

AGENDA
ANN ARBOR AFFORDABLE HOUSING CORPORATION
REGULAR MEETING
June 15, 2022

Meeting Time and Location: **6:00 pm**
Zoom Meeting

- I. APPROVAL OF AGENDA
- II. APPROVAL OF MINUTES April 20, 2022
- III. NEW BUSINESS
 - A. Resolution 22-3 Election of Board
 - B. Resolution 22-4 Adoption of Annual Budget
 - C. Resolution 22-5 to Approve Donation Policy
 - D. Review of May Financial Statements
- IV. ADJOURNMENT

MINUTES
ANN ARBOR AFFORDABLE HOUSING CORPORATION
INITIAL BOARD MEETING
April 20, 2022

Meeting Time and Location: **7:20 p.m.**
Zoom Meeting On-Line

President Meadows convened the meeting at 7:20 p.m.

Board Members present: Thierry Batalonga, Lee Meadows, Jennifer Hall, Steven Daniels, Patricia Jenkins, Deanna Boer

Board Members absent: none

I. Approval of Agenda

Jenkins moved and *Boer* seconded.

Motion approved 6 - 0 (Jenkins, Batalonga, Meadows, Daniels, Hall, Boer - yes, 0 – no)

II. Approval of Minutes November 17, 2021

Jenkins moved and *Boer* seconded.

Motion approved 6 - 0 (Jenkins, Batalonga, Meadows, Daniels, Hall, Boer - yes, 0 – no)

III. NEW Business

A. Resolution 22-1 to Approve the FY21 Audit for Lurie Terrace

Batalonga moved and *Jenkins* seconded.

Motion approved 6– 0 (Batalonga, Meadows, Daniels, Jenkins, Hall, Boer - yes, 0 – no)

B. Resolution 22-2 to Approve the FY21 990 for Lurie Terrace

Batalonga moved and *Daniels* seconded.

Motion approved 6– 0 (Batalonga, Meadows, Daniels, Jenkins, Hall, Boer - yes, 0 – no)

IV. Adjournment

Jenkins moved and *Daniels* seconded.

Motion approved 6– 0 (Batalonga, Meadows, Daniels, Jenkins, Hall. Boer - yes, 0 – no)

Meeting adjourned 7:38PM

RESOLUTION FY22-3 AAAHC

Resolution to Elect the Board Officers of President, Vice President and Secretary-Treasurer

The Ann Arbor Affordable Housing Corporation will hold a regular annual meeting of the Board in May or as soon as feasible thereafter, for the purpose of electing officers, passing upon reports of the previous fiscal year, and transacting such other business as may be properly brought before the meeting. The Board must elect 3 officers: President, Vice President, and Secretary-Treasurer. The President and Vice President must be members of the Ann Arbor Housing Commission Board but the Secretary-Treasurer does not.

Section 1. President. The President:

- (a) Shall be the principal executive officer of the Corporation, shall supervise and control all of the business and affairs of the Corporation, and unless otherwise determined by the Board, shall preside at all meetings of the Board;
- (b) May sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed on behalf of the Corporation, except in cases in which the signing and execution thereof shall be expressly delegated by the Board, or by these Bylaws, to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed; and
- (c) Shall in general perform all duties incident to the office of the president and such other duties as may be prescribed by the Board from time to time.

Section 2. Vice President. In the absence of the President or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to him or her by the Board.

Section 3. Secretary-Treasurer. The Secretary-Treasurer shall:

- (a) Keep the minutes of the meetings of the Member and the Board in one or more books provided for that purpose;
- (b) See that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) Be custodian of the corporate records and have general charge of the books of the Corporation;
- (d) Keep a register of the names and mailing addresses of all directors and officers;
- (e) Keep on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Corporation containing all amendments thereto (which copies shall always be open to the inspection of the Member and any director), and at the expense of the Corporation, forward a copy of the Bylaws and of all amendments thereto to each director;
- (f) Have charge and custody of and be responsible for all funds of the Corporation;
- (g) Be responsible for the receipt of and the issuance of receipts for all monies due and payable to the Corporation and for the deposit of all such monies in the name of the Corporation in such bank or banks, trust companies or other depositories, as shall be selected in accordance with the provisions of these Bylaws; and

(h) In general, perform all the duties incident to the office of Secretary and the office of Treasurer, and such other duties as from time to time may be assigned to him or her by the Board.

Officer Compensation. Officers shall receive no salary for their services, except that any officer of the Corporation that performs legal services for the Corporation may receive reasonable compensation for such services rendered. Otherwise, no officer shall receive compensation for service to the Corporation in any other capacity, nor shall any close relative of an officer receive compensation for serving the Corporation. The term “close relative” as used in this Section shall mean any brother or sister of any officer, the forebears and descendants of an officer or any such brother or sister, and any spouse of an officer or of any aforesaid person.

WHEREAS, The Ann Arbor Affordable Housing Corporation at its annual meeting must elect the positions of President, Vice President and Secretary-Treasurer; and

NOW THEREFORE BE IT RESOLVED THAT, the Ann Arbor Affordable Housing Corporation Board appoints the following Board member positions.

Motion by _____ seconded by _____

to appoint _____ for Board President

Motion by _____ seconded by _____

to appoint _____ for Board Vice President

Motion by _____ seconded by _____

to appoint _____ for Board Secretary/Treasurer

RESOLUTION 22-4 AAAHC

Resolution to Adopt the FY23 Budget

The Ann Arbor Affordable Housing Corporation has a July 1 to June 30 fiscal year.

The primary sources of revenue in FY23 are from tenant rents, parking fees, and project-based voucher rent subsidies. The budget assumes that occupancy will stabilize at 95% occupancy and that 30 project-based vouchers will be leased up.

