

2:00 P.M.

14.

Request from Community Housing Resources (CHR) for additional funding in the amount of \$425,000 (\$125,000 for outstanding debt and \$300,000 for reserves)

Community Housing & Resources, Inc.
Sanibel, Florida

November 30, 2010

To: Sanibel City Council

From: Mike Cuscaden, President, Community Housing & Resources, Inc.

In preparation for our presentation to you on December 7, we felt the following attachments might be helpful as you review our recent progress and efforts.

1. A report on current status of rental and LEO properties
2. A report from the CHR Treasurer with a combined financial statement of CHR and CICLT as of October 31, 2010.
3. The amended budget as of November 29, 2010
4. A copy of CHR's revised Five Year Plan, noting achievement of certain goals, the modification of others 2008-2010, and the revised goals for 2010-2012.
5. A copy of the CHR Board Manual, a work in progress
6. An update on the search for an Executive Director
7. A copy of Financial Internal Control Policies and Procedures as of November 29, 2010
8. A request for financial assistance in the form of an advance of \$125,000 and a "set aside" reserve of \$300,000.

Sanibel City Council Presentation Overview

Tuesday December 7th 2010

- What brings us before City Council
- What changed
 - Local, National and International economic climate
 - Housing demand
 - Housing market
 - Commercial Lending environment
 - Employment opportunities
 - Affordable Housing client needs
- Plan for the future
 - Tailor our efforts to meet immediate needs
 - Leader for future of our organization
 - Strong focus on selling remaining homes in our portfolio
 - Careful evaluation of potential opportunities
- Changes
 - Revaluation of CHR and CICLT
 - Evolution of needs of current and future clients
 - Redirection of efforts to fit those needs
 - Change in daily, monthly and annual operations
- Relationships
 - Our Customer
 - Our Clients
 - Client Profile
 - The story behind our clients

#1

| CURRENT HOUSING | | | | | |
|-----------------|-----|-----------|---------|-----------------|----|
| | CHR | LEO | PRIVATE | Clam Bayou- 1 | |
| UNITS | 75 | 6 to sell | 7 | Lake View- 3 | 82 |
| VACANCY | 2 | 3 vacant | 1 | Tennis- 1 | 6 |
| OCCUPIED | 73 | 3 rented | 6 | Tropicana-1 | 76 |
| | | | | Siesta Pines- 1 | |

| 5- CURRENT VACANCIES | | |
|--|--|--|
| CHR | LEO | PRIVATE |
| WD #4- 2/1, elevator (to be rented 12/01/10) RV # 9 | 455 SH- 2/1 – to sell 457 SH- 2/1- to sell 1486 Center- 3/2- to sell | Dropped - 2 2414 Palm Ridge- 1 Tropicana - 1 |

| 8- FORESEEN VACANCIES (30-90 DAYS) | | |
|------------------------------------|--|---|
| CHR | LEO- 3 | PRIVATE- 5 |
| -0- | 1485 Center- 3/2 1491 Center- 3/2 1493 Center- 3/2 (All units are now being rented) They will need to vacate if we get a buyer | 5 of 8 Keeping 3: Rabbit Rd Clam Bayou Tennis Place |

| CURRENT OVERALL AVERAGE INCOME & RENT |
|---|
| AVERAGE FAMILY SIZE -2 |
| AVERAGE INCOME \$13,281.00 |
| AVERAGE RENT FOR STUDIO \$364.00 |
| AVERAGE RENT FOR ONE BEDROOM \$390.00 |
| AVERAGE RENT FOR TWO BEDROOM \$511.00 |
| AVERAGE RENT FOR THREE BEDROOM \$759.00 |
| AVERAGE OVERALL RENT \$514.00 |

| NO PENDING EVICTIONS |
|--|
| 9 tenants are currently on a payment plan with a fee of \$10.00 monthly. Some due to the date they receive their S.S., others who can't budget their funds and pay every payday. |

CHR Staff would like to thank everyone who attended the viewing at 416 Airport Way and Riverview.

2A

COMMUNITY HOUSING & RESOURCES, INC.
PRESENTATION TO SANIBEL CITY COUNCIL
ON FINANCIAL HEALTH OF CHR
DECEMBER 7, 2010

The CHR Board is committed to insuring fiscal responsibility. To demonstrate this commitment it is dedicated to living within its budget and strengthening its financial policies and internal controls during Fiscal Year 2010-11.

On November 29th, the Board adopted a Financial Policies & Procedures Manual which incorporates sound Internal Controls. This is a dynamic document which will continue to be reviewed and refined in the future. Additionally on November 29th, the Board adopted a Budget Amendment which establishes and begins to fund an Equity Growth and Resale Delay Reserve.

However, even with these actions, CHR finds itself in a cash flow predicament due to the illiquidity of its assets. This can be explained by reviewing its Balance Sheet:

BALANCE SHEET

As of October 31, 2010, CHR's total assets were \$7,019,573. However, of that amount \$5,823,751 are fixed assets, land and rental units valued at cost less depreciation. Another \$1,155,926 are assets which will produce cash flow to CHR in the next year; however the timing for the receipt of those funds is highly uncertain. That leaves only \$39,896 in cash.

Looking on the liability side of the balance sheet reveals total liabilities of \$2,641,775. Of this amount, \$2,354,505 are long-term liabilities for the renovation of Riverview and the construction of Centre Place. Upon the sale of the six (6) remaining Limited Equity Ownership (LEO) units, the income related to those 6 units will repay the largest portion of the debt; the remaining long-term debt is for the purchase of Riverview and the 6 rental units at Centre Place. Additionally, current liabilities total \$287,270 of which \$115,059 are accounts payable which were outstanding at 10/31/10.

Therefore, since cash equals \$39,896 and accounts payable equal \$115,059, CHR finds itself in a serious cash flow predicament.

CASH FLOW

Because CHR has adopted a balanced budget and is closely monitoring budget to actual variances, its revenues are projected to cover its expenses on an annual basis, although, as you would expect, month to month operating cash flows vary due to timing of receipt of certain revenues and disbursement of expenses. It should be noted here that the FY 2010-11 CHR budget DOES include the \$50,000 due annually to the City of Sanibel pursuant to the Woodhaven/Casa Mariposa Agreements.

But because of the above-noted accounts payable, some more than 6 months past due, there is insufficient cash flow to meet obligations on a timely basis therefore incurring significant late fees. The largest outstanding payable is to Roetzel & Andress for unbudgeted legal work associated with the completion of the Centre Street project.

Day to day accounting continues to be monitored by outside accountants, Stroemer & Company, while an engagement with an independent auditor, Jeff Tuscan, CPA for the annual audit will be considered by the Board on December 13th.

SUMMARY

In conclusion, while cash flow from FY 2010-11 operations is tight, it is manageable. However, the outstanding accounts payable, primarily from unbudgeted Centre Street project expenses, has created a cash flow dilemma which can only be solved by an immediate infusion of cash in the amount of \$125,000.

CHR has created and has begun funding an Equity Growth and Resale Delay Reserve during FY 2010-11 and is committed to annually augmenting this reserve to a target of \$300,000.

CHR is dedicated to demonstrating its commitment to fiscal responsibility as well as improving its community relations by paying its bills on time. Therefore, CHR is looking to the City for limited financial assistance as will be described next by Mr. Pavelka.

