has the expertise and will manage the functions of the Owner’s corporate entity’s legal status as well as maintain the active legal status of the Wellington Housing Authority entity; and

WHEREAS, the parties therefore are entering into this Agreement to set forth the terms and conditions pursuant to which the Manager will provide management services, for compensation, to operate the Project as low income housing.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. **Appointment as Agent.** The Owner hereby appoints the Manager, and the Manager hereby accepts appointment, on the terms and conditions hereinafter provided, as the Owner’s exclusive agent to manage, rent, lease and operate the Project.

2. **Term of Agreement.** The obligations of the parties under this Agreement shall commence upon mutual execution of this agreement and shall be automatically renewed for successive one year terms unless terminated as provided in Section 6 or 7 below or upon written notice by either party at least 90 days prior to the expiration of the then-current term.

3. **Responsibilities of the Manager.** The Manager is authorized to and shall exercise the following responsibilities on behalf and in the name of the Owner and the Owner agrees to assume and pay and/or reimburse the Manager for all expenses in connection therewith, and the Manager agrees to accept such authority and power in performing these responsibilities:

- A. To prepare an annual operating budget, market analysis, and recommendations which shall be approved by the Owner;
- B. to cause to be hired, paid and supervised all persons necessary to be employed in order to properly maintain and operate the Project; who, in each instance, shall be the Manager's and not the Owner's employee and assure all responsibilities and perform all acts required of the Manager as an employer with respect to such persons;
- C. to cause the Project to be maintained in such conditions as may be deemed advisable by the Owner, normal wear and tear excepted, and cause routine repairs and incidental alterations to the Project to be made, including, but not limited to electrical, plumbing, carpentry, masonry and any other routine repairs and incidental alterations as may be required in the course of ordinary maintenance and care of the Project; provided, however, any repair or alteration involving an expenditure in excess of Ten Thousand Dollars (\$10,000.00) for any one item shall be made only with the prior written approval of the Owner, except that emergency repairs (i.e., those immediately necessary for the preservation or safety of the Project or for the safety of the tenants of the Project or other persons, or required to avoid the suspension of any necessary service in or to the Project) may be made by the Manager regardless of the cost thereof, without the prior approval of the Owner, if the Manager makes an attempt to communicate with the Owner in order to obtain such approval if to do so would be reasonable under the circumstances;
- D. to recommend and, with the approval of the Owner, cause all such acts and things to be done in or about the Project as shall be necessary or desirable to comply with any and all orders or notice of violations affecting the Project placed thereon by any federal, state, county or municipal authority having jurisdiction, except that if failure to promptly comply with any such order or violation would or might expose the Project, Owner or Manager to a material risk of forfeiture of money or property, the Manager may cause such order or notice of violation to be complied with without the prior approval of the Owner if the Manager makes an attempt to communicate with the Owner to obtain such approval if to do so would be reasonable under the circumstances, it being understood that the Manager shall notify the Owner promptly after receipt of any order or notice of violation;
- E. to enter into all necessary or desirable service contracts in respect to the repair and operation of the Properties, including, without limitation, contracts for electricity, gas, air conditioning, equipment maintenance, water treatment, telephone, janitorial, landscaping, window cleaning, rubbish removal, snow removal, fuel oil, security, vermin extermination, and architects and engineers' services required for the planning and supervision of alterations and/or improvements made or proposed to be made to the Properties;
- F. to purchase all equipment and supplies which may be necessary to properly maintain and operate the Project;

- G. to review all bills received for services, labor, equipment and supplies ordered in connection with maintaining and operating the Project and to pay or cause to be paid all such bills from funds furnished by the Owner;
- H. to determine the proper insurance coverage for the Project as well as for the Owner and the Manager in regard to the Project and the operation thereof, and cause such insurance to be obtained and/or maintained (if obtainable), at the Owner's expense, in such amounts and through such carriers as the Owner shall designate and approve;
- I. to list, offer for lease, lease and renew existing leases for space in the Project;
- J. to supervise the moving in and out of tenants and arrange the dates thereof so that there shall be a minimum of disturbance to the operation of the Project and of inconvenience to other tenants;
- K. to bill, or cause to be billed, tenants for rent and other charges;
- L. to use its best efforts to collect or cause to be collected rent and other charges and, if directed by the Owner, to serve notices upon tenants to quit and surrender space occupied by them;
- M. to sue on behalf of the Owner, for rent and other charges which may at any time be or become due from any tenant, and institute summary and/or judicial proceedings to recover possession of space in the Project; and, when expedient, to settle, compromise and release such actions or suits;
- N. to handle tenants' security deposits and to comply with applicable state and local laws concerning the Owner's responsibility for security deposits and interest thereon, if any;
- O. to maintain in a manner customary and consistent with generally accepted accounting principles or with any accounting methods approved by the United States Department of Housing and Urban Development, a system of accounts to which shall be entered fully and accurately each and every financial transaction with respect to the operation of the Project and to prepare and render to the Owner regular statements of operation and such other reports as may be reasonably requested by the Owner;
- P. to keep the Owner informed of the financial status and physical condition of the Project and other items that the Owner should reasonably be made aware of;
- Q. to consider, and when reasonable and consistent with the Owner's lease obligations, attend to complaints of tenants;

R. to cause to be prepared and filed all necessary forms relating to the maintenance and operation of the Project required by any federal, state, county or municipal authority having jurisdiction;

S. to set up and maintain orderly files containing rent records, insurance policies, leases and subleases, correspondence, receipted bills and vouchers, and all other documents and papers pertaining to the Project and its operation and maintenance, such records to be and at all times to remain the property of the Owner, and the Manager shall upon request of the Owner make the records available to the Owner, and the Owner's accounts and attorneys;

T. to cooperate with the Owner's accountants and auditors in regard to the Owner's annual audit, to any other periodic audits of the Owner's books of account, if any, and to the preparation of percentage and escalation rent statements to be delivered to tenants;

U. to prepare the filing on behalf of the Owner of federal, state, city and any other income tax and other filings required by any governmental authority;

V. to, when the books of assessed valuations of the taxing authority having jurisdiction over the Project are opened for public inspection in each year, ascertain the assessment of the Project, report such assessments to the Owner and, if requested by the Owner, cooperate with the Owner's attorneys and other designated representatives in the preparation of applications for any needed correction of the assessed valuation;

W. to generally do all things reasonably deemed necessary or desirable for the proper management of the Project; and

X. to perform, on the Owner's behalf, any lawful act and everything lawful and necessary or desirable in order to carry out the Manager's obligations contained in this Agreement, it being expressly understood and agreed that everything done by the Manager under the provisions of this Agreement shall be done as the agent of the Owner, and any and all obligations, costs and expenses incurred by the Manager in performance of its obligations under this Agreement shall be borne by the Owner and not by the Manager; provided, however, that it is expressly understood and agreed that any payments made by the Manager hereunder shall be made out of such funds as the Manager may from time to time hold for account of the Owner or as may be provided by the Owner, and the Manager shall not be obligated to make any advance to, or for the account of, the Owner or to pay any amount except out of the funds held or provided as aforesaid, nor shall the Manager be obligated to incur any extraordinary liability or obligation unless the Owner shall furnish the Manager with the necessary funds for the payment thereof.