Projected expenditures include administrative costs such as audit fees, and miscellaneous board and staffing expenses as well as maintenance expenses including materials, contractors and staffing costs. The budget also includes tenant services for unexpected urgent issues that are not covered by other community resources.

WHEREAS, The Ann Arbor Affordable Housing Corporation at its annual meeting must adopt a budget for FY23; and

NOW THEREFORE BE IT RESOLVED THAT, that the Ann Arbor Affordable Housing Corporation Board adopts the proposed FY23 budget.

Lurie Terrace (lurie)

Statement (12 months)

Period = Dec 2020-Nov 2021

Book = Accrual ; Tree = ysi_is

		FY 22 Total	Subtotals	FY23 Proposed Budget	FY23 Calc Basis	Comments/Explanations
3100-00-000	TENANT INCOME				220,114	
3101-00-000	Rental Income					
3111-00-000	Tenant Rent	671,627		1,073,397		1,277,397
	RAD PBV Housing Assistance Payment(HAP)	25,669		204,000		30 PBV UNIT RENTS - ADD'L \$500/UNIT/MONTH = \$15K PER MONTH, \$180K PER YEAR
3113-00-000	Less: Unpaid Vacancies	(40,871)		(63,870)	5% VACANCY	
3114-00-000	Less: Concessions	(250)				
3119-00-000	Total Rental Income	656,175	1,213,527			
3120-00-000	Other Tenant Income					
3120-01-000	Laundry and Vending	4,642		8,400		
3120-03-000	Damages			-		
3120-05-000	Legal Fees - Tenant	184		500		
3120-06-000	NSF Charges	20		100		
3120-09-000	Misc.Tenant Income			-		
3120-10-000	Tenant Parking Fees	23,055		32,220	BASED ON MAY 2021 PARKING FEE REV	
3120-11-000	Tenant Meal Charges	29,126		-		
3129-00-000	Total Other Tenant Income	57,027	41,220			
3199-00-000	NET TENANT INCOME	713,202	1,254,747			
3400-00-000	GRANT INCOME					
3406-00-000	PBV Vacancy Payments	40,871		16,114	7 units/yr turnover * 2 months \$1151	NEED TO ADD LINE ITEM OTHER Grants
3415-10-000	City of Ann Arbor Grant Revenue	335,864		-		1x allocation related to acquisition
3418-00-000	Grant Revenue			40,000		AAACF for PACE
3415-15-000	DDA Revenue	815,330		-		1x allocation related to acquisition
3499-00-000	TOTAL GRANT INCOME	1,192,066	56,114			
3610-00-000	Investment Income - Unrestricted	135		140		
3650-00-000	Miscellaneous Other Income	0		-		
3670-01-000	Donations	1,819		3,600		SR nutrition donations
3699-00-000	TOTAL OTHER INCOME	1,819	3,740			

3999-00-000	TOTAL INCOME	1,907,222	1,314,601	1,314,601
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4000-00-000 EXPENSES

4100-00-000	ADMINISTRATIVE			
4100-99-000	Administrative Salaries			
4110-03-000	Compensated Absences	2,000		2,000
4110-11-000	Temporary Help			-
4110-60-000	Contract-Property Management	131,220		262,965
4110-61-000	Contract Property Management-OT	680		1,000
4110-99-000	Total Administrative Salaries	133,900	265,965	
4130-00-000	Legal Expense			
4130-02-000	Criminal Background Checks	324		600
4130-04-000	General Legal Expense	1,966		3,500
4131-00-000	Total Legal Expense	2,290	4,100	
4139-00-000	Other Admin Expenses			
4140-00-000	Staff Training	1,379		2,500
4150-00-000	Travel	16		100
4171-00-000	Auditing Fees			13,500
4173-00-000	Management Fee	41,207		78,876
4173-00-001	Bookkeeping Fees			
4182-00-000	Consultants	630		1,200
4183-00-000	Inspections	420		800
4189-00-000	Total Other Admin Expenses	43,652	96,976	
4190-00-000	Miscellaneous Admin Expenses			
4190-01-000	Memberships and Fees			
4190-04-000	Office Supplies	11,121		6,000
4190-07-000	Telephone	5,651		6,600
4190-08-000	Postage	50		100
4190-09-000	Software License Fees	1,583		1,600
4190-12-000	Software	517		600
4190-13-000	Printing Expenses	790		1,600
4190-20-000	Bank Fees	1,977		2,640
4190-22-000	Other Misc Admin Expenses	302		500
4191-00-000	Total Miscellaneous Admin Expenses	21,991	19,640	

FORMULA - DO NOT ENTER DATA

reduced from orig budget due to no more fee accountant

FORMULA - DO NOT ENTER DATA

not allowed, already collecting in s8

full year

full year

minus \$8K cabinets and copier

Telephone only - 12 months

12 months

12 months

Equipment Repair - Office & Employee/Residence Gifts - Computer assistance - Misc Marketing and Advertising Expenses