1:17 PM
 11/30/10
 Accrual Basis

COMMUNITY HOUSING & RESOURCES, INC.
 Balance Sheet Prev Year Comparison
 As of October 31, 2010

2B

| | Oct 31, 10 | Oct 31, 09 | \$ Change | % Change |
|---------------------------------------|---------------------|---------------------|-----------------------|-----------------|
| ASSETS | | | | |
| Current Assets | | | | |
| Checking/Savings | | | | |
| 100 · SanCap Bank-Operating | 29,457.18 | 0.00 | 29,457.18 | 100.0% |
| 105 · Cash-Wachovia | 0.00 | 18,084.27 | (18,084.27) | (100.0)% |
| 106 · Cash-SanCap-TAF | 2,537.63 | 8,295.82 | (5,758.19) | (69.4)% |
| 107 · Cash-SanCap-Crdt Ck | 489.72 | 455.79 | 33.93 | 7.4% |
| 109 · Cash-SanCap-Sec Dep | 6,881.79 | 50,325.00 | (43,443.21) | (86.3)% |
| 111 · Cash-San-Cap-Centre Pl . Const. | (0.10) | 62,192.66 | (62,192.76) | (100.0)% |
| 113 · Cash-San-Cap Down Payment Acct. | 2,534.95 | 24,000.69 | (21,465.74) | (89.4)% |
| 114 · Escrow-SanCap-Riverview | 0.00 | 150.80 | (150.80) | (100.0)% |
| 124 · Sanibel-Captiva Bk-12 mos CD#1 | 0.00 | 78,151.30 | (78,151.30) | (100.0)% |
| Total Checking/Savings | 41,901.17 | 241,656.33 | (199,755.16) | (82.7)% |
| Other Current Assets | | | | |
| 145 · Inventory-Centre PI | 1,140,753.13 | 0.00 | 1,140,753.13 | 100.0% |
| 115 · Security Deposits Receivable | 6,217.00 | 700.00 | 5,517.00 | 788.1% |
| 116 · Rent Receivable | (35,822.46) | 0.00 | (35,822.46) | (100.0)% |
| 119 · Utility Receivable | (3,293.76) | 136.00 | (3,429.76) | (2,521.9)% |
| 125 · Prepaid Insurance | 21,220.01 | 62,370.33 | (41,150.32) | (66.0)% |
| 126 · Prepaid expenses | 10,667.82 | 7,413.09 | 3,254.73 | 43.9% |
| 140 · Due from CICTL | 0.00 | 7,328.97 | (7,328.97) | (100.0)% |
| Total Other Current Assets | 1,139,741.74 | 77,948.39 | 1,061,793.35 | 1,362.2% |
| Total Current Assets | 1,181,642.91 | 319,604.72 | 862,038.19 | 269.7% |
| Fixed Assets | | | | |
| 261 · Signs | 4,830.00 | 4,830.00 | 0.00 | 0.0% |
| 262 · Accumulated Depreciation-Signs | (3,729.97) | (3,178.00) | (551.97) | (17.4)% |
| 263 · Machinery & equipment | 14,478.71 | 14,478.71 | 0.00 | 0.0% |
| 264 · Accumulated Depreciation-M&E | (12,744.46) | (10,025.00) | (2,719.46) | (27.1)% |
| 265 · Rental Units - Algiers | 28,091.70 | 0.00 | 28,091.70 | 100.0% |
| 267 · Rental Units - Riverview | 407,949.12 | 393,573.28 | 14,375.84 | 3.7% |
| 268 · Accumulated Depreciation - RV | (34,055.53) | (22,675.00) | (11,380.53) | (50.2)% |
| 269 · Rental units - Beach road | 0.00 | 361,492.73 | (361,492.73) | (100.0)% |
| 270 · Accumulated Depreciation - BR | 0.00 | (212,705.00) | 212,705.00 | 100.0% |
| 271 · Rental units - Sanibel | 298,486.73 | 253,300.77 | 45,185.96 | 17.8% |
| 272 · Accumulated Depreciation - Sbel | (171,983.36) | (161,768.00) | (10,215.36) | (6.3)% |
| 273 · Rental units-Belding | 165,283.44 | 165,283.44 | 0.00 | 0.0% |
| 274 · Accumulated Depreciation - B | (82,891.86) | (76,881.00) | (6,010.86) | (7.8)% |
| 275 · Rental units - Wooster Lane | 148,981.95 | 143,021.95 | 5,960.00 | 4.2% |
| 276 · Accumulated Depreciation-WL | (89,009.63) | (83,526.00) | (5,483.63) | (6.6)% |
| 277 · Rental units - Airport | 712,098.92 | 709,703.92 | 2,395.00 | 0.3% |
| 278 · Accumulated Depreciation - A | (467,147.55) | (440,676.00) | (26,471.55) | (6.0)% |
| 279 · Rental units - Mahogany | 715,891.14 | 715,891.14 | 0.00 | 0.0% |
| 280 · Accumulated Depreciation - Mgny | (459,987.61) | (432,815.00) | (27,172.61) | (6.3)% |
| 281 · Rental units - Casa Mariposa | 1,234,531.07 | 1,234,531.07 | 0.00 | 0.0% |
| 282 · Accumulated depreciation - CM | (324,499.28) | (292,498.00) | (32,001.28) | (10.9)% |
| 283 · Rental Units - Woodhaven | 1,897,659.39 | 1,897,659.39 | 0.00 | 0.0% |
| 284 · Accumulated Depreciation -Wdhvn | (336,090.75) | (267,089.00) | (69,001.75) | (25.8)% |
| 287 · Land - Wooster Lane | 33,206.00 | 33,206.00 | 0.00 | 0.0% |
| 288 · Land - Court Place | 105,589.50 | 105,589.50 | 0.00 | 0.0% |
| 291 · Land - Belding | 55,000.00 | 55,000.00 | 0.00 | 0.0% |
| 293 · Land - Riverview | 630,117.60 | 630,117.60 | 0.00 | 0.0% |
| 294 · Rental Units - Centre PI | 1,385,951.07 | 0.00 | 1,385,951.07 | 100.0% |
| Total Fixed Assets | 5,856,006.34 | 4,713,843.50 | 1,142,162.84 | 24.2% |
| Other Assets | | | | |
| 350 · Predevelopment Costs | 0.00 | 11,078.64 | (11,078.64) | (100.0)% |
| 354 · Dev. in progress Centre Place | (40,029.52) | 2,462,761.41 | (2,502,790.93) | (101.6)% |
| 357 · Loan costs (Riverview) | 0.00 | 500.00 | (500.00) | (100.0)% |
| 358 · Accumulated amortization | 0.00 | (42.00) | 42.00 | 100.0% |
| Total Other Assets | (40,029.52) | 2,474,298.05 | (2,514,327.57) | (101.6)% |

1:17 PM
 11/30/10
 Accrual Basis

COMMUNITY HOUSING & RESOURCES, INC.
 Balance Sheet Prev Year Comparison
 As of October 31, 2010