4. **Banking.** All funds of the Owner in the possession of the Manager shall be held by the Manager for the Owner, in trust, and shall be deposited by the Manager in such bank as the Owner shall approve, in one or more special accounts maintained by the Manager in the name of the Owner. Such funds shall not be commingled with the Manager's own funds and shall remain on deposit until disbursed in accordance with the terms of this Agreement. The Manager shall

regularly furnish the Owner with true and complete copies of all statements issued by the bank with respect to all such bank accounts after their receipt by the Manager and upon request by the Owner.

5. **Compensation.** In consideration for the services rendered under this Agreement, the Owner shall pay to the Manager the following compensation:

- A. a Management Fee in the amount of seven percent (8%) of effective gross rental income paid monthly for management services;
- B. an Accounting Fee in the amount of six percent (8%) of effective gross rental income, paid monthly for accounting and administrative costs;
- C. actual costs incurred by Manager for the employment of Manager's personnel described in Section 3.B. of this Agreement;
- D. all other actual costs incurred by Manager directly allocable to the Project and (i) included in the operating budget approved by Owner in accordance with its Amended and Restated Agreement of Limited Liability Limited Partnership, as may be amended from time to time, or (ii) attributable to extraordinary repairs or maintenance; and
- E. if specifically engaged by the Owner to oversee any capital improvements, a fee equal to 15% of capital improvements from reserves or capital improvement grants or loans in order to compensate the Manager for general contracting and administration of capital improvement grant functions including interim reporting, contract solicitation, contract preparation and award, contractor monitoring, project draw-downs and reporting, and close-out reports.

With respect to those costs and expenses to be paid by the Owner under subparagraphs C., D., and E. above, the Manager shall bill the Owner monthly for such costs and expenses, and the Owner shall pay such bill within thirty (30) days of receipt of the bill.

6. **Termination for Breach.** The Owner or the Manager may terminate this Agreement upon a material breach by the other party of any term or condition of this Agreement if such breach continues for an unreasonable period of time, but in any event if the breach is continued for a period of sixty (60) days after receipt by the breaching party from the non-breaching party of a written notice of such breach. Notwithstanding any provision contained herein to the contrary, in no event shall the Owner or the Manager terminate this Agreement if the party at fault proceeds, after receiving said notice, with due diligence to correct or rectify the material breach regardless of the duration of such breach. Termination of this Agreement shall not, however be the sole remedy of either party and any exercise of this right to terminate shall not preclude the pursuit of any other remedy available in law or equity to the non-breaching party.

7. **Early Termination.** At any time and for any reason, the Owner or the Manager may terminate this Agreement upon giving the other party at least one hundred eighty (180) days' prior written notice of such termination. Written notice shall state the specific date upon which such termination shall be effective.

8. **Force Majeure.** Notwithstanding anything contained herein to the contrary, it is agreed that in the event and to the extent that fire, flood, earthquake, natural catastrophe, explosion, accident, war, illegality, act of God, or any other cause beyond the control of either party hereto, or strikes or labor troubles (whether or not within the power of the party affected to settle the same) prevents or delays performance by either party to this Agreement, such party shall be relieved of the consequences thereof without liability, so long as and to the extent that performance is prevented by such cause; provided, however, that such party shall exercise due diligence in its efforts to resume performance within a reasonable period of time.

9. **Cooperation of the Parties.** To facilitate the Manager's performance under this Agreement, the Owner agrees to provide to the Manager its full cooperation and assistance and that of its officers, agents and employees.

10. **Controlling Law and Enforceability.** This Agreement shall be construed in accordance with the laws of the State of Colorado. In addition, the parties hereto recognize that there are legal constraints imposed upon the Manager by the constitutions, statutes, rules and regulations of the State of Colorado and the United States and imposed upon it by the Wellington Township Charter and Code, and that, subject to such constraints, the parties intend to carry out the terms and conditions of this Agreement. Notwithstanding any other provision of this Agreement to the contrary, in no event shall either party hereto exercise any power or take any action which shall be prohibited by applicable law. Whenever possible, each provision of this Agreement shall be interpreted in such a manner so as to be effective and valid under applicable law.

11. **Indemnity.** The Owner agrees to indemnify and hold harmless the Manager, and its officers and employees, for and against all liabilities, claims and demands which arise from any negligent act or omission of the Owner, or of its officers and employees. In addition, the Owner agrees to indemnify the Manager and its officers and employees, from all costs and expenses related to defending such liabilities, claims and demands, including but not limited to, litigation costs and reasonable attorney's fees whether or not such liabilities, claims and demands are groundless, frivolous, false or fraudulent.

The Manager agrees, to the extent permitted by law, to indemnify and hold harmless the Owner, and its officers and employees, for and against all liabilities, claims and demands which arise from any negligent act or omission of the Manager, or of its officers and employees, provided that such acts or omissions of the Manager's officers and employees occur during the performance of their duties, within the scope of their employment, and were not willful and wanton. In addition, the Manager agrees to indemnify the Owner and its officers and employees, from all costs and expenses related to defending such liabilities, claims and demands including, but not limited to, litigation costs and reasonable attorney's fees whether or not such liabilities, claims and demands are groundless, frivolous, false or fraudulent. However, the Manager and the Owner acknowledge and agree that all such liabilities, claims and demands shall be subject to any notice requirements, defenses, immunities, and limitations to liability the Manager and its officers and employees may have under the Colorado Governmental Immunity Act (C.R.S. Section 24-10-101, et seq.) and to any other defenses, immunities and limitations to liability available to the Manager, and its officers and employees, under the law.

12. **Assignment.** This Agreement shall not be assigned by either of the parties hereto without written consent of the other party.