4199-00-000	TOTAL ADMINISTRATIVE EXPENSES	201,832	386,681
4200-00-000	TENANT SERVICES		
4220-02-000	Tenant Services Support		
4220-00-000	Resident Council	3,400	3,400
4220-01-000	Other Tenant Svcs.	24,265	14,400
4230-00-000	Tenant Services Contract Costs	2,106	42,500
4230-15-000	Sr Nutrition Program Expenses	-	-
4299-00-000	TOTAL TENANT SERVICES EXPENSES	29,771	60,300
4310-00-000	Water	22,471	40,000
4320-00-000	Electricity	62,937	86,898
4330-00-000	Gas	1,328	2,400
4399-00-000	TOTAL UTILITY EXPENSES	86,736	129,298
4410-03-000	Maintenance - Temporary Labor	725	
4410-06-000	Compensated Absences		
4410-50-000	Contract Employees Maintenance	45,446	126,629
4410-51-000	Contract Employees-Maint-OT	2,590	4,000
4411-00-000	Maintenance Uniforms	19	50
4419-00-000	Total General Maint Expense	48,780	130,679
4420-00-000	Materials		
4420-01-000	Grounds Supplies	1,463	1,600
4420-02-000	Appliance Parts Supplies	329	500
4420-03-000	Window Treatment Supplies	2,899	3,500
4420-04-000	Electrical Supplies	4,471	6,000
4420-06-000	Janitorial/Cleaning Supplies	1,350	1,700
4420-07-000	Maint/Repairs/Supplies	960	1,300
4420-08-000	Plumbing Supplies	3,551	5,000
4420-09-000	Tools and Equipment	691	1,000
4420-11-000	Paint Supplies	651	1,100
4420-13-000	HVAC Supplies	7,885	10,000
4420-15-000	Locks & Keys	1,465	400
4420-17-000	Flooring Supplies		-
4420-21-000	Fire/Life/Safety Expenses & Supplies	5,113	6,500
4420-22-000	Fleet Expenses	931	1,200
4420-23-000	Appliances	1,763	3,000

incl. tenant stipends to deliver food

meal deliveries and associated costs

AAACF \$40K

no Rita bc LT has a tenant committee that does gardening/landscaping

FORMULA - DO NOT ENTER DATA

like CO

Repair supplies - water softener

Inspections & permits

4429-00-000	Total Materials	33,521	42,800	
4430-00-000	Contract Costs			
4430-01-000	Fire Extinguisher Contract Costs	365	400	
4430-03-000	Building Repairs Contract Costs	13,103	10,000	\$8Kremove door openers for HUD grant
4430-04-000	Carpet Cleaning Contract Costs	2,903	4,000	
4430-05-000	Decorating/Painting Contract Costs	977	2,000	
4430-06-000	Electrical Contract Costs	4,541	6,000	Electrical and Generator
4430-07-000	Pest Control Contract Costs	743	1,500	
4430-07-900	Pest Control-budgeted	7,981	15,600	Extermination services
4430-08-000	Floor Covering Contract Costs	1,821	5,000	
4430-09-000	Grounds Contract Costs	561	1,000	Parking lot repair
4430-10-000	Janitorial/Cleaning Contract Costs	2,505	3,500	
4430-10-900	Janitorial-Monthly Contract	15,536	25,292	
4430-11-000	Plumbing Contract Costs	5,996	8,000	
4430-13-000	HVAC Contract Costs	2,340	5,000	Parkview boiler
4430-16-002	Fire Sprinkler Inspection Fees	750	1,500	
4430-17-000	Elevator Contract Costs	16,580	27,600	
4430-20-000	Trash Disposal Contract Costs	7,584	12,400	\$1800 1x HUD capital expense
4430-24-000	Sewer Backups Emergency	1,586	4,000	
4430-26-000	Vehicle Towing Contact Costs	181	500	
4430-27-000	Unit Turn Contract Costs	30,562	50,000	
4430-28-000	Lawn Care Contract		-	
4430-28-900	Lawn Care Contract-Budget for Mowing	11,445	12,000	6 months
4430-29-000	Snow Removal Contract		12,000	Contract amount
4430-31-000	Asbestos Abatement/Monitoring/Removal	1,425	2,500	
4430-98-000	Tenant Stipends	980	2,500	meals etc
4439-00-000	Total Contract Costs	130,464	212,292	
4499-00-000	TOTAL MAINTENANCE EXPENSES	212,765	385,771	
4500-00-000	GENERAL EXPENSES			
4510-00-000	Property Insurance	62,616	66,000	BASED ON CURRENT INS POLICY RENEWAL + 20% INCREASE
4510-90-000	Insurance Proceeds-Credit	(9,010)	-	
4521-00-000	Misc. Taxes/Liscenses/Insurance	20	20	MIP Expense (see mortgage escrow)
4521-00-500	Financing/Tax Credit Fees	741	800	
4522-00-000	Debt Issuance Costs		8,400	

4580-00-000	Security Contracts	9,617		12,000
4599-00-000	TOTAL GENERAL EXPENSES	63,985	87,220	
4800-00-000	FINANCING EXPENSE			
4855-00-000	Interest Expense-Mortgage Payable	58,433		97,349
4899-00-000	TOTAL FINANCING EXPENSES	58,433	97,349	
5000-00-000	NON-OPERATING ITEMS			
5100-01-000	Depreciation -Buildings			
5999-00-000	TOTAL NON-OPERATING ITEMS		160,000	160,000
8000-00-000	TOTAL EXPENSES	653,522	1,306,619	1,146,619
9000-00-000	NET INCOME	1,253,700		7,981

night security

ESTIMATE BASED ON MAY 2021 MORT STMT

DO WE WANT TO BUDGET DEPRECIATION? --- THIS ONE BASED ON 25 YEARS

1,209,270

Replacement Reserve Deposits	(47,600)
Debt Issuance Costs	8,400
Mortgage Interest	97,349
Depreciation	160,000
Net Operating Income	226,131
Debt Service (Principal & Interest)	184,776

DSCR - should be > 1.15 **1.22**

NET INCOME --- should tie to SUMMARY sheet **41,355**

RESOLUTION 22-5 AAAHC

Resolution to Adopt a Donation Policy

The Ann Arbor Affordable Housing Corporation, DBA Lurie Terrace, has been approached by several tenants who have asked how they can make a donation or leave annuities or other items in their will to Lurie Terrace. Please see the attached policy.

NOW THEREFORE BE IT RESOLVED THAT, that the Ann Arbor Affordable Housing Corporation Board adopts the proposed Donation Policy.