| | Oct 31, 10 | Oct 31, 09 | \$ Change | % Change |
|--|---------------------|---------------------|---------------------|---------------|
| TOTAL ASSETS | 6,997,619.73 | 7,507,746.27 | (510,126.54) | (6.8)% |
| LIABILITIES & EQUITY | | | | |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Accounts Payable | | | | |
| 402 · Accounts payable | 117,903.43 | 0.00 | 117,903.43 | 100.0% |
| Total Accounts Payable | 117,903.43 | 0.00 | 117,903.43 | 100.0% |
| Other Current Liabilities | | | | |
| 401 · Prepaid Rent | 1,780.21 | 0.00 | 1,780.21 | 100.0% |
| 411 · Due to Ground Lease | 373.86 | 0.00 | 373.86 | 100.0% |
| 545 · Deferred Income-City of Sanibel | 42,507.32 | 0.00 | 42,507.32 | 100.0% |
| 433 · NP-1st Insurance Fund 3399.12 | 17,706.14 | 0.00 | 17,706.14 | 100.0% |
| 430 · NP-1st Insurance Funding 368.15 | 1,196.39 | 0.00 | 1,196.39 | 100.0% |
| 422 · Insurance Payable | 0.00 | 17,580.25 | (17,580.25) | (100.0)% |
| 420 · Current portion long-term debt | 10,697.47 | 10,697.47 | 0.00 | 0.0% |
| 421 · LOC Centre Place 51900092 | 70,787.78 | 150,000.00 | (79,212.22) | (52.8)% |
| 403 · Fed & State unempl. payable | 189.01 | 0.00 | 189.01 | 100.0% |
| 406 · Payroll taxes payable | 1,867.56 | (156.64) | 2,024.20 | 1,292.3% |
| 408 · Accrued interest payable | 712.81 | 712.81 | 0.00 | 0.0% |
| 409 · Simple IRA Payable | 1,613.96 | 3,903.48 | (2,289.52) | (58.7)% |
| 419 · Security deposits | 23,268.79 | 39,025.00 | (15,756.21) | (40.4)% |
| Total Other Current Liabilities | 172,701.30 | 221,762.37 | (49,061.07) | (22.1)% |
| Total Current Liabilities | 290,604.73 | 221,762.37 | 68,842.36 | 31.0% |
| Long Term Liabilities | | | | |
| 540 · Deferred Income - Centre Place | 0.00 | 180,000.00 | (180,000.00) | (100.0)% |
| 504 · Loan payable - Riverview | 787,680.76 | 788,687.38 | (1,006.62) | (0.1)% |
| 505 · Loan Payable - Centre Place | 1,564,701.88 | 1,846,522.12 | (281,820.24) | (15.3)% |
| Total Long Term Liabilities | 2,352,382.64 | 2,815,209.50 | (462,826.86) | (16.4)% |
| Total Liabilities | 2,642,987.37 | 3,036,971.87 | (393,984.50) | (13.0)% |
| Equity | | | | |
| 558 · Net assets, beginning of year | 4,409,478.94 | 4,616,908.59 | (207,429.65) | (4.5)% |
| Net Income | (54,846.58) | (146,134.19) | 91,287.61 | 62.5% |
| Total Equity | 4,354,632.36 | 4,470,774.40 | (116,142.04) | (2.6)% |
| TOTAL LIABILITIES & EQUITY | 6,997,619.73 | 7,507,746.27 | (510,126.54) | (6.8)% |

COMMUNITY HOUSING & RESOURCES, INC.
FISCAL YEAR 2010-11 BUDGET

#3

| Code | Account Description | FY 2010-11 | | |
|------|-------------------------------------|-------------------|----------------------------|---------------------------------|
| | | ADOPTED BUDGET | Amendment #1 (11/29/10) | AMENDED BUDGET @ 11/29/10 |
| | Beginning balance forward | \$ (2,074,724) | \$ - | \$ (2,074,724) |
| | REVENUE | | | |
| 600 | Home Sales net Cost of Goods Sold | \$ - | - | \$ - |
| 601 | City of Sanibel support | 255,044 | - | 255,044 |
| 604 | Grants-various | - | - | - |
| 607 | Grants-SHIP | - | - | - |
| 608 | Rental income (a) | 460,207 | (10,213) | 449,994 |
| 309 | Donations | 20,000 | - | 20,000 |
| 610 | Interest income | 25 | - | 25 |
| 615 | Other income | - | - | - |
| 611 | Credit check | 700 | - | 700 |
| 612 | C/D interest | - | - | - |
| 613 | Utility contribution | 58,000 | - | 58,000 |
| 614 | Tenant assistance fund | 5,000 | - | 5,000 |
| 616 | Contracts | 500 | - | 500 |
| | Fees: | | | |
| 617 | Late | 1,500 | - | 1,500 |
| 618 | Payment plan for Security Deposits | 750 | - | 750 |
| - | Common Area Fees | 12,600 | - | 12,600 |
| - | Homeowners association | - | - | - |
| - | Converted assets | - | - | - |
| | Total Revenue | \$ 814,326 | (10,213) | \$ 804,113 |
| | Total Beginning Balance and Revenue | \$ (1,260,398) | (10,213) | \$ (1,270,611) |
| | EXPENSES | | | |
| | Personnel Services | | | |
| 701 | Salaries | \$ 133,120 | - | \$ 133,120 |
| 703 | FICA match | 10,184 | - | 10,184 |
| 704 | Life & health insurance | 13,321 | - | 13,321 |
| 705 | Retirement contributions | - | - | - |
| 855 | Fed'l unemployment tax | - | - | - |
| 856 | State unemployment tax | 750 | - | 750 |
| 867 | Workers compensation | 5,000 | - | 5,000 |
| 939 | Simple IRA contribution | 2,808 | - | 2,808 |
| | Sub-total Personnel Services | \$ 165,183 | \$ - | \$ 165,183 |
| | Operating Expenses | | | |
| 850 | Closing costs | - | - | - |
| 851 | Grants to individuals | - | - | - |
| | Payroll service | - | - | - |

COMMUNITY HOUSING & RESOURCES, INC.
FISCAL YEAR 2010-11 BUDGET

| Code | Account Description | FY 2010-11 | | |
|------|---|-------------------|----------------------------|---------------------------------|
| | | ADOPTED BUDGET | Amendment #1 (11/29/10) | AMENDED BUDGET @ 11/29/10 |
| 860 | Bank charges (late fees) | - | - | - |
| 862 | Condo association fees | 12,000 | - | 12,000 |
| 869 | Attorney fees | 15,000 | - | 15,000 |
| 870 | Tenant assistance expenses | 5,000 | - | 5,000 |
| 871 | Credit check expense | 400 | - | 400 |
| 878 | Accounting & auditing | | | |
| | Accounting fees | 20,000 | - | 20,000 |
| | Auditing fees | 15,000 | - | 15,000 |
| 879 | Contract labor | 60,000 | - | 60,000 |
| 880 | Communications | 2,500 | - | 2,500 |
| 882 | Ground lease pymt-COS | 1 | - | 1 |
| 883 | Insurance-office liability | 1,000 | - | 1,000 |
| 888 | Printing | 1,200 | - | 1,200 |
| 889 | Promotional activities (includes postage) | 2,500 | - | 2,500 |
| 890 | Licenses & taxes | 1,100 | - | 1,100 |
| 895 | Office supplies | 2,500 | - | 2,500 |
| - | Leases-Copy machine | 4,000 | - | 4,000 |
| 897 | Unit appliances | 4,000 | - | 4,000 |
| | Interest expense-mortgages | | | |
| 903 | \$815K Riverview | 58,000 | | 58,000 |
| 904 | \$2.4M Centre Place | - | | - |
| - | \$1.42M Construction debt (c) | 92,300 | (5,900) | 86,400 |
| 902 | \$75K Line of Credit | 4,125 | - | 4,125 |
| 905 | Rental pymt to COS | 50,000 | - | 50,000 |
| 906 | Books & publications | - | - | - |
| 907 | Insurance-property | 130,000 | - | 130,000 |
| 908 | Property taxes | 12,000 | - | 12,000 |
| 910 | Rent expense-FMV (b) | 40,000 | (30,971) | 9,029 |
| 914 | Office repairs & maintenance | 3,500 | - | 3,500 |
| 915 | Other current charges/Misc expenses | - | - | - |
| 916 | Repairs & maintenance | 30,000 | - | 30,000 |
| 918 | Professional services-surveys | - | - | - |
| 942 | Travel & per diem | 5,000 | - | 5,000 |
| 945 | Utilities | 78,000 | - | 78,000 |
| 965 | Cancelled Development Expense | - | - | - |
| 975 | CICLT Expenses | - | - | - |
| 960 | Development expense | - | - | - |
| | Sub-total Operating Expenses | \$ 649,126 | \$ (36,871) | \$ 612,255 |
| | Total Expenses | \$ 814,309 | \$ (36,871) | \$ 777,438 |