13. **Default.** Each and every term of this Agreement shall be deemed to be a material element of the Agreement. In the event that either party shall fail to perform according to any term of this Agreement, such party may be declared in default. In the event that a party has been declared in default hereof, such defaulting party shall be given written notice specifying such default and shall be allowed a period of thirty (30) days in which to cure said default. In the event the default remains uncorrected within such notice period, the party declaring the default may elect to: (a) terminate this Agreement and seek damages; (b) treat the Agreement as continuing and require specific performance; or (c) avail itself of any other remedy at law, in equity or that is permitted under this Agreement.

14. **Notices.** Other than invoice billings which may be sent by first class mail, whenever written notice is required or permitted to be given hereunder by one party to the other, it shall be the party to whom given. Notices shall be addressed as follows:

If to the Owner:

Wellington Community Housing  
c/o Housing Catalyst  
1715 West Mountain Avenue  
Fort Collins, Colorado 80521  
Attn: Julie J. Brewen, Chief Manager

and with a copy to:

Town of Wellington  
P.O. Box 127  
Wellington, CO 80549  
Attn: Town Administrator

If to the Manager:

Housing Catalyst  
1715 West Mountain Avenue  
Fort Collins, Colorado 80521  
Attn: Julie J. Brewen, Chief Executive Officer

with a copy to:

Belford & Martell, LLC  
145 N. College Avenue, Unit E  
Fort Collins, CO 80524  
Attn: Mr. James A. Martell, Attorney at Law

Either party hereto may at any time designate a different person or address for the purpose of receiving notice by so informing the other party in writing. Notice by certified mail shall be deemed effective upon actual receipt thereof or three (3) days after being deposited in the United States mail, whichever first occurs.

15. **Waiver.** No waiver by either of the parties hereto of any of the terms and conditions of this Agreement shall be deemed to be or shall be construed as a waiver of any other term or condition of this Agreement, nor shall a waiver of any breach of this Agreement be deemed to constitute a waiver of any subsequent breach of the same provision of this Agreement.

16. **Construction.** This Agreement shall be construed according to its fair meaning and as if it was prepared by both of the parties hereto and shall be deemed to be and contain the entire agreement between the parties hereto. There shall be deemed to be no other terms, conditions, promises, understandings, statements or representations, expressed or implied, concerning this Agreement, unless set forth in writing and signed by both of the parties. Paragraph heading of this Agreement are for convenience of reference only and shall in no way define, limit or prescribe the scope of intent of any provision of this Agreement.

17. **Severability.** If any provision of this Agreement, or the application of such provision to any person, entity or circumstance, shall be held invalid, the remainder of this Agreement, or the application of such provision to persons, entities or circumstances other than those in which it was held invalid, shall not be affected.

18. **Relationship of Parties.** The parties hereto enter into this Agreement as separate and independent entities and each shall maintain such status throughout the term of this Agreement.

19. **Attorneys' Fees.** In the event that either of the parties hereto shall default in any of their covenants or obligations contained herein so as to require the other party to this Agreement not in default to commence legal or equitable action against the defaulting party, the defaulting party expressly agrees to pay all of the non-defaulting party's reasonable expenses in said litigation, including a reasonable sum for attorney's fees.

20. **No Third Party Beneficiaries.** This Agreement is made for the sole and exclusive benefit of the Owner and the Manager and is not made for the benefit of any third party.

21. **Binding Effect.** This Agreement shall be bind upon and inure to the benefit of the parties hereto and their respective successors and assigns.

22. **Addendum.** The Addendum to Property Management Agreements is attached hereto and incorporated by reference.

IN WITNESS WHEREOF, the parties have executed this Agreement the date and year first above written.

**OWNER:**

**Wellington Community Housing**

By: Wellington Community Housing, a  
Colorado nonprofit corporation

By: \_\_\_\_\_  
Mishie Daknis, Board President

**MANAGER:**

**HOUSING CATALYST**, a body corporate and  
politic under the laws of the State of Colorado

By: \_\_\_\_\_  
Julie J. Brewen, Chief Executive  
Officer

## EXHIBIT A LEGAL DESCRIPTION

### Parcel One:

Lot 4, Block 1,  
Summit Addition to Wellington, County of Larimer, State of Colorado.

### Parcel Two:

Lot 1, Block 4,  
Summit Addition to Wellington, County of Larimer, State of Colorado.

### Parcel Three:

Lot 16, Block 2,  
Miller's Addition to Wellington, County of Larimer, State of Colorado.

### Parcel Four:

The South 90 feet of Lot 13, Block 7,  
Town of Wellington, County of Larimer, State of Colorado.

### Parcel Five:

The South  $\frac{1}{2}$  of Lot 6 and all of Lots 7, 8, 9, 12, 13, 14, and 15, and a strip of land 12 feet in width lying along the West line of said Lot 12 and the South  $\frac{1}{2}$  of Lot 13, being a portion of vacated Fifth Street as described in the Vacation Deed recorded August 3, 1966 in Book 1336 at Page 576,  
EXCEPT the West 58 feet of Lots 14 and 15 and the West 58 feet of the North  $\frac{1}{2}$  of Lot 13, all in Block 1, and

The West 58 feet of Lots 14 and 15, and the West 58 feet of the North  $\frac{1}{2}$  of Lot 13, and a strip of land 12 feet in width lying along the West line of said Lots 14, 15 and the North  $\frac{1}{2}$  of Lot 13, being a portion of vacated Fifth Street as described in the Vacation Deed recorded August 3, 1966 in Book 1336 at Page 576, all in Block 1,  
All in Piatt and Breniman Addition to Wellington, County of Larimer, State of Colorado.

### Parcel Six:

Lot 3, Block 1,  
Coddington Addition to Wellington, County of Larimer, State of Colorado.

### Parcel Seven:

Lot 15 and the East  $\frac{1}{2}$  of Lot 14, Block 8,  
Town of Wellington, County of Larimer, State of Colorado.

### Parcel Eight:

Lot 17, Block 7,  
Town of Wellington, County of Larimer, State of Colorado.

**EXHIBIT A**  
{Continued}

**Parcel Nine:**

A part of Tracts 32 and 33 of Wellington Place, more particularly described as follows:

Begin at a point on the West line of Fifth Street and the North line of Roosevelt Avenue which bears South 670.00 feet and again S88°44'00"W 491.53 feet and again N00°02'00"W 30.00 feet from the East¼ corner of Section 33, Township 8 North, Range 68 West of the 6<sup>th</sup> Principal Meridian;  
Thence run N00°02'00"W 300.00 feet along the West line of Fifth Street;  
Thence S88°44'50"W 308.65 feet;  
Thence S01°18'30"E 300.00 feet along the East line of Fourth Street;  
Thence N88°44'00"E 301.97 feet along the North line of Roosevelt Avenue to the Point of Beginning,  
County of Larimer, State of Colorado.