GIFT ACCEPTANCE POLICY

OF

ANN ARBOR AFFORDABLE HOUSING CORPORATION

The Board of Directors (the “Board”) of Ann Arbor Affordable Housing Corporation, a Michigan nonprofit corporation (the “Organization”), adopted this Gift Acceptance Policy (this “Policy”) on June 15, 2022.

1. PURPOSE

The Organization and its staff and the Board solicit current and deferred gifts from individuals, corporations and organizations to secure the future growth and missions of the Organization. This Policy governs the acceptance of gifts by the Organization and provides guidance to prospective donors and their advisors when making gifts to the Organization. The provisions of these policies shall apply to all gifts received by the Organization for any of its programs or services.

2. CONFLICT OF INTEREST

The Organization will urge all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

3. TYPES OF GIFTS ACCEPTED

A. The following gifts are acceptable:

1. Cash;
2. Gifts-In-Kind
3. Tangible Personal Property;
4. Securities;
5. Real Estate;
6. Remainder Interests in Property;
7. Oil, Gas, and Mineral Interests;
8. Bargain Sales;
9. Life Insurance;
10. Charitable Gift Annuities;
11. Charitable Remainder Trusts;
12. Charitable Lead Trusts;
13. Retirement Plan Beneficiary Designations;
14. Bequests; and
15. Life Insurance Beneficiary Designations.

B. The following criteria govern the acceptance of each gift form:

1. Cash: Cash is acceptable in any form. Checks shall be made payable to the Organization and shall be delivered to the Organization's administrative offices.
2. Gifts-In-Kind: Gifts-In-Kind are defined as any gift that is not cash, including securities. They can include free services needed to further the goals of the Organization. Examples of such services including, but are not limited to, consulting, legal and advertising. These services cannot be receipted as they do not represent a transfer of property.

The Organization may decline acceptance of any Gift-In-Kind based on the following:

- The gift results in unplanned higher operational costs or a financial burden in order to store/liquidate.
 - The gift is an item that cannot be used within a reasonable period of time by the Organization.
 - The donor's business and/or personal activities are not perceived as socially responsible and are contradictory to the mission of the Organization.
 - The Organization does not have the freedom to make decisions regarding upgrading, maintenance and ultimate disposal of the gift.
 - Gifts of a company's inventory or product may be accepted, but those gifts may not be eligible for a tax receipt if they are classified non-qualifying because the donor is able to deduct the cost of the contribution as a business expense.
3. Tangible Personal Property: All other gifts of tangible personal property shall be examined in light of the following criteria:
 - Does the property fulfill the mission of the Organization?
 - Is the property marketable?
 - Are there any undue restrictions on the use, display, or sale of the property?
 - Are there any carrying costs for the property?
 - Is the title of the property clear?

The final determination on the acceptance of other tangible personal property gifts shall be made by the Board or a designated committee.

4. Securities: The Organization can accept both publicly traded securities and closely held securities.

Publicly Traded Securities: Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the Board or a designated committee. In some cases marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities shall be made by the Board or a designated committee.

Closely Held Securities: Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited liability partnerships and limited liability companies or other ownership forms, can be accepted subject to the approval of the Board or a designated committee. However, gifts must be reviewed prior to acceptance to determine that:

- There are no restrictions on the security that would prevent the Organization from ultimately converting those assets to cash;
- The security is marketable; and
- The security will not generate any undesirable tax consequences for the Organization.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The final determination on the acceptance of closely held securities shall be made by the Board or a designated committee of the Organization and legal counsel when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

5. Real Estate: Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, the Organization shall require an initial environmental review of the property to ensure that the property has no environmental damage. In the event that the initial inspection reveals a potential problem, the Organization shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor.

When appropriate, a title policy or a title binder, as applicable, shall be obtained by the Organization prior to the acceptance of the real property gift. The cost of this title policy or title binder and review of same, as applicable, shall generally be an expense of the donor.

Prior to acceptance of the real property, the gift shall be approved by the Board or a designated committee and by the Organization's legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of the Organization?
- Is the property marketable?
- What ownership interest does the donor have in the property?
- Are there any restrictions, reservations, easements, or other limitations associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc. associated with the property?
- Does the environmental audit reflect that the property is not damaged?

6. Remainder Interests in Property: The Organization will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph 4 above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, the Organization may use the property or reduce it to cash. Where the Organization receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary.

7. Oil, Gas, and Mineral Interests: The Organization may accept oil and gas property interests, when appropriate. Prior to acceptance of an oil and gas interest, the gift shall be approved by the Board or a designated committee, and if necessary, by the Organization's legal counsel. Criteria for acceptance of the property shall include:

- The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate;
- A working interest is rarely accepted. A working interest may only be accepted when there is a plan to minimize potential liability and tax consequences;
- The property should undergo an environmental review to ensure that the Organization has no current or potential exposure to environmental liability.

8. Bargain Sales: The Organization will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and charitable purposes of the Organization. All bargain sales must be reviewed and recommended by the Board or a designated committee and approved by the Board. Factors used in determining the appropriateness of the transaction include:

- The Organization must obtain an independent appraisal substantiating the value of the property;
 - If the Organization assumes debt with the property, the debt ratio must be less than 50% of the lesser of the appraised market value of the property;
 - The Organization must determine that it will use the property, or that there is a market for sale of the property allowing sale within 12 months of receipt;
 - The Organization must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable, accounting fees, appraisals, etc.) during the holding period.
9. Life Insurance: The Organization must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, the Organization will include the entire amount of the additional premium payment as a gift in the year that it is made.

If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the Organization may:

- Continue to pay the premiums;
 - Convert the policy to paid up insurance; or
 - Surrender the policy for its current cash value.
10. Charitable Gift Annuities: The Organization may offer charitable gift annuities. The minimum gift for funding is \$50,000. The Organization's Board may make exceptions to this minimum. The minimum age for life income beneficiaries of a gift annuity shall be 55. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be 45. No more than two life income beneficiaries will be permitted for any gift annuity.