COMMUNITY HOUSING & RESOURCES, INC.
FISCAL YEAR 2010-11 BUDGET

| Code | Account Description | FY 2010-11 | | |
|------|---|-------------------|----------------------------|---------------------------------|
| | | ADOPTED BUDGET | Amendment #1 (11/29/10) | AMENDED BUDGET @ 11/29/10 |
| | Net Income prior to Depreciation & Amortization | \$ 17 | \$ 26,658 | \$ 26,675 |
| | Reserve for Equity Growth & Resale Delay (d) | - | 26,658 | 26,658 |
| | Ending Balance (Total Beginning Balance and Revenue plus (minus) Net Income (Loss) minus Reserves) | \$ (2,074,707) | \$ - | \$ (2,074,707) |

| DETAILS OF BUDGET AMENDMENT #1 (11/29/10) | |
|---|--|
| (a) | Reduce Rental Income (Acct 608) by \$10,213 |
| (b) | Reduce expense for Master Leases (Acct 910) by \$30,971 |
| (c) | Reduce Interest Expense on Construction Debt by \$5,900 |
| (d) | Fund the Equity Growth and Resale Delay Reserve for \$26,658 |

#4

Revised Five Year Plan for Community Housing & Resources, Inc. 2008-2012

In the Five Year Plan for 2008-2012 adopted by the Board of Community Housing and Resources, Inc. and presented to the City Council in February, 2008, it was noted that in the year 2010 it would be appropriate "to evaluate outcomes, consider other opportunities or changes in direction and modify the plan accordingly."

As the Board of Directors of CHR reviewed our Five Year Plan, good planning requires that we look back at the past three years and internal and external conditions impacting our plan as adopted. When our plan was developed and approved, it was done in a time of economic prosperity and growth on our island. Since that time, our community, state and country have all undergone a significant economic shift. We have seen record unemployment, investment incomes dwindle, and employers close their doors. While our island community appeared to be isolated in the beginning, the fact is that we are not immune. This has prompted the Board to redirect our efforts into action plans that meet the current and near term needs of our Below Market Rate Housing program. Taking these actions will provide an updated plan that better serves our community, particularly for the near term.

The following Revised Five Year Plan includes the first three years of the plan noting the previously adopted goals that have been eliminated (strike-throughs) and goals where changes or additions have been made (italics). Goals without such notations in the first three years of the Plan indicate that those goals were accomplished.

Report on 2008-2012 goals

Year 2007-2008

1. Complete financing, permit and begin construction of 14 mixed housing type units at Court Place location. **(Completed Year 2009-2010)**
2. Evaluate two City owned single family units. Submit grant application to County and State for rehabilitation funds.
3. Compete and adopt a land trust ground lease document. **(Completed Year 2009-2010)**
4. Initiate Beach Road four unit rehabilitation and convert to limited equity ownership. **(Completed Year 2009-2010)**
5. ~~Complete a feasibility study to undertake a capital contributions campaign, advance, decision and implement.~~
6. ~~Continue planning on a mixed use public purpose medical center venture with below market rate housing. **(Deleted in 2008-2009)**~~
7. ~~Continue planning BMRH activities within a mixed use town center concept. **(Deleted in 2008-2009)**~~

8. Complete survey and anecdotal analysis of BMRH tenants' participation in the local workforce and/or volunteer base.
9. Evaluate housing preservation/expansion options of private rental properties.
10. Continue to pursue off island potential sites with near island faith based employers for a percentage of units dedicated to Sanibel employees.
11. Develop formal housing education and counseling programs. **(Completed Year 2008-2009)**
12. *Purchase the Riverview Apartments and renovate the 12 units for BMRH housing. (Completed Year 2008-2009)*

Year 2008-2009

1. Increase housing opportunities to households up to 140% of area median income.
2. Implement housing counseling/homebuyer education program.
3. Complete rehabilitation and sale of four Beach Road Limited Equity Ownership (LEO) units converted from rental units. **(Completed Year 2009-2010)**
4. Complete and sell/lease 14/16 units at Court Place (Centre Place) development. **(Partially completed Year 2009-2010 – four units remain unsold, but rented as of September 30, 2010)**
- ~~5. Advance capital campaign.~~
- ~~6. Complete financing and buy in of mixed use Medical Center, initiate development.~~
- ~~7. Plan career guidance and vocational development program.~~
8. Improve residency manual. **(Completed Year 2009-2010)**
- ~~9. Plan a consumer credit counseling program.~~
10. Evaluate advances in other 2008 items and proceed as appropriate.
11. Advance near island opportunities.
12. Detail potential linkages with other on-island agencies.

Year 2009-2010

- ~~1. Complete construction of Medical Center, complete master leases, open center for business and lease rental units. (Project did not materialize.)~~
- ~~2. Plan BMRH options for Town Center actions if community approved. (The community's interest in developing a Town Center diminished.)~~
- ~~3. Begin to utilize capital campaign funds to purchase or option to purchase land.~~
4. Complete or advance outstanding projects.
5. Implement consumer credit counseling program
6. Evaluate the need of accessory housing.
7. Evaluate surplus land of city, county and state on Sanibel as well as churches and public organizations.
8. *Revise BMH Housing Guidelines, tightening regulations and revising the point system.*
9. *Develop a cooperative working arrangement with FISH to prevent duplication of grants and provide alternative services such as the food bank, financial aid, etc..*
10. *Rehabilitate 2 units in Sanibel Highlands and move them into Limited Equity Program. (Partially completed, one has been sold and a purchaser for the second unit is awaiting closing as of September 30)*

Summary

The ribbon cutting for Centre Place with 6 rental and 8 LEO units on February 6, 2010 marked a significant step to further the availability not only of below market rate rental housing but also an alternative for persons wishing to begin home ownership on the island of their employment. The units were ready for occupancy in March. The inclusion of a number of energy efficient and green technology features in the new construction was interpreted to the occupants as well as the general public.

Four existing units on Beach Road and two in Sanibel Highlands were converted to LEO units, bringing the total of LEO units to 14. At this time, four units at Centre Place have not yet been sold, but are rented until qualified candidates apply. Candidates who did seek to purchase those units initially were unable to qualify or withdrew due to the tightened loan requirements in today's marketplace. While efforts are made to find qualified candidates, it appeared prudent to rent the units to person on our waiting list for rental units.

The development of land trust lease documents for LEO units by the Coast and Islands Community Land Trust, Inc. (CICLT) proved to be much more complicated and difficult than hoped, with the completion not occurring until this year. Further technicalities not anticipated by legal counsel occurred with title companies and lending institutions. As of September 30, 2010 all closings on LEO properties had been completed except one unit in Sanibel Highlands.

Grant funds were secured to assist the in rehabilitation and "greening" of several rental units as well as the Beach Road/Sanibel Highlands LEO units during the year. Many of the steps taken will increase energy efficiency and lessen ongoing maintenance.

Construction pressures, grant requirements, and the increased number of rental units resulted in an overload on staff leading to inconsistent financial record keeping. At that point, the Board sought advice from its auditing firm, and as result retained that firm for financial recordkeeping and shifted audit responsibilities to another firm. By year end, new systems were in place and the Board now has a much clearer picture of its financial situation.