Note: For informational purposes only, the above described land is covered by the following tax parcel numbers:

|               |                           |
|---------------|---------------------------|
| Parcel One:   | 8933116904                |
| Parcel Two:   | 8933120901                |
| Parcel Three: | 8933134916                |
| Parcel Four:  | 8933408919                |
| Parcel Five:  | 8933405907                |
| Parcel Six:   | 8933125903                |
| Parcel Seven: | 8933409919 and 8933409915 |
| Parcel Eight: | 8933408917                |
| Parcel Nine:  | 8933406902                |

## Exhibit B - Leases

| <u>ID</u> | <u>Unit Type</u> | <u>Household<br/>Members</u> | <u>Address</u>     | <u>Date of Lease Start</u> |
|-----------|------------------|------------------------------|--------------------|----------------------------|
| WHA-01    | Duplex           | 1                            | 3914 Roosevelt Ave |                            |
| WHA-02    | Duplex           | 3                            | 3914 Roosevelt Ave | 2/10/2016                  |
| WHA-03    | Duplex           | 1                            | 3914 Roosevelt Ave | 4/6/2016                   |
| WHA-04    | Duplex           | 1                            | 3914 Roosevelt Ave | 3/2/2015                   |
| WHA-05    | Duplex           | 3                            | 3914 Roosevelt Ave | 10/16/2017                 |
| WHA-06    | Duplex           | 3                            | 3914 Roosevelt Ave | 3/19/2020                  |
| WHA-07    | Duplex           | 2                            | 3914 Roosevelt Ave | 3/21/2014                  |
| WHA-08    | Duplex           | 2                            | 3914 Roosevelt Ave | 2/23/2015                  |
| WHA-09    | Duplex           | 1                            | 3914 Roosevelt Ave | 8/28/2014                  |
| WHA-10    | Duplex           | 1                            | 3914 Roosevelt Ave | 1/13/2021                  |
| WHA-11    | Duplex           | 1                            | 3914 Roosevelt Ave | 4/1/2018                   |
| WHA-12    | Duplex           | 1                            | 3914 Roosevelt Ave | 6/18/2010                  |
| WHA-13    | Duplex           | 1                            | 3914 Roosevelt Ave | 6/16/2008                  |
| WHA-14    | Duplex           | 1                            | 3914 Roosevelt Ave | 11/20/2020                 |
| WHA-15    | Duplex           | 1                            | 3914 Roosevelt Ave | 12/1/2016                  |
| WHA-16    | Duplex           | 1                            | 3914 Roosevelt Ave | 12/14/2018                 |
| WHA-17    | Duplex           | 3                            | 3750 Franklin Ave  | 10/9/2020                  |
| WHA-18    | Duplex           | 3                            | 3750 Franklin Ave  | 8/14/2014                  |
| WHA-19    | Duplex           | 3                            | 3749 Franklin Ave  | 6/1/2008                   |
| WHA-20    | Duplex           | 3                            | 3749 Franklin Ave  | 1/1/2008                   |
| WHA-21    | Duplex           | 3                            | 3907 Grant # 21    | 10/21/2009                 |
| WHA-22    | Duplex           | 3                            | 3907 Grant # 22    | 8/13/2010                  |
| WHA-23    | Duplex           | 3                            | 8315 4th Street    | 8/1/2008                   |
| WHA-24    | Duplex           | 3                            | 8315 4th Street    | 8/27/2008                  |
| WHA-25    | Duplex           | 2                            | 3718 McKinley      | 8/21/2020                  |
| WHA-26    | Duplex           | 2                            | 3718 McKinley      | 5/1/2008                   |
| WHA-27    | SFH              | 4                            | 8126 Second Street | 5/11/2017                  |
| WHA-28    | Duplex           | 2                            | 3744 McKinley      | 4/1/2008                   |
| WHA-29    | Duplex           | 2                            | 3744 McKinley      | 5/1/2008                   |
| WHA-30    | Duplex           | 2                            | 8116 5th Street    | 10/3/2018                  |
| WHA-31    | Duplex           | 2                            | 8116 5th Street    | 2/1/2008                   |
| WHA-32    | Duplex           | 3                            | 8116 5th Street    | 9/29/2011                  |
| WHA-33    | Duplex           | 3                            | 8116 5th Street    | 3/11/2009                  |
| WHA-34    | Duplex           | 3                            | 8116 5th Street    | 11/5/2010                  |
| WHA-35    | Duplex           | 3                            | 8116 5th Street    | 11/1/2007                  |
| WHA-36    | Duplex           | 3                            | 8116 5th Street    | 6/4/2018                   |
| WHA-37    | Duplex           | 3                            | 8116 5th Street    | 10/8/2020                  |
| WHA-38    | SFH              | 4                            | 8115 6th Street    | 2/13/2009                  |
| WHA-39    | Duplex           | 3                            | 8115 6th Street    | 11/9/2015                  |
| WHA-40    | Duplex           | 3                            | 8115 6th Street    | 1/8/2018                   |
| WHA-41    | Duplex           | 3                            | 8115 6th Street    | 8/20/2019                  |
| WHA-42    | Duplex           | 3                            | 8115 6th Street    | 11/3/2020                  |



# Wellington Housing Authority | Wellington Community Housing

FINANCIAL REPORT | Q4 2022

PREPARED AND PRESENTED BY:



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## Executive Summary

Wellington Housing Authority through Wellington Community Housing provides housing for eligible low-income individuals and families. Wellington Community Housing contracts with Housing Catalyst to manage the 42 family units located in Wellington and corporate management of both Wellington Housing Authority and Wellington Community Housing.

Presented are both the Wellington Housing Authority and Wellington Community Housing Financial Statements for the period ended Q4 2022. These entities are presented separately for your review since they do not meet the criteria for consolidation under GAAP reporting.

## Wellington Housing Authority

Wellington Housing Authority will remain active despite transferring its owned real estate to Wellington Community Housing. The Wellington Housing Authority board of commissioners is independently appointed by the City of Wellington.

### BALANCE SHEET

Exhibit 1 represents the standard Balance Sheet presentation showing the period-end totals compared to the totals at the previous period-end for the entity.

There is nothing of significance to note for the quarter or year to date activity. There is \$9,248 accrued in liabilities for PILOT that will be requested to be forgiven in 2023 by the City of Wellington.