Annuity payments may be made on a quarterly, semi-annual, or annual schedule. The Board may approve exceptions to this payment schedule.

The Organization will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. The Organization may accept real estate, tangible personal property, or other illiquid assets in exchange for deferred gift annuities so long as there is at least a five-year period before the commencement of the annuity payment date, the value of the property is reasonably certain, and the Board or a designated committee of the Organization approves the arrangement.

Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to the Organization's general endowment funds, or to such specific fund as designated by the donor.

11. Charitable Remainder Trusts: The Organization may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Board or a designated committee. The Organization will not accept appointment as trustee of a charitable remainder trust.
12. Charitable Lead Trusts: The Organization may accept a designation as income beneficiary of a charitable lead trust with the approval of the Board or a designated committee. The Organization will not accept an appointment as trustee of a charitable lead trust.
13. Retirement Plan Beneficiary Designations: Donors and supporters of the Organization will be encouraged to name the Organization as beneficiary of their retirement plans. Such designations will not be recorded as gifts to the Organization until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.
14. Bequests: Donors and supporters of the Organization will be encouraged to make bequests to the Organization under their wills and trusts. Such bequests will not be recorded as gifts to the Organization until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.
15. Life Insurance Beneficiary Designations: Donors and supporters of the Organization will be encouraged to name the Organization as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to the Organization until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

4. RESTRICTIONS ON GIFTS

The Organization will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities. The Organization will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that (a) violate the terms of the corporate

charter, (b) are too difficult or expensive to administer, (c) are for purposes outside the mission of the Organization, (d) would result in the Organization losing its status as an Internal Revenue Code § 501(c)(3) organization, or (e) would result in any unacceptable consequences for the Organization. The Organization prefers to receive unrestricted donations in order to allocate the gift to the greatest need, but may accept restricted donations after a careful process of due diligence to ensure that such specific purposes are complementary to the overall long-term goals of the Organization and are easily administered. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Board or a designated committee. Documentation and financial accounting will be maintained by the Organization to ensure the accuracy of the intended use of restricted funds.

5. LEGAL COUNSEL

The Organization shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

- a. Closely held stock transfers that are subject to restrictions or buy-sell agreements;
- b. Documents naming the Organization as trustee or requiring the Organization to act in any fiduciary capacity;
- c. Gifts involving contracts, such as bargain sales or other gifts requiring the Organization to assume an obligation;
- d. Transactions with potential conflicts of interest;
- e. Gifts of property which may be subject to environmental or other regulatory restrictions; and
- f. Other instances in which use of counsel is deemed appropriate by a designated committee.

6. MISCELLANEOUS

- A. Securing appraisals and legal fees for gifts to the Organization: It will be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to the Organization.
- B. Valuation of gifts for development purposes: The Organization will record a gift received by the Organization at its valuation for gift purposes on the date of gift.
- C. Responsibility for IRS Filings upon sale of gift items: The Organization is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within three years of receipt by the Organization when the charitable deduction value of the item is more than \$500. The Organization must file this form within 125 days after the date of sale or disposition of the asset. The Organization does not have to file IRS Form 8282 if, at the time the original donee signed Section B of IRS Form 8283, the donor signed a

statement on Form 8283 that the appraised value of the specific asset was not more than \$500.

- D. Acknowledgment of all gifts made to the Organization and compliance with the current IRS requirements in acknowledgment of such gifts shall be the responsibility of the Board. IRS Publication 561 *Determining the Value of Donated Property* and IRS Publication 526 *Charitable Contributions* are applicable to this Policy as guidance.

7. AMENDMENT OF POLICY

This Policy and the guidelines in this Policy have been reviewed and accepted by the Board. The Board of the Organization must approve any changes to or deviations from this Policy and the guidelines in this Policy.

APPROVED on the 15th day of June, 2022.

Lurie Terrace/AAAHC (Lurie)

Budget Comparison

Period = May 2022

Book = Accrual ; Tree = ysi_is

		PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
3100-00-000	TENANT INCOME									
3101-00-000	Rental Income									
3111-00-000	Tenant Rent	72,696	86,185	(13,489)	(16)	796,590	948,035	(151,445)	(16)	1,034,220
3112-02-000	RAD PBV Housing Assistance Payment(I	22,268	15,000	7,268	48	110,466	165,000	(54,534)	(33)	180,000
3113-00-000	Less: Unpaid Vacancies	(7,441)	(4,309)	(3,132)	(73)	(100,663)	(47,399)	(53,264)	(112)	(51,711)
3114-00-000	Less: Concessions	(1)	-	(1)	N/A	(1)	-	(1)	N/A	-
3119-00-000	Total Rental Income	87,522	96,876	(9,354)	(10)	806,392	1,065,636	(259,244)	(24)	1,162,509
3120-00-000	Other Tenant Income									
3120-01-000	Laundry and Vending	559	742	(183)	(25)	7,334	8,162	(828)	(10)	8,900
3120-03-000	Damages	-	167	(167)	(100)	2,000	1,837	163	9	2,000
3120-04-000	Late Charges	200	-	200	N/A	520	-	520	N/A	-
3120-05-000	Legal Fees - Tenant	184	-	184	N/A	368	-	368	N/A	-
3120-06-000	NSF Charges	20	-	20	N/A	80	-	80	N/A	-
3120-10-000	Tenant Parking Fees	2,680	2,685	(5)	(0)	29,041	29,535	(494)	(2)	32,220
3120-11-000	Tenant Meal Charges	-	-	-	N/A	(227)	-	(227)	N/A	-
3120-12-000	Tenant Medical Alert Charges	500	-	500	N/A	500	-	500	N/A	-
3129-00-000	Total Other Tenant Income	4,143	3,594	549	15	39,616	39,534	82	0	43,120
3199-00-000	NET TENANT INCOME	91,665	100,470	(8,805)	(9)	846,008	1,105,170	(259,162)	(23)	1,205,629
3400-00-000	GRANT INCOME									
3406-00-000	PBV Vacancy Payments	7,441	-	7,441	N/A	103,844	-	103,844	N/A	-
3415-10-000	City of Ann Arbor Grant Revenue	-	-	-	N/A	20,735	-	20,735	N/A	-
3418-00-000	Grant Revenue	7,276	-	7,276	N/A	161,006	-	161,006	N/A	-
3499-00-000	TOTAL GRANT INCOME	14,717	-	14,717	N/A	285,585	-	285,585	N/A	-
3610-00-000	Investment Income - Unrestricted	81	-	81	N/A	884	-	884	N/A	-
3650-00-000	Miscellaneous Other Income	-	83	(83)	(100)	3,055	913	2,142	235	1,000
3670-01-000	Donations	389	-	389	N/A	3,331	-	3,331	N/A	-
3699-00-000	TOTAL OTHER INCOME	389	-	389	N/A	3,331	-	3,331	N/A	-