At that point it was apparent that costs for construction of new units and rehabilitation of existing units came in well over budget due to unanticipated construction expenses, resulting in a significant cash flow problem. After clear financial records came available at the end of September, the Board has moved ahead to adopt a balanced budget for 2010-2011 and sought funds to tide the organization through this period of cash flow problems.

The resignation of the Executive Director in June created the necessity for an Interim Executive, that was effectively filled by Allen Myers for the period of June-September. The Board felt it best to complete the shift of financial records as well as the LEO land trust closing documents before instituting a search for a new Executive. Several internal adjustments were made in staffing to increase productivity and lower costs. The Executive Committee and the Administrative Manager, an able and experienced veteran of CHR, will handle all functions of the newly downsized organization leading a part-time staff for the next several months as the search for an Executive is initiated. During the immediate future the goal for CHR is to be a streamlined and efficient organization that focuses more effectively on the needs of tenants and the maintenance of the rehabilitation of our large housing stock along with an emphasis on lowering costs through green technology.

The economic downturn with its impact on local employment, housing costs and increased availability of lower cost housing on and near the Island has provided new pressures on CHR. More obtainable housing nearby as well as the availability of the LEO units has led to more individual prospective tenants desiring one bedroom units than in the past when primarily families needed two or three bedroom units. The use of accessory housing from private sources was instituted in 2008-2009 as an effort to meet that change and as many as 9 units were in place at one time during the year through contracts with local landlords. However, after a period of experimentation a cost benefit analysis has led the Board to reduce the use of such units to a few specific circumstances.

A few reported incidents led the Landlord and Tenant Committee of the Board to reevaluate the existing BMRH Housing Guidelines. A revised set of Guidelines was approved by the Board in July, and forwarded to the City Manager and City Council for approval.

Year 2010-2011

Attachment #4

1. *Initiate a search for a new Executive Director and employ the most capable candidate.*
2. *Submit revised Five Year Plan to City Council*
3. *Revise and implement financial procedures, policies and internal controls.*
4. *Revise Board policies and procedures, expanding roles of working committees.*
5. *Establish reserves for LEO units.*
6. *Separate financial records of CHR and CICTL operations, updating appropriate governmental reports .*
7. *Provide interpretation of the new BMRH Housing Guidelines to present and prospective tenants.*
8. *Develop and initiate a plan for the rehabilitation and retrofit of older housing stock, with particular attention to green technology where possible.*
9. *Seek Federal, State and local funding for such rehabilitation/green technology projects.*
10. *Broaden CHR membership.*
11. *Cultivate private funding sources.*
8. *Evaluate LEO ownership component- (Moved to 2011-2012)*

~~9. Determine feasibility of surplus land analysis and design options (Moved to 2011-2012)~~

~~10. Design attainable housing models and evaluate potential. (Moved to 2011-2012)~~

12. *Develop an aggressive effort to market the remaining LEO units.*

Priority will be given to evaluation of existing housing stock to develop a clearer plan of rehabilitation and retrofitting not only for more efficient maintenance, but also for lessening energy costs through green technology.

A plan of membership interpretation and recruitment will be developed in hopes of broadening the membership of CHR. The Board will give increased attention to potential funding sources.

Year 2011-2012

1. *Continue execution of plan for rehabilitation of existing housing stock.*
2. *Evaluate the existing organization plan for the future of CHR and CICLT.*
3. *Reexamine the community's housing needs based upon an evaluation of the LEO component, changing demographic and economic conditions, rental demands and the surplus land inventory completed in 2009.*
3. Evaluate the Five Year Plan for Years 2008-2012
4. *Upon completion of Goals 3 and 4, develop a report of findings and recommendations to the City.*
5. *Develop a Five Year Plan for Years 2013-17, including related budgetary and cash flow demands.*
6. Renegotiate a contract between the City of Sanibel and CHR.
7. *Develop a Financial Development Plan for CHR, including annual giving, grants, and planned giving.*

The fifth year of this goal period provides an opportunity for research, reexamination, and creative thinking as to the present and future role of CHR in providing housing and services to the Sanibel community. The involvement of City officials, the CHR membership, tenants, limited equity owners, and the broader community will be important elements in this research and reexamination.

A study will be made of the financial implications of proposals growing out of this process, resulting in a proposed Financial Development Plan.

The resulting findings and thinking should result in the new Five Year Plan and a new contract with the City.

The Boards of CHR and CICLT continue to be committed to maintaining the diversity of our community and providing the affordable, pleasant for residents with low and moderate income.

BOARD MANUAL
Community Housing & Resources, Inc.

Note: Basic information in this manual is based on the By-Laws of the Corporation, with additions made by the Board on November 29, 2010. The Board plans to amend its By-Laws early in 2011 to update some of its language.

Community Housing & Resources, Inc (CHR) is a non-profit, charitable and educational organization for the primary benefit of Sanibel and Captiva Islands Lee County, Florida. The organization has a status as a non-profit corporation under the laws of the State of Florida and holds a 501 © 3 tax exemption under the Internal Revenue Code.

The goals of the corporation are: to assist the local governments of Sanibel and Captiva in the furtherance of community public goals including:

1. Providing housing for low and moderate income citizens of Sanibel consistent with the Sanibel Plan, and with special attention to the island workers who can not afford housing on the island.
2. Promoting and encouraging affordable shelter, food, health and other necessities of life for the primary benefit of low and moderate income members and workers in the community.
3. Combating present and future community deterioration
4. Combating prejudice and discrimination and promote the lessening of neighborhood tensions.
5. Studying governmental and community problems and encourage solutions but not to include advocacy of legislative action.
6. Assisting in preserving the natural environment of Sanibel and Captiva Islands through education and dissemination of educational information, especially in the field of low cost home construction.

Since 1979, CHR has contracted with the City of Sanibel to provide low and moderate income housing for its citizens and workers. Over eighty rental units are available through CHR's Below Market Rate Housing Program.

The CHR, inc. may enter into contracts with the City of Sanibel and/or other governmental or non-profit organizations to accomplish its stated goal. In such cases, regular detailed reports shall be made to such bodies.

In 2006, a subsidiary corporation, Coast and Islands Community Land Trust, inc. (CICLT), was formed to undertake housing development activities both on and off Sanibel Island when a land trust property ownership enables workers on the island who

can not afford to live on the island to begin home ownership. Such development is determined by the CHR Board of Directors, CICLT has a status as a non-profit corporation under the laws of the State of Florida and holds a 501 © 3 tax exemption under the Internal Revenue Code.

Further details of the operation of CICLT are shown in the appendix to this manual.

The fiscal year of CHR shall be from October 1 to September 30.

CHR is a membership organization with the rights and privileges of membership being equal. Any individual making a contribution during the organization's fiscal year is considered a member.

CHR's operation is entrusted to a Board of Directors, up to 12 in number. Directors are elected at the Annual Meeting of members, and may be nominated by the Nominating Committee of the Board or from the floor. Directors of the CICLT, Inc. Board are to be elected at the Annual Meeting of CHR, Inc.

Prospective members shall attend three meetings of the CHR Board before nomination and election. Upon election, an orientation to the Board's operation and procedures shall be conducted within three weeks of election.

Directors serve staggered terms of three years each, with four Directors to be elected at the annual meeting each year.

Regular meetings of the Board are normally held one day a month. A majority of the Directors shall constitute a quorum for the transaction of business at a meeting. In the event a majority of the Board is not present and a majority of the Executive Committee is present business may be transacted.

Advance agendas for Board meetings and the Annual Meeting will have detail of items to be considered and, when possible, the actual motion included on the agenda. Other motions for consideration at the meeting will be put into writing for circulation to the Board members at the meeting.

Motions made in the course of the Board meeting shall be read back by the Secretary to make sure intent and language is correct before a vote is taken.