### BUDGET COMPARISON

Exhibit 2 contains the budget comparison report for Wellington Housing Authority. This report is a standard presentation of the Income Statement activity presented in a budget variance format. It includes the total annual budget figures for informational purposes.

There is nothing of significance to note for the quarter or year to date activity.

## Wellington Community Housing

Wellington Community Housing was formed in 2019 and during 2021 received all the assets in the form of a contribution from the Wellington Housing Authority. It also was awarded IRS 501(c)(3) non-profit status effective October 17, 2019. This designation enables the entity the ability to receive tax deductible bequests, devises, transfers, and gifts. The Wellington Community Housing nonprofit entity was further designated by the IRS as a public charity and will be required to file annual 990 tax forms. The Board of Directors for Wellington Community Housing is separately appointed by the City of Wellington.



## BALANCE SHEET

Exhibit 3 represents the standard Balance Sheet presentation showing the period-end totals compared to the totals at the previous period-end for the entity. Total assets ended the quarter at \$6,613,014 which represents a decrease of \$128,705; 1.9%. The primary factor impacting the total asset value is additional depreciation on real property.

### Current Assets:

Total cash at the end of the quarter was \$173,302 which represents an increase of \$18,827; 12% during the quarter.

Of the funds in the bank \$13,795 are restricted for security deposits.

Receivables increased by \$4,910; 57% during the quarter. Year over year, accounts receivable has remained stable.

Lastly, prepaid expenses decreased by \$8,144. Prepaid expenses represent prepayments for expenses attributable to future periods. As periods expire a portion of the balance is moved to expenses. Business insurance, audit, and tax fees are tracked in prepaids and make up the majority of the balance.

### Noncurrent Assets:

Net fixed assets are the real property assets owned by the entity net of accumulated depreciation. The assets were contributed from Wellington Housing Authority at fair market value. During discussions with Eide Baily, the external CPA firm contracted to perform audit and tax engagements, it was determined that this contribution qualifies to be booked in this manner and thus assets were adjusted as of the financial year ended December 31, 2021.

The book value of the net fixed assets closed the quarter at \$6,425,563 which represents a decline of \$142,874; 2%. The decline is due to depreciation of the assets.

### Current Liabilities:

Accounts payable at the end of the quarter is \$12,928. This represents a decrease of \$1,421; 10% due to timing of invoices being recorded and subsequent payments. There is no unacceptable delay in timing of vendor payments to report.

Deferred revenue of \$3,314 represents prepaid rents and/or voucher payments attributable to future periods.

### Equity:

Cumulative retained earnings at the end of the quarter were \$6,659,007 which represents a decrease of \$125,123; 1.9%. The decrease is due to a decrease in net losses for the year that is unfavorably impacting retained earnings. The primary cause is higher than expected depreciation expense calculated on the higher fair market value of assets that was not known at time of budget finalization.

## BUDGET COMPARISON

Exhibit 4 contains the budget comparison report for Wellington Community Housing. This report is a standard presentation of the Income Statement activity presented in a budget variance format. It includes the total annual budget figures for informational purposes.

### Operating Revenue:

Year to date effective gross income is unfavorable to budgeted targets by \$42,905 or 5.8%. The primary reason for this variance is due to reduced subsidy income from vouchers which were unfavorable by (\$44,851); 8.4% and unbudgeted write offs of \$12,535. Vacancies were budgeted within the tenant base rent figure and not broken out.

At the end of the quarter the occupancy was 97.6% with 1 of the 42 units vacant.

### Operating Expenses:

Total year to date operating expenses were higher than target by \$33,702; 9.6%. Factors contributing to this variance were:

- Administrative Expenses were higher than target by \$12k due to:
  - Unbudgeted resident relocation of \$4,865 due to boiler repairs;
  - Higher than expected audit and tax expenses of \$2,711
- Utilities Expenses were higher than target by \$5,751 due to a budgeting error
- Unplanned maintenance expenses of \$16,436 including:
  - Higher than anticipated materials expenses of \$4,776;
  - Higher than anticipated contract costs of \$11,660 which were impacted by:
    - Higher than anticipated unit turn expenses of \$15,374;
    - Higher than anticipated plumbing expenses of \$8,339;
    - Unbudgeted property condition assessment of \$4k;
    - Offset by savings in grounds work of \$23,906
- Technology expenses ended the year with an unfavorable variance of \$4,281 due to budget error omitting internet service cost

### Net Operating Income:

Net operating income or “NOI” represents the net income or loss before non-operating income and expenses are considered. This is a key indicator for the success of a rental property.

The year-to-date result of \$132,892 is \$76,607; 37% below the budgeted target of \$209,498. The NOI for the quarter was negatively impacted by the tenant relocation, vouchers, and the vacancy losses; however, these items were offset by savings in other categories.

### Non-Operating Income (Expenses):

Non-operating expenses during the quarter were unfavorable to budget by \$159,748 due to a depreciation expense adjustment of assets to fair market value. The budget was prepared prior to the fair market values being available.

### Net Income:

Net income represents the bottom-line representation of an entity's earnings or losses.

The year-to-date net loss of (\$76,030) came in below the budgeted target of \$160,194 by \$236,224; 146%. The earnings for the year are negatively impacted by the vacancy losses and tenant services expense as outlined above. Further, the additional depreciation of \$160k is also negatively impacting the net income.

## EXHIBIT 1: Wellington Housing Authority – Balance sheet

Wellington Housing Authority (phwha)

**Balance Sheet (With Period Change)**

Period = Oct 2022-Dec 2022

Book = Accrual ; Tree = summary.bs

|                                 | Balance        | Beginning | Net    |
|---------------------------------|----------------|-----------|--------|
|                                 | Current Period | Balance   | Change |
| <b>ASSETS</b>                   |                |           |        |
| CURRENT ASSETS:                 |                |           |        |
| Cash                            |                |           |        |
| Unrestricted Cash               | 13,743         | 15,904    | -2,161 |
| Total Cash                      | 13,743         | 15,904    | -2,161 |
| TOTAL CURRENT ASSETS            | 13,743         | 15,904    | -2,161 |
| TOTAL ASSETS                    | 13,743         | 15,904    | -2,161 |
| <b>LIABILITIES &amp; EQUITY</b> |                |           |        |
| <i>LIABILITIES</i>              |                |           |        |
| CURRENT LIABILITIES:            |                |           |        |
| Accrued Liabilities             | 9,404          | 9,248     | 156    |
| TOTAL CURRENT LIABILITIES       | 9,404          | 9,248     | 156    |
| TOTAL LIABILITIES               | 9,404          | 9,248     | 156    |
| <i>EQUITY</i>                   |                |           |        |
| RETAINED EARNINGS:              |                |           |        |
| Current Year Income             | -9,369         | -7,053    | -2,317 |
| Unrestricted Net Assets         | 13,709         | 13,709    | 0      |
| TOTAL RETAINED EARNINGS:        | 4,340          | 6,656     | -2,317 |
| TOTAL EQUITY                    | 4,340          | 6,656     | -2,317 |
| TOTAL LIABILITIES AND EQUITY    | 13,743         | 15,904    | -2,161 |