3999-00-000	TOTAL INCOME	106,851	100,553	6,298	6	#####	#####	32,779	3	#####
4000-00-000	EXPENSES									
4100-00-000	ADMINISTRATIVE									
4100-99-000	Administrative Salaries									
4110-03-000	Compensated Absences	-	417	417	100	-	4,587	4,587	100	5,000
4110-51-000	Contract Employees-Admin-OT	-	-	-	N/A	741	-	(741)	N/A	-
4110-60-000	Contract-Property Management	8,621	20,209	11,588	57	178,079	222,299	44,220	20	242,508
4110-61-000	Contract Property Management-OT	902	267	(635)	(238)	3,169	2,937	(232)	(8)	3,200
4110-99-000	Total Administrative Salaries	9,523	20,893	11,370	54	181,989	229,823	47,834	21	250,708
4130-00-000	Legal Expense									
4130-02-000	Criminal Background Checks	78	121	43	36	78	1,331	1,253	94	1,453
4130-04-000	General Legal Expense	-	500	500	100	1,732	5,500	3,768	69	6,000
4131-00-000	Total Legal Expense	78	621	543	87	1,809	6,831	5,022	74	7,453
4139-00-000	Other Admin Expenses									
4140-00-000	Staff Training	-	-	-	N/A	1,797	600	(1,197)	(199)	600
4150-00-000	Travel	14	-	(14)	N/A	70	50	(20)	(40)	50
4171-00-000	Auditing Fees	-	-	-	N/A	13,500	4,000	(9,500)	(238)	4,000
4173-00-000	Management Fee	5,970	5,813	(157)	(3)	57,126	63,943	6,817	11	69,751
4182-00-000	Consultants	270	-	(270)	N/A	2,598	-	(2,598)	N/A	-
4183-00-000	Inspections	35	-	(35)	N/A	1,155	-	(1,155)	N/A	-
4189-00-000	Total Other Admin Expenses	6,289	5,813	(476)	(8)	76,246	68,593	(7,653)	(11)	74,401
4190-00-000	Miscellaneous Admin Expenses									
4190-04-000	Office Supplies	190	500	310	62	7,156	5,500	(1,656)	(30)	6,000
4190-07-000	Telephone	895	636	(259)	(41)	6,415	6,996	581	8	7,635
4190-12-000	Software	-	-	-	N/A	517	-	(517)	N/A	-
4190-13-000	Printing Expenses	-	-	-	N/A	185	-	(185)	N/A	-
4190-20-000	Bank Fees	200	180	(20)	(11)	2,498	1,980	(518)	(26)	2,160
4190-22-000	Other Misc Admin Expenses	39	417	378	91	406	4,587	4,181	91	5,000
4191-00-000	Total Miscellaneous Admin Expenses	1,324	1,733	409	24	17,177	19,063	1,886	10	20,795
4199-00-000	TOTAL ADMINISTRATIVE EXPENSES	17,213	29,060	11,847	41	277,221	324,310	47,089	15	353,357
4200-00-000	TENANT SERVICES									
4220-00-000	Resident Council	-	-	-	N/A	3,400	-	(3,400)	N/A	-