From time to time, the Board may excuse staff members for discussion of personnel issues in Executive Session. Board minutes shall reflect any actions taken at Executive Sessions of the Board.

Meeting of the Board of Directors may be held by means of a conference telephone or similar media, as long as such allows all participants to speak to and hear one another. Participation in a meeting by these means constitutes presence of the person at a meeting.

No member of the Board of directors may use his or her position to profit personally at the expense of the Corporation .

The officers of the Board serve as the officers of the Corporation.

A Directors and Officers Liability Insurance Policy shall be carried by CHR, Inc. at no cost to the directors.

Each Director is expected to serve on at least one committee.

President

1. Shall preside at all meetings of the Board of Directors, Executive Committee and Annual Meeting of the membership.
2. Shall perform the duties normally pertaining to the office of President.
3. Represent or appoint representatives on behalf of CHR at City Council, City Planning Commission or appropriate County bodies as needed.
4. Shall insure all matters conform to the Board policies and By-Laws

Vice President

1. Shall preside at all meetings of the Board of Directors, Executive Committee and annual Meeting of the membership in the absence of the President.
2. Shall work directly as the liaison to committees of the Board as designated by the President.
3. Shall represent CHR at City or County meetings in the absence of the President
4. Shall perform other duties as necessary

Secretary

1. Shall record the minutes of all meetings of the membership, Executive Committee and Board of Directors. If said minutes are taken by another person, the Secretary shall review and audit the format and content of said minutes. Minutes of meetings shall be circulated to Board members as soon as possible after a meeting.
2. Shall have custody of the Seal of the Corporation.
3. Shall see that notices and agendas of all meetings of the membership, Board of Directors and Executive Committee are circulated as required by statutes, By-Laws or resolutions.
4. Maintain attendance records of meetings of the membership and Board of Directors.
5. Maintain committee reports.
6. Maintain necessary correspondence of the Corporation, including the Annual Report.
7. Maintain membership information.
8. Make available to the membership minutes of the Board meetings and voting records of the Directors.

Treasurer

1. Shall be custodian of all funds and securities of the Corporation and collect interest thereon
2. Shall be responsible for a review of the accounts of the Corporation and report thereon at any regular meeting of the Board of Directors
3. Make a report at the Annual Meeting, and special reports as requested.
4. Deposit or cause to be deposited all monies of the Corporation in the name of Community Housing and Resources, Inc. in the bank or banks selected or designated by the Board of Directors. Withdrawal procedures shall be authorized by resolution of the Board of Directors, including the names of those authorized to sign checks.
5. Review reports and returns required by governmental agencies.
6. See that securities and other valuable papers are stored as directed by the Board of Directors.
7. See that all financial records are available and in order for an audit by an outside firm or person as agreed upon by the Board of Directors.
8. Make recommendations to the Board of Directors for selection of outside accountants and auditors.

COMMITTEES

By majority vote of the Board of Directors, by resolution, establish one or more committees, and appoint chairpersons thereto. These committees exercise the authority of the Board of directors in the management of the Corporation but can not relieve the Board of Directors or any individual Director of any responsibility imposed on it or him by these By-Laws or by law. Any CHR member may be a member of such committees.

Minutes of all committee meetings will be kept and circulated to the Board of Directors. Written recommendations shall be made to the Board.

Each member of a committee shall, unless provided by the committee's establishing resolution, continue as such until his successor is appointed, unless the committee is abolished or the member ceases to qualify as a member of the committee.

Vacancies in the membership of any committee shall be filled by appointment made in the same manner as original appointments.

A majority of the whole committee shall constitute a quorum. A committee may adopt its own rules, as long as they are consistent with the By-Laws or Board resolution.

Executive Committee

The Executive Committee shall consist of the Officers of the Corporation (President, Vice President, Secretary and Treasurer).

The Executive Committee may take interim actions only in cases where action is required before the next Board of Directors meeting, and those actions will be reported to the Board for affirmation. The Executive Committee may bring recommendations to the Board of Directors as needed.

Personnel Committee

1. To be composed of the President, Vice President, Secretary and Treasurer
2. Shall be responsible for performance appraisal interviews with Executive, at least twice a year
3. Shall review Personnel Policies from time to time and take any proposed changes to the Board for approval
4. Shall make recommendations on salary and benefit adjustments, as needed

Landlord and Tenant Committee

(Description in development)

Finance Committee

1. Shall be chaired by the Treasurer
2. Shall review financial reports on a regular basis
3. Shall review annual proposed budget and recommend to the Board

Public Relations or Outreach Committee

1. Shall work to increase visibility in the community
2. Shall be responsible for press releases spotlighting CHR and businesses who employ our residents
3. Shall be responsible for annual membership drive, as well promoting membership throughout the year

Buildings and Grounds Committee:

(Description in development)

Liaison

A member of the Board of Directors shall be elected to serve as Liaison to the Board of Directors of the Coast and Islands Community Trust, Inc. at the Annual Meeting of the CHR, Inc. That person shall serve as liaison with CICLT, Inc. and report at each meeting of the Board of Directors of CHR. In turn, the liaison shall be responsible for keeping the CICLT Board aware of actions and plans of CHR. It shall be the responsibility of that person to monitor the appropriate roles of both organizations, and see that continuing communication is maintained between the organizations.

#6

Update on Search for Executive Director for CHR, December 1, 2010

Ads have been placed in key locations.

To date, 67 applications have been received and initial screening of those applications to identify qualified candidates has begun. Several names have been pulled for initial contact and interviews.

The goal is begin interviews by late December with hopes of filling the position by February 1, 2011.

CHR Search Committee

Jill Dillon, Chair

Armand Ball

Ray Pavelka

Lynn Ridlehoover

COMMUNITY HOUSING & RESOURCES, INC.

INTERNAL CONTROL POLICIES & PROCEDURES

PURPOSE: Community Housing & Resources, Inc. (CHR) establishes these internal controls and associated policies and procedures to protect the assets of the organization, to create reliable financial reporting, promote compliance with laws and regulations and achieve effective and efficient operations.

GENERAL ENTITY-LEVEL CONTROLS: The Executive Director is responsible for the day to day implementation and execution of these policies & procedures. In the absence of the Executive Director, the Board President shall assume day-to-day responsibilities, and in his/her absence or inability to assume all responsibilities, the Vice-President may assume all or share these responsibilities. In extenuating circumstances, it may be necessary for other Board members to assist in these responsibilities; in such circumstances, appointment of Board members to assume these duties shall be made by adoption of a motion by the Board at a regular or special Board Meeting.

The Board of Directors shall meet monthly, and shall include in its agenda a discussion of the financial condition of CHR as well as the year-to-date budget to actual analysis. Such report shall be a written report provided by the Treasurer. Special Board meetings may be called, only at the request of the President, or Vice-President if the President is unable to do so. All other members of the Board shall be notified by E-mail or documented phone call to provide at least 24 hours advance notice of the proposed Special Board Meeting.

The Executive Committee is comprised of the President, Vice-President, Treasurer and Secretary. The Executive Committee shall meet monthly within the week prior to the regularly scheduled Board Meeting.

Minutes shall be taken at all meetings of both the Board and the Executive Committee and shall be provided to the respective board/committee at the next subsequent meeting of that board/committee for review and adoption.

To ensure that employees, board members and other volunteers understand their role in the organization, each employee, board member and volunteer shall have a written job description. Each employee shall receive an annual evaluation which shall be discussed with the employee, executed by both the employee and the supervisor and filed in the employee's personnel file. The Board shall adopt and maintain a written Personnel Policies & Procedures manual which includes, but is not limited to the following topics, hours of operation and work schedules, vacation and sick leave accrual and use, health insurance and other benefits, ordinary and overtime compensation, conflicts of interest and code of ethics, and the grievance procedure, including protections for whistleblowers.