## EXHIBIT 2: Wellington Housing Authority – Budget Comparison

Wellington Housing Authority (phwha)

**Budget Comparison**

Period = Oct 2022-Dec 2022

Book = Accrual ; Tree = summary.cf.agency

|                                        | PTD Actual    | PTD Budget    | Variance    | % Var      | YTD Actual    | YTD Budget    | Variance    | % Var      | Annual        |
|----------------------------------------|---------------|---------------|-------------|------------|---------------|---------------|-------------|------------|---------------|
| <b>OPERATING REVENUES</b>              |               |               |             |            |               |               |             |            |               |
| <b>NET RENTAL INCOME</b>               |               |               |             |            |               |               |             |            |               |
| ADJUSTMENTS TO NET POTENTIAL RENT      |               |               |             |            |               |               |             |            |               |
| Tenant Base Rent                       | 72            | 0             | 72          | N/A        | 0             | 0             | 0           | N/A        | 0             |
| TOTAL ADJ TO NET POTENTIAL RENT        | 72            | 0             | 72          | N/A        | 0             | 0             | 0           | N/A        | 0             |
| NET RENTAL INCOME                      | 72            | 0             | 72          | N/A        | 0             | 0             | 0           | N/A        | 0             |
| OTHER TENANT INCOME                    | 757           | 0             | 757         | N/A        | 0             | 0             | 0           | N/A        | 0             |
| EFFECTIVE GROSS INCOME                 | 829           | 0             | 829         | N/A        | 0             | 0             | 0           | N/A        | 0             |
| MISCELLANEOUS INCOME                   | 17            | 0             | 17          | N/A        | 17            | 0             | 17          | N/A        | 0             |
| <b>TOTAL OPERATING REVENUE</b>         | <b>846</b>    | <b>0</b>      | <b>846</b>  | <b>N/A</b> | <b>17</b>     | <b>0</b>      | <b>17</b>   | <b>N/A</b> | <b>0</b>      |
| <b>OPERATING EXPENSES</b>              |               |               |             |            |               |               |             |            |               |
| <b>DIRECT OPERATING EXPENSES</b>       |               |               |             |            |               |               |             |            |               |
| ADMINISTRATIVE                         |               |               |             |            |               |               |             |            |               |
| Labor Expenses                         | 2,334         | 2,294         | -40         | -2         | 8,558         | 9,174         | 616         | 7          | 9,174         |
| TOTAL ADMINISTRATIVE EXPENSES          | 2,334         | 2,294         | -40         | -2         | 8,558         | 9,174         | 616         | 7          | 9,174         |
| GENERAL EXPENSES                       | 829           | 0             | -829        | N/A        | 829           | 0             | -829        | N/A        | 0             |
| <b>TOTAL DIRECT OPERATING EXPENSES</b> | <b>3,163</b>  | <b>2,294</b>  | <b>-869</b> | <b>-38</b> | <b>9,387</b>  | <b>9,174</b>  | <b>-213</b> | <b>-2</b>  | <b>9,174</b>  |
| <b>TOTAL OPERATING EXPENSES</b>        | <b>3,163</b>  | <b>2,294</b>  | <b>-869</b> | <b>-38</b> | <b>9,387</b>  | <b>9,174</b>  | <b>-213</b> | <b>-2</b>  | <b>9,174</b>  |
| <b>NET OPERATING INCOME</b>            | <b>-2,317</b> | <b>-2,294</b> | <b>-23</b>  | <b>-1</b>  | <b>-9,369</b> | <b>-9,174</b> | <b>-195</b> | <b>-2</b>  | <b>-9,174</b> |
| <b>NET INCOME (LOSS)</b>               | <b>-2,317</b> | <b>-2,294</b> | <b>-23</b>  | <b>-1</b>  | <b>-9,369</b> | <b>-9,174</b> | <b>-195</b> | <b>-2</b>  | <b>-9,174</b> |

## EXHIBIT 3: Wellington Community Housing – Balance Sheet

Wellington Community Housing (wellich)  
**Balance Sheet (With Period Change)**

Period = Oct 2022-Dec 2022

Book = Accrual ; Tree = summary.bs

|                                 | Balance        | Beginning | Net      |
|---------------------------------|----------------|-----------|----------|
|                                 | Current Period | Balance   | Change   |
| <b>ASSETS</b>                   |                |           |          |
| <b>CURRENT ASSETS:</b>          |                |           |          |
| Cash                            |                |           |          |
| Unrestricted Cash               | 159,507        | 140,475   | 19,032   |
| Restricted Cash                 | 13,795         | 14,000    | -205     |
| Total Cash                      | 173,302        | 154,475   | 18,827   |
| Accounts Receivable             | 13,459         | 8,550     | 4,910    |
| Interco & Interfund Balances    | -1,627         | -203      | -1,424   |
| Prepaid Expenses                | 2,317          | 10,461    | -8,144   |
| TOTAL CURRENT ASSETS            | 187,451        | 173,282   | 14,169   |
| <b>NONCURRENT ASSETS:</b>       |                |           |          |
| Fixed Assets - Net              | 6,425,562      | 6,568,436 | -142,874 |
| TOTAL NONCURRENT ASSETS         | 6,425,562      | 6,568,436 | -142,874 |
| TOTAL ASSETS                    | 6,613,013      | 6,741,718 | -128,705 |
| <b>LIABILITIES &amp; EQUITY</b> |                |           |          |
| <b>LIABILITIES</b>              |                |           |          |
| <b>CURRENT LIABILITIES:</b>     |                |           |          |
| Accounts Payable                | 12,928         | 14,349    | -1,421   |
| Accrued Liabilities             | 0              | 775       | -775     |
| Security Deposits               | 13,795         | 14,000    | -205     |
| Deferred Revenue                | 3,314          | 4,494     | -1,180   |
| TOTAL CURRENT LIABILITIES       | 30,037         | 33,618    | -3,581   |
| TOTAL LIABILITIES               | 30,037         | 33,618    | -3,581   |
| <b>EQUITY</b>                   |                |           |          |
| <b>RETAINED EARNINGS:</b>       |                |           |          |
| Current Year Income             | -76,031        | 49,094    | -125,125 |
| Unrestricted Net Assets         | 6,659,007      | 6,659,007 | 0        |
| TOTAL RETAINED EARNINGS:        | 6,582,976      | 6,708,100 | -125,124 |
| TOTAL EQUITY                    | 6,582,976      | 6,708,100 | -125,124 |
| TOTAL LIABILITIES AND EQUITY    | 6,613,013      | 6,741,718 | -128,705 |