4220-01-000	Other Tenant Svcs.	758	-	(758)	N/A	10,725	-	(10,725)	N/A	-
4220-02-000	Tenant Services Support	(35,000)	833	35,833	4,302	-	9,163	9,163	100	10,000
4230-00-000	Tenant Services Contract Costs	238	-	(238)	N/A	2,584	-	(2,584)	N/A	-
4299-00-000	TOTAL TENANT SERVICES EXPENSES	(34,005)	833	34,838	4,182	16,709	9,163	(7,546)	(82)	10,000
4310-00-000	Water	-	2,883	2,883	100	26,428	31,713	5,285	17	34,599
4320-00-000	Electricity	7,474	9,118	1,644	18	97,132	100,298	3,166	3	109,417
4330-00-000	Gas	228	205	(23)	(11)	2,646	2,255	(391)	(17)	2,464
4399-00-000	TOTAL UTILITY EXPENSES	7,702	12,206	4,504	37	126,207	134,266	8,059	6	146,480
4410-03-000	Maintenance - Temporary Labor	394	-	(394)	N/A	1,119	-	(1,119)	N/A	-
4410-06-000	Compensated Absences	-	-	-	N/A	-	400	400	100	400
4410-50-000	Contract Employees Maintenance	8,298	10,059	1,761	18	98,028	110,649	12,621	11	120,712
4410-51-000	Contract Employees-Maint-OT	337	200	(137)	(69)	5,249	2,200	(3,049)	(139)	2,400
4411-00-000	Maintenance Uniforms	15	-	(15)	N/A	599	240	(359)	(150)	240
4419-00-000	Total General Maint Expense	9,044	10,259	1,215	12	104,995	113,489	8,494	7	123,752
4420-00-000	Materials									
4420-01-000	Grounds Supplies	116	83	(33)	(40)	3,514	913	(2,601)	(285)	1,000
4420-02-000	Appliance Parts Supplies	-	-	-	N/A	1,320	-	(1,320)	N/A	-
4420-03-000	Window Treatment Supplies	294	-	(294)	N/A	3,744	-	(3,744)	N/A	-
4420-04-000	Electrical Supplies	161	-	(161)	N/A	5,702	-	(5,702)	N/A	-
4420-06-000	Janitorial/Cleaning Supplies	36	-	(36)	N/A	2,074	700	(1,374)	(196)	700
4420-07-000	Maint/Repairs/Supplies	40	3,116	3,076	99	1,118	34,276	33,158	97	37,391
4420-08-000	Plumbing Supplies	837	-	(837)	N/A	6,487	-	(6,487)	N/A	-
4420-09-000	Tools and Equipment	-	-	-	N/A	984	-	(984)	N/A	-
4420-11-000	Paint Supplies	77	-	(77)	N/A	3,237	-	(3,237)	N/A	-
4420-13-000	HVAC Supplies	1,057	-	(1,057)	N/A	6,325	-	(6,325)	N/A	-
4420-15-000	Locks & Keys	164	-	(164)	N/A	3,965	-	(3,965)	N/A	-
4420-21-000	Fire/Life/Safety Expenses & Supplies	1,299	371	(928)	(250)	10,651	4,081	(6,570)	(161)	4,449
4420-22-000	Fleet Expenses	-	-	-	N/A	1,976	-	(1,976)	N/A	-
4420-23-000	Appliances	-	-	-	N/A	6,161	-	(6,161)	N/A	-
4429-00-000	Total Materials	4,081	3,570	(511)	(14)	57,258	39,970	(17,288)	(43)	43,540
4430-00-000	Contract Costs									
4430-01-000	Fire Extinguisher Contract Costs	-	-	-	N/A	365	-	(365)	N/A	-
4430-03-000	Building Repairs Contract Costs	-	925	925	100	27,703	10,175	(17,528)	(172)	11,100
4430-04-000	Carpet Cleaning Contract Costs	-	-	-	N/A	2,921	-	(2,921)	N/A	-
4430-05-000	Decorating/Painting Contract Costs	-	-	-	N/A	1,222	-	(1,222)	N/A	-

4430-06-000	Electrical Contract Costs	260	479	219	46	15,915	5,269	(10,646)	(202)	5,750
4430-07-000	Pest Control Contract Costs	-	-	-	N/A	820	-	(820)	N/A	-
4430-07-900	Pest Control-budgeted	360	803	443	55	10,901	8,833	(2,068)	(23)	9,640
4430-08-000	Floor Covering Contract Costs	-	-	-	N/A	2,282	-	(2,282)	N/A	-
4430-09-000	Grounds Contract Costs	-	1,071	1,071	100	9,428	6,426	(3,002)	(47)	7,500
4430-10-000	Janitorial/Cleaning Contract Costs	-	-	-	N/A	760	-	(760)	N/A	-
4430-10-900	Janitorial-Monthly Contract	2,191	2,140	(51)	(2)	25,093	23,540	(1,553)	(7)	25,678
4430-11-000	Plumbing Contract Costs	-	500	500	100	5,569	5,500	(69)	(1)	6,000
4430-12-000	Windows-Contract Costs	-	-	-	N/A	1,098	-	(1,098)	N/A	-
4430-13-000	HVAC Contract Costs	-	-	-	N/A	5,979	500	(5,479)	(1,096)	500
4430-16-002	Fire Sprinkler Inspection Fees	293	-	(293)	N/A	1,043	-	(1,043)	N/A	-
4430-17-000	Elevator Contract Costs	-	2,017	2,017	100	21,866	22,187	321	1	24,203
4430-20-000	Trash Disposal Contract Costs	-	-	-	N/A	8,018	-	(8,018)	N/A	-
4430-24-000	Sewer Backups Emergency	-	-	-	N/A	541	-	(541)	N/A	-
4430-26-000	Vehicle Towing Contact Costs	-	-	-	N/A	181	-	(181)	N/A	-
4430-27-000	Unit Turn Contract Costs	36	1,812	1,776	98	50,645	19,932	(30,713)	(154)	21,750
4430-28-900	Lawn Care Contract-Budget for Mowing	-	1,143	1,143	100	6,540	6,858	318	5	8,000
4430-29-000	Snow Removal Contract	-	-	-	N/A	11,995	12,471	476	4	12,471
4430-30-000	Generator Contract Expense	838	-	(838)	N/A	838	-	(838)	N/A	-
4430-31-000	Asbestos Abatement/Monitoring/Remov	975	-	(975)	N/A	4,413	-	(4,413)	N/A	-
4430-98-000	Tenant Stipends	200	-	(200)	N/A	3,680	-	(3,680)	N/A	-
4439-00-000	Total Contract Costs	5,153	10,890	5,737	53	219,816	121,691	(98,125)	(81)	132,592
4499-00-000	TOTAL MAINTENANCE EXPENSES	18,278	24,719	6,441	26	382,069	275,150	(106,919)	(39)	299,884
4500-00-000	GENERAL EXPENSES									
4510-00-000	Property Insurance	4,865	7,448	2,583	35	72,087	81,928	9,841	12	89,380
4510-40-000	Mortgage Insurance Premium	1,268	-	(1,268)	N/A	3,252	-	(3,252)	N/A	-
4521-00-000	Misc. Taxes/Liscenses/Insurance	-	1,305	1,305	100	20	14,355	14,335	100	15,660
4521-00-500	Financing/Tax Credit Fees	-	-	-	N/A	1,038	-	(1,038)	N/A	-
4522-00-000	Debt Issuance Amortization	698	-	(698)	N/A	7,678	-	(7,678)	N/A	-
4580-00-000	Security Contracts	850	-	(850)	N/A	10,425	-	(10,425)	N/A	-
4599-00-000	TOTAL GENERAL EXPENSES	7,681	8,753	1,072	12	94,500	96,283	1,783	2	105,040
4800-00-000	FINANCING EXPENSE									
4855-00-000	Interest Expense-Mortgage Payable	8,228	8,167	(61)	(1)	82,878	89,837	6,959	8	98,000