The Board of Directors shall prepare and adopt an Annual Budget including both anticipated revenues and projected expenses. Such budget will be a balanced budget, that is, the anticipated revenues shall equal projected expenses plus reserves. During the course of a fiscal year, certain events may occur, such as the award of a grant, actual revenues being less or more than anticipated or an unanticipated expenditure which had not been budgeted. In such event, the Board may consider and adopt the appropriate Budget Amendment to reflect that event in its budget; however, such budget amendment shall maintain the balanced-nature of the budget.

COMMUNITY HOUSING & RESOURCES, INC.

The Board of Directors shall provide for an annual audit of the financial statements of CHR. Such audit may also need to include a Single Audit if the amount of revenue from grants requires such. The Board shall receive and officially accept the annual audit at its February Board meeting, or at a Special Board meeting called for this purpose. The Auditors will furnish a Management Letter to CHR at the completion of the audit and is an important indicator of the adequacy of CHR's internal accounting control structure and the degree to which it is maintained. This letter will site significant weaknesses in the system or its execution, if any are found. It is the responsibility of the Executive Director to write the response to the Management Letter, which shall be presented to the Board for discussion prior to providing to the Auditors. Both the Board and the Executive Director are responsible for implementing the recommendations for correction of identified deficiencies defined in the Management Letter. The annual audit(s) shall be provided to the City of Sanibel no later than March 1st of each year. The Board shall also ensure that its financial report is filed on a timely basis with the Internal Revenue Service and any and all other appropriate regulatory authorities.

ACCOUNTING POLICIES:

General – Day to day recording of accounting transactions shall be performed by CHR staff, unless a particular task is assigned to the outside Accountants, in which case, it will be so described in these policies and procedures. The outside Accountants shall be selected pursuant to a Request for Proposal (RFP) process and engaged for a period of not to exceed three (3) years at which time another RFP process will again be conducted. All accounting transaction shall be recorded and maintained according to Generally Accepted Accounting Principles (GAAP).

Cash Receipts – A daily Cash Receipt Register (Ledger) shall be maintained to record receipt of all incoming cash, checks or any other cash equivalent and each transaction shall be evidenced by a written receipt, whether such cash, check or cash equivalent is received in person, by mail /courier or by electronic funds transfer. Deposit to CHR's operating bank account shall be made **daily** and a reconciliation of the daily bank deposit ticket and the daily cash receipt register shall be made and filed in a Monthly Cash Receipt Reconciliation file. No cash, check or other cash equivalent shall be maintained overnight or over the weekend in CHR offices.

Bank Accounts – There shall be one (1) operating bank account from which disbursement of accounts payable and payroll will be made. Other bank accounts will be established for restricted assets such as security deposits collected from tenants or for grants and contributions for which the use of funds is restricted. Other bank accounts may be established for investments, such as certificates of deposit, or for other purposes defined by action of the Board.

Bank Reconciliation - Monthly reconciliation of CHR's bank account(s) shall be performed by the outside Accountants within five (5) days after the end of each calendar month. Any identified abnormalities or noncompliance with these policies shall be reported by the Accountants to the Board President and/or Treasurer within 24 hours of identification.

Accounts Receivable - Each accounts receivable account (e.g. rents receivable, security deposits receivable, etc.) shall be itemized monthly, balanced with the General Ledger and provided to the Accountant and the Treasurer by the staff along with the monthly financial reports described below. The itemization shall include the name of the person from whom the amount is due, the total amount due, and an aged analysis showing how long the account has been due and whether the account is current. Every effort will be made by staff to collect accounts receivable on a timely basis in order to keep accounts receivable current.

Petty Cash – CHR Board has not authorized a petty cash account and CHR staff has NOT been issued petty cash and therefore none is available.

Acceptance of Credit Cards – CHR administration has not been authorized for, nor set-up to accept payment of amounts due to CHR by credit card.

COMMUNITY HOUSING & RESOURCES, INC.

Payroll – Paychecks shall be issued bi-weekly to CHR employees. CHR staff will prepare the physical payroll check by calculating the gross amount due less the proper withholding, FICA and authorized deduction amounts. The Board President, Vice-President or Treasurer shall approve the Payroll Register by signing and dating the register. The approved paper payroll register shall be filed for review by the auditors during their annual fieldwork. All payroll deductions shall be evidenced by a written and executed payroll deduction authorization form. Any changes to compensation shall be evidenced by a written Personnel Action form. Copies of each of these forms shall be maintained in the respective employees' Personnel File. All payroll deductions shall be remitted to the respective vendor within seven (7) working days, except for those deductions, such as federal withholding, FICA, including social security and Medicare, which shall be remitted according to the respective legal requirements. Paychecks shall be signed by two (2) authorized signatories.

Accounts Payable & Disbursements – Each liability account (such as accounts payable, prepaid rent, insurance payable, etc.) shall be itemized monthly, balanced with the General Ledger and provided to the Accountant and the Treasurer by the staff along with the monthly financial reports described below. The itemization shall include the name of the vendor to whom the amount is due, the total amount due and an aged analysis as to the date of the invoice to identify how long the liability has been outstanding. Within three (3) working days of receipt of an invoice, it shall be recorded into the General Ledger, posting the amount due to the appropriate expense and offsetting liability accounts. Checks for the disbursement of accounts payable shall be made weekly and evidenced by an invoice. In no event shall disbursement be made from statements. An accounts payable listing shall be prepared weekly prior to the check disbursement preparation and shall be reviewed and approved by the Executive Director and one of the following Board members, the President, Vice-President or Treasurer. Such Accounts Payable listing will be reviewed with available cash in the operating account to assure that sufficient funds are available to make the proposed disbursements. If there is not sufficient cash to pay all of the outstanding accounts payable, the reviewer shall identify those vendors and related invoices which are most critical to pay and shall highlight or otherwise identify those vendors and related invoices for staff in order that the physical checks for authorized disbursements can be made. The physical checks shall be presented to the Executive Director or in his/her absence, one of the following Board members, the President, Vice-President or Treasurer, for review and approval prior to signature and mailing. For review and approval purposes, each check shall be matched with the invoice being paid with all supplemental information necessary for the reviewer to thoroughly review each check, including, but not limited to a copy of the contract, grant agreement, etc. for which the payment is being made. Each invoice shall be marked "PAID" once the check is issued. Paid invoices shall be filed by vendor. Checks in amount of less than \$500.00 may be signed by one (1) authorized signatory. Checks in the amount of \$500.00 or more must be signed by two (2) authorized signatories.

Credit Cards (Purchasing Cards) – Application for credit cards to be used in the purchase of goods and services by CHR staff, shall be authorized by the Board. As of the date of this policy, CHR has three credit (purchasing) cards issued by the following vendors with the respective credit limits and authorized users:

| Vendor | Credit Limit | Authorized User(s) | |
|------------|--------------|--------------------|-----------------|
| BOA-VISA | \$1,000 | Patti Bohm | |
| Home Depot | \$3,000 | Patti Bohm | Robert Lubinski |
| Lowe's | \$5,000 | Patti Bohm | Robert Lubinski |

COMMUNITY HOUSING & RESOURCES, INC.

Purchasing – Pre-authorization for purchases less than \$500.00 is not required; however pre-authorization for purchases of \$500.00 or more is required and shall be evidenced by a purchase order, signed by the Executive Director or in his/her absence, by the President, Vice-President or Treasurer. Purchases made pursuant to contracts, agreements or for monthly/quarterly utilities are exempt from this pre-authorization requirement. A separate Purchasing Policy shall define the Bidding and Request for Proposal processes.