## EXHIBIT 4: Wellington Community Housing – Budget Comparison

Wellington Community Housing (welch)

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## Budget Comparison

Period = Oct 2022-Dec 2022

Book = Accrual ; Tree = detailed.is

|                                   | PTD Actual | PTD Budget | Variance | % Var | YTD Actual | YTD Budget | Variance | % Var | Annual  |
|-----------------------------------|------------|------------|----------|-------|------------|------------|----------|-------|---------|
| <b>OPERATING REVENUES</b>         |            |            |          |       |            |            |          |       |         |
| <b>RENTAL INCOME</b>              |            |            |          |       |            |            |          |       |         |
| Adjustments to NPR                |            |            |          |       |            |            |          |       |         |
| Tenant Base Rent                  | 48,489     | 39,758     | 8,731    | 22    | 186,471    | 159,031    | 27,439   | 17    | 159,031 |
| Subsidy - Housing Choice Voucher  | 130,398    | 145,099    | -14,703  | -10   | 535,546    | 580,397    | -44,851  | -8    | 580,397 |
| Less: Vacancies                   | -3,118     | 0          | -3,118   | N/A   | -33,645    | 0          | -33,645  | N/A   | 0       |
| Less: Write-offs                  | 0          | 0          | 0        | N/A   | -12,535    | 0          | -12,535  | N/A   | 0       |
| Total Adjustments to NPR          | 175,767    | 184,857    | -9,090   | -5    | 675,837    | 739,428    | -63,591  | -9    | 739,428 |
| NET RENTAL INCOME                 | 175,767    | 184,857    | -9,090   | -5    | 675,837    | 739,428    | -63,591  | -9    | 739,428 |
| <b>OTHER TENANT INCOME</b>        |            |            |          |       |            |            |          |       |         |
| Ancillary Income                  | 407        | 29         | 378      | 1,295 | 460        | 117        | 343      | 294   | 117     |
| Late Charges                      | 775        | 187        | 588      | 315   | 2,475      | 747        | 1,728    | 231   | 747     |
| Legal Fees - Tenant               | 0          | 0          | 0        | N/A   | 520        | 0          | 520      | N/A   | 0       |
| Tenant Owed Utilities             | 723        | 291        | 432      | 148   | 2,970      | 1,165      | 1,805    | 155   | 1,165   |
| Tenant Work Orders                | 1,058      | 0          | 1,058    | N/A   | 11,364     | 0          | 11,364   | N/A   | 0       |
| Repayment Agreement 1             | 1,529      | 0          | 1,529    | N/A   | 4,925      | 0          | 4,925    | N/A   | 0       |
| TOTAL OTHER TENANT INCOME         | 4,493      | 507        | 3,985    | 786   | 22,714     | 2,029      | 20,685   | 1,020 | 2,029   |
| EFFECTIVE GROSS INCOME            | 180,260    | 185,364    | -5,104   | -3    | 698,551    | 741,457    | -42,905  | -6    | 741,457 |
| TOTAL OPERATING REVENUE           | 180,260    | 185,364    | -5,104   | -3    | 698,551    | 741,457    | -42,905  | -6    | 741,457 |
| <b>OPERATING EXPENSES</b>         |            |            |          |       |            |            |          |       |         |
| <b>ADMINISTRATIVE EXPENSES</b>    |            |            |          |       |            |            |          |       |         |
| <b>Labor Expenses</b>             |            |            |          |       |            |            |          |       |         |
| Salaries & Wages                  | 7,706      | 6,237      | -1,469   | -24   | 25,389     | 24,949     | -440     | -2    | 24,949  |
| Benefits Expenses                 | 2,234      | 1,551      | -684     | -44   | 7,890      | 6,202      | -1,688   | -27   | 6,202   |
| Total Labor Expenses              | 9,941      | 7,788      | -2,153   | -28   | 33,279     | 31,151     | -2,128   | -7    | 31,151  |
| <b>Legal Expense</b>              |            |            |          |       |            |            |          |       |         |
| Criminal Background Checks        | 53         | 0          | -53      | N/A   | 53         | 0          | -53      | N/A   | 0       |
| Tenant Screening                  | 0          | 0          | 0        | N/A   | 169        | 0          | -169     | N/A   | 0       |
| General Legal Expense             | 135        | 0          | -135     | N/A   | 1,502      | 0          | -1,502   | N/A   | 0       |
| Total Legal Expense               | 188        | 0          | -188     | N/A   | 1,724      | 0          | -1,724   | N/A   | 0       |
| <b>Management Related Expense</b> |            |            |          |       |            |            |          |       |         |
| Property Management Fee Expense   | 22,559     | 23,135     | 576      | 2     | 90,248     | 92,541     | 2,293    | 2     | 92,541  |
| Accounting/Bookkeeping Expense    | 12,964     | 12,607     | -357     | -3    | 50,782     | 50,428     | -354     | -1    | 50,428  |
| Total Management Related Expenses | 35,523     | 35,742     | 219      | 1     | 141,030    | 142,969    | 1,939    | 1     | 142,969 |

# Wellington Community Housing Financial Report

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Wellington Community Housing (welch)