4899-00-000	TOTAL FINANCING EXPENSES	8,228	8,167	(61)	(1)	82,878	89,837	6,959	8	98,000
5000-00-000	NON-OPERATING ITEMS									
5100-01-000	Depreciation -Buildings	11,683	-	(11,683)	N/A	128,517	-	(128,517)	N/A	156,367
5999-00-000	TOTAL NON-OPERATING ITEMS	11,683	-	(11,683)	N/A	128,517	-	(128,517)	N/A	156,367
8000-00-000	TOTAL EXPENSES	36,780	83,738	46,958	56	1,108,101	929,009	(179,092)	(19)	1,169,128
9000-00-000	NET INCOME	70,072	16,815	53,257	317	30,761	177,074	(146,313)	(83)	37,501

AAHC - Business Activities

**Financial Statement Highlights
For the Period Ending May31, 2022**

Below is a summary of the financial activity for AAHC's Business Affiliates for the eleven months of FY22 ending May 31, 2022.

AAHDC	YTD Actual	YTD Budget	YTD Variance
Total Revenue	1,076,685	501,512	575,173
Total Expenses	1,108,924	931,414	(177,510)
Total Net Income	(32,239)	(429,902)	397,663

AAHDC - Total Cash & Investments: \$ 1,782,842

AAHDC - Unrestricted Cash: \$ 272,753 \$100,000 of which has been committed for the park purchase and development on Dexter (next to the West Arbor development). Available cash shortage is mainly due to timing issues with cash flow payments as well as Swift Lane developer fees being expected later in FY22.

Revenue:

- The revenue for AAHDC is over budget due to a timing difference in the receipt of a developer fee payment for the Swift Lane development as well as City funding for predevelopment of city-owned properties and additional social services funding related to the pandemic.

Expenses:

- Total **Administrative Expenses** are over budget. This is mainly due to pre-development expenses (reflected in Consultant expense) and related admin salaries which are off-set by the additional revenue referenced above as well as timing differences. In addition we incurred unbudgeted expenses (which includes a settlement related to FSS).
- Tenant Services Expenses** are higher than budget mainly due to the additional unbudgeted funding mentioned above as well as timing differences between actual and budget.
- General Expenses** are higher than budget which is primarily due to timing differences.

COLONIAL OAKS	YTD Actual	YTD Budget	YTD Variance
Total Revenue	597,065	584,641	12,424
Total Expenses	544,724	539,502	(5,222)
Total Net Income	52,341	45,139	7,202

Replacement Reserve Balance: \$93,949

Operating Reserve Balance: \$31,070

Revenue:

- The revenue for the property is slightly higher than budget. Occupancy for the property is stable.

Expenses:

- Total **Administrative Expenses** are slightly higher than budget.
- Utility Expenses** overall are higher than budget. This is mainly due to DTE billing reconciliations/corrections for the Broadway property going back for a significant time period.
- Maintenance Expenses** are below budget mainly due to lower-than-budgeted Total General Maintenance expenses, significantly lower than budgeted Unit Turn Costs, as well as general timing differences to budget.
- General Expenses** are in line with budget.
- Non-Operating Items** represent the depreciation expense which has been budgeted to be recognized for fiscal year-end in June.

LURIE TERRACE	YTD Actual	YTD Budget	YTD Variance
Total Revenue	1,138,862	1,106,083	32,779
Total Expenses	1,108,101	929,009	(179,092)
Total Net Income	30,761	177,074	(146,313)

YTD Debt Service Coverage Ratio (>1.15): 0.45

Replacement Reserve Balance: \$806,887

Insurance Escrow Balance: \$49,227

COVID-19 Debt Reserve Balance: \$200,601

Non-Critical Repair Reserve: \$0

Regions MIP Reserve: \$1,927

Residual Receipts Reserve: \$734

Revenue:

- The Revenue for the property is higher than budgeted despite the slow but gradual lease-up of the project-based vouchers as well as vacancy losses while 7 units are being renovated with ADA features as required by HUD. The higher revenue is due to unbudgeted funding received from MEDC (Rabhi grant) to provide a medical alert system for residents. The occupancy for the property is stable.

Expenses:

- Administrative Expenses** are below budget mainly due to lower than budgeted administrative salaries.
- Tenant Services Expenses** are higher than budget mainly due charges for Comcast as well as the annual payment to resident council.
- Utility Expenses** are slightly lower than budget mainly due to timing differences.
- Maintenance Expenses** are over budget mainly due to overages in Total Material Costs, Building Repair Contract Costs (Accessible Door openers for four apartments), and Unit Turn Contract Costs. Some of these expenses are related to mandated repairs by HUD as part of the purchase of the property.
- General Expenses** are in line with budget.
- Financing Expenses** represents the mortgage interest which is lower than budget.
- Non Operating Expenses** represents depreciation which was budgeted to be recorded for year-end, but we have started recording it monthly.