Revenue – Revenue from grants and contributions received for a restricted purpose (such as the Tenant Assistance Fund) shall be deposited into a separate bank account. **No disbursements may be made directly from restricted accounts.** When disbursement for the purposes approved by the grant of other restricted purpose is necessary, such disbursement shall be made from the operating account. In order to reimburse the operating account, a transfer shall be made from the appropriate restricted account to the operating account. Transfers may only be made by an authorized signatory of the restricted account. Staff shall provide such authorized signatory with a detail listing of the paid invoices for which the transfer is requested which includes, at a minimum, the check number, vendor name, invoice number, amount and date paid.

Assets and Liabilities – Assets and Liabilities shall be valued, recorded and maintained according to Generally Accepted Accounting Principles (GAAP).

Financial Reporting – By the second (2nd) business day after the end of each calendar month, CHR staff shall provide the Accountant with a Balance Sheet, a Budget to Actual Year-to-Date Revenue and Expense Report, Detail Aged Accounts Receivable Report and a Detail Aged Accounts Payable Report. Additionally, CHR staff shall provide the Accountant with Monthly Check Register, Payroll Register(s) and detail transaction listing which includes the categorization (e.g. account code specification) of each disbursement. Accountant shall review each report and recommend corrections, if necessary, and shall provide the Treasurer with corrected Balance Sheet, Budget-to-Actual year-to-date Revenue and Expense report, Detail Aged Accounts Receivable Report and Detail Aged Accounts Payable Report to the Treasurer by the fifth (5th) business day after the end of each calendar month. The Treasurer shall then prepare a written report to the Board for review, discussion and acceptance at the monthly Board Meeting.

Computers and Information Technology (IT) – Each authorized user of a CHR computer shall have his/her own individual sign-on. Any employee who leaves the employment of CHR shall immediately have his/her computer sign-on deactivated. An employee leaving his/her workstation shall lock his/her computer or sign-off. Under no circumstances shall any CHR staff member share computer a sign-on with another employee.

Records Retention – Records retention shall follow the State of Florida GS1-SL Retention Schedule.

SARBANES-OXLEY ACT: CHR employees are hereby assured that reporting any inappropriate activity within CHR's financial management may be provided to any individual Board member in a confidential and anonymous manner. Such report may be done orally or in writing, without fear of retribution, including firing, demotion, suspension, harassment, failure to consider the employee for future promotion or any other kind of discrimination. However, failure to report such inappropriate financial activity may be considered an act of complicity.

CONCLUSION: It is the responsibility of the CHR Board and its officers to understand the fiduciary responsibilities communicated in this document. Failure to comply with these policies and procedures and meet the obligations of CHR is a breach of fiduciary responsibility and can result in financial and other liability for the Board and its officers. By complying with these policies and procedures will ensure that assets are properly managed and the purpose of CHR is achieved.

11/30/10

**Presentation to Sanibel City Council
December 7, 2010**

CHR is requesting limited financial assistance from the City of Sanibel for which we are willing and able to provide substantial collateral and assurance of repayment.

CHR's financial assistance needs are to address two different issues:

1. CHR has experienced some cost overruns related to the development of the LEO (Limited Equity Ownership) Center Street units. The overruns can be attributed mainly to unbudgeted expenses in the survey, engineering, legal and grant writing categories. Additionally, this situation was compounded by the fact that CHR was not as successful as we had anticipated with regard to securing a couple of State and Federal grants. As such we have some outstanding past due obligations to consultants, contractors, and suppliers. The magnitude of this need is \$125,000.

As such CHR is requesting a \$125,000 advance from the City in December. This advance will be documented and repaid by an amendment to the existing City of Sanibel/CHR Woodhaven Agreement.

2. CHR has four LEO homes at Beach Road, two at Sanibel Highlands and eight at Center Street.
 - CHR has a liability to each LEO homeowner to return their equity and pay them a 3% average annual appreciation on their original equity and mortgage within 90 days of leaving the Program.
 - Those LEO homeowners at Center Street that have received SHIP and HOME Loan Grants will want to stay in their home for several years,

because they will be required to repay the SHIP and Home Loan Grants on a prorated basis up to the amount of their grant - which typically have been \$25,000 to \$70,000. The prorated payback goes through the 15th year.

- CHR also has a liability to the commercial lending institutions as the Guarantor of the first mortgage. If a homeowner chooses to leave CHR's LEO Program, CHR is obligated to continue making the monthly mortgage payment until a new buyer/borrower has been identified and put in place.

Because of the time constraints to exiting the LEO Program, most if not all of the homeowners are likely to stay in place for a number of years and therefore CHR's liability is not likely to be near term or of a significant dollar amount, particularly for any one house. However, it could be more significant if several houses were to turn over at the same time. In either case CHR needs some time to build up an "equity growth and resale delay reserve" to address these potential obligations.

As such, we are respectfully requesting the City to set aside \$300,000 as an interim source of funds for an "equity growth and resale delay reserve" which CHR could draw upon in the future should the need arise to make payments as described above.

The likelihood of CHR needing to use these set aside funds is reduced by four factors:

- The CHR Board recently voted to establish and fund an "equity growth and resale delay reserve" account. \$26,675 has been funded to date. Going forward this reserve account will be funded by making monthly contributions from our operating account, more specifically from the savings we realize by making lower mortgage interest payments as the remaining LEO units are sold and our mortgage debt is reduced.

- As outlined above, the probability of having to make any payments during the next 1-5 years is pretty low.
- The City set aside would be used only if the CHR Reserve was inadequate to cover the need.
- CHR will maintain a waiting list of prospective purchasers so that when a LEO homeowner leaves the Program the home can be sold more quickly to a replacement LEO homebuyer.

Lastly, the City's \$300,000 set aside can be reduced each year by the amount CHR is able to fund to their "equity growth and resale delay reserve" in that year.

Our proposal for collateral and repayment of these obligations is as follows:

COLLATERAL

- Net income from operations
- The seven buildings (14 units) at Mahogany Way – although the City owns the underlying land, these homes are owned free and clear by CHR. Free and clear from any financial obligations and free and clear from any grant constraints - which have all expired as of this date.

REPAYMENT METHODS

1. For the \$125,000 advance - Extend our current Agreement to pay the City of Sanibel a minimum amount of net rental proceeds of not less than \$50,000 per year through 2014. CHR has made quarterly payments of \$12,500 to the City of Sanibel for the past 6 years and has budgeted this obligation for the 2010-2011 fiscal year (\$50,000 COS -expense line item #905). This Agreement was

entered into at the time the Woodhaven project was developed and also involves the Casa Miraposa units. The \$50,000 is made up of a 12% net rental income from the Casa Miraposa units (\$8 - \$12,000/year), with the balance coming from the net rental income from all other units, which typically is in the range of \$38,000 to \$42,000. In this manner the \$125,000 loan could be repaid in 3 to 4 years which would mean extending the Agreement through 2018.

2. For the set aside of up to \$300,000 - Repayment would come from one or more of the following:

- A further extension of the above referenced Agreement, and/or
- A small increase in the amount of the Agreement's minimum annual payment, something in the neighborhood of \$65,000 to \$70,000 vs. \$50,000, and/or
- Net proceeds from the resale of the LEO homes which we anticipate being in the range of \$25,000 to \$30,000 per unit range.

[Acknowledge Rick Kennedy for his service to CHR in constructing Center Street homes, and within budget]

[Acknowledge SanCap Community Bank and BOTI for their assistance and cooperation in providing mortgages to LEO home-owners.]