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## Budget Comparison

Period = Oct 2022-Dec 2022

Book = Accrual ; Tree = detailed.is

|                                     | PTD Actual | PTD Budget | Variance | % Var | YTD Actual | YTD Budget | Variance | % Var | Annual  |
|-------------------------------------|------------|------------|----------|-------|------------|------------|----------|-------|---------|
| Other Administrative Expenses       |            |            |          |       |            |            |          |       |         |
| Auditing & Tax Services             | 6,500      | 1,885      | -4,615   | -245  | 10,250     | 7,539      | -2,711   | -36   | 7,539   |
| Consultants                         | 210        | 0          | -210     | N/A   | 210        | 0          | -210     | N/A   | 0       |
| Membership and Fees                 | 0          | 0          | 0        | N/A   | 10         | 0          | -10      | N/A   | 0       |
| Other Misc Admin Expenses           | 84         | 61         | -23      | -39   | 90         | 243        | 153      | 63    | 243     |
| Total Other Administrative Expenses | 6,794      | 1,946      | -4,849   | -249  | 10,560     | 7,782      | -2,778   | -36   | 7,782   |
| TOTAL ADMINISTRATIVE EXPENSES       | 52,446     | 45,476     | -6,970   | -15   | 186,593    | 181,903    | -4,691   | -3    | 181,903 |
| GENERAL EXPENSES                    |            |            |          |       |            |            |          |       |         |
| Other General Expenses              |            |            |          |       |            |            |          |       |         |
| Insurance                           | 6,894      | 8,023      | 1,129    | 14    | 27,306     | 32,092     | 4,785    | 15    | 32,092  |
| Office Supplies                     | 0          | 0          | 0        | N/A   | 248        | 0          | -248     | N/A   | 0       |
| Small Office Equipment              | 0          | 294        | 294      | 100   | 1,134      | 1,174      | 40       | 3     | 1,174   |
| Office Rent                         | 578        | 0          | -578     | N/A   | 2,306      | 0          | -2,306   | N/A   | 0       |
| Contract-Security                   | 0          | 12         | 12       | 100   | 0          | 49         | 49       | 100   | 49      |
| Total Other General Expenses        | 7,472      | 8,329      | 857      | 10    | 30,994     | 33,316     | 2,322    | 7     | 33,316  |
| Resident Services                   |            |            |          |       |            |            |          |       |         |
| Resident Services                   | 5,475      | 5,475      | 0        | 0     | 21,900     | 21,900     | 0        | 0     | 21,900  |
| Resident Relocation                 | 214        | 0          | -214     | N/A   | 4,865      | 0          | -4,865   | N/A   | 0       |
| Total Resident Services             | 5,689      | 5,475      | -214     | -4    | 26,765     | 21,900     | -4,865   | -22   | 21,900  |
| Utilities Expense                   |            |            |          |       |            |            |          |       |         |
| Water                               | 18,363     | 19,797     | 1,435    | 7     | 74,555     | 79,189     | 4,634    | 6     | 79,189  |
| Electricity                         | 2,289      | 1,951      | -338     | -17   | 10,844     | 7,804      | -3,039   | -39   | 7,804   |
| Electricity-Vacant Units            | 0          | 85         | 85       | 100   | 902        | 341        | -561     | -164  | 341     |
| Gas                                 | 2,858      | 1,233      | -1,625   | -132  | 11,715     | 4,931      | -6,784   | -138  | 4,931   |
| Total Utility Expense               | 23,509     | 23,066     | -443     | -2    | 98,016     | 92,265     | -5,751   | -6    | 92,265  |
| Maintenance Expenses                |            |            |          |       |            |            |          |       |         |
| Materials                           | 2,590      | 2,423      | -167     | -7    | 14,468     | 9,692      | -4,776   | -49   | 9,692   |
| Contract Costs                      | 44,531     | 47,609     | 3,078    | 6     | 202,095    | 190,435    | -11,660  | -6    | 190,435 |
| Total Maintenance Expenses          | 47,120     | 50,032     | 2,911    | 6     | 216,564    | 200,127    | -16,436  | -8    | 200,127 |
| Technology Expenses                 |            |            |          |       |            |            |          |       |         |
| Telephone                           | 213        | 179        | -34      | -19   | 853        | 717        | -135     | -19   | 717     |
| Internet Services                   | 1,229      | 185        | -1,044   | -563  | 4,916      | 741        | -4,175   | -563  | 741     |
| Cell Phones   Tablets               | 240        | 247        | 7        | 3     | 980        | 989        | 29       | 3     | 989     |
| Total Technology Expenses           | 1,682      | 612        | -1,071   | -175  | 6,729      | 2,447      | -4,281   | -175  | 2,447   |
| TOTAL GENERAL EXPENSES              | 85,473     | 87,514     | 2,041    | 2     | 379,067    | 350,056    | -29,011  | -8    | 350,056 |

# Wellington Community Housing Financial Report

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Wellington Community Housing (welch)

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## Budget Comparison

Period = Oct 2022-Dec 2022

Book = Accrual ; Tree = detailed.is

|                                       | PTD Actual | PTD Budget | Variance | % Var  | YTD Actual | YTD Budget | Variance | % Var | Annual  |
|---------------------------------------|------------|------------|----------|--------|------------|------------|----------|-------|---------|
| TOTAL OPERATING EXPENSES              | 137,919    | 132,990    | -4,930   | -4     | 565,660    | 531,958    | -33,702  | -6    | 531,958 |
| NET OPERATING INCOME                  | 42,341     | 52,375     | -10,034  | -19    | 132,892    | 209,498    | -76,607  | -37   | 209,498 |
| NON-OPERATING INCOME   EXPENSE        |            |            |          |        |            |            |          |       |         |
| NON OPERATING INCOME                  |            |            |          |        |            |            |          |       |         |
| Investment Income - Unrestricted      | 107        | 1          | 105      | 8,361  | 136        | 5          | 131      | 2,608 | 5       |
| TOTAL NON OPERATING INCOME            | 107        | 1          | 105      | 8,361  | 136        | 5          | 131      | 2,608 | 5       |
| NON OPERATING EXPENSES                |            |            |          |        |            |            |          |       |         |
| DEPRECIATION/AMORTIZATION EXPENSE     |            |            |          |        |            |            |          |       |         |
| Depreciation - Buildings              | 166,069    | 12,327     | -153,742 | -1,247 | 203,052    | 49,310     | -153,742 | -312  | 49,310  |
| Depreciation - Furn,Fix,Equip - Admin | 1,502      | 0          | -1,502   | N/A    | 6,006      | 0          | -6,006   | N/A   | 0       |
| TOTAL DEPRECIATION/AMORTIZATION EX... | 167,571    | 12,327     | -155,243 | -1,250 | 209,058    | 49,310     | -159,748 | -324  | 49,310  |
| TOTAL NON OPERATING EXPENSES          | 167,571    | 12,327     | -155,243 | -1,250 | 209,058    | 49,310     | -159,748 | -324  | 49,310  |
| NET NON-OPERATING INCOME   EXPENSE    | 167,464    | 12,326     | -155,138 | -1,250 | 208,921    | 49,305     | -159,617 | -324  | 49,305  |
| NET INCOME (LOSS)                     | -125,123   | 40,048     | -165,172 | -412   | -76,030    | 160,194    | -236,224 | -147  | 160,194 |