

**NORTH WALKE HOUSING
CORPORATION**

TO: MEMBERS, NORTH WALKE HOUSING CORPORATION
FROM: FELIX R. SERRANO, CHAIRMAN
DATE: NOVEMBER 6, 2018
RE: **MEETING NOTICE**

.....

A Special Meeting of the North Walke Housing Corporation will be held on Tuesday, November 13, 2018 at 5:30 p.m. in 330 in Norwalk City Hall. **Please Note the Time and Day.**

**NORTH WALKE HOUSING
CORPORATION
REGULAR MEETING
NOVEMBER 13, 2018
5:30 P.M.**

A G E N D A

CALL TO ORDER

ROLL CALL

PUBLIC PARTICIPATION

I. ADMINISTRATION

A. APPROVAL OF MINUTES

1. Approve Minutes of September 11, 2018 Special Meeting.

B. FINANCE

1. Approve North Walke Housing Corporation Quarterly Revenue and Expenditures Statements and Balance Sheets for All Funds for Year-To-Date September 30, 2018.
2. Draft of the Audited North Walke Housing Corporation Fiscal Year End 6/30/18 Financial Statements presented by the Auditor.

II. EXECUTIVE SESSION

1. Discussion and possible action related to resolution of claim regarding 68 Lexington Avenue, Norwalk, CT.

III. NEW BUSINESS

IV. OLD BUSINESS

ADJOURNMENT

**NORTH WALKE HOUSING
CORPORATION
SPECIAL MEETING
SEPTEMBER 11, 2018**

ATTENDANCE: Felix R. Serrano, Chairman; Commissioners Lisa Cooper, Tom Devine, William Speirs, and David Westmoreland

AGENCY COUNSEL: Marc Grenier, Esq.

STAFF: Timothy T. Sheehan, Executive Director, John Slovak, Comptroller

CALL TO ORDER

Chairman Serrano called the Special Meeting to order at 5:45 PM

ROLL CALL

Chairman Serrano noted that a quorum was present.

PUBLIC PARTICIPATION

No one from the public came forward to speak.

BUSINESS

I. ADMINISTRATION

A. APPROVAL OF MINUTES

1. Approve Minutes of July 10, 2018 Regular Meeting.

**** MR. WESTMORELAND MOVED TO APPROVE THE MINUTES OF THE JULY 10, 2018 REGULAR MEETING OF THE NORTH WALKE HOUSING CORPORATION.**

**** MR. DEVINE SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

B. FINANCE

1. Approve North Walke Housing Corporation Statement of Revenues and Expenditures and Balance Sheets for All Funds for the Fiscal Year Ended June 30, 2018.

Mr. Slovak asked if there were any questions on the financial Statements of Revenues and Expenditures and Balance Sheets for all North Walke Housing Corporation funds for fiscal year ended June 30, 2018, which were included in their packets.

Mr. Westmoreland noted that on the 6/30 balance sheet under Other Liabilities, it looks like the amount almost doubled from the prior year from \$345,170 to \$635,781. Mr. Slovak said the increase of \$290,611 is a liability for a loan to Trinity-Washington Village Phase II. The cash is there and it is a liability on that cash for the loan.

Mr. Sheehan said it is ultimately a loan that is paid back. The Agency took action on a million dollar loan and the million dollar loan is basically being amortized based on the affordable housing payments of \$250,000 that are made back from the City on an annual basis. If you went out to the market and tried to do \$250,000 worth of affordable housing, you wouldn't get very many units, and this allowed us to actually participate with a larger development and leverage the money to go across more units and basically become part of the capital stack associated with the project. It is shown as a liability because we don't have all of the grant resources in place to pay off the full million dollar commitment. Ultimately that million dollars gets brought down in terms of its principle as that \$250,000 comes in on an annual basis. The way it is structured right now is that upon closing, they are entitled to draw 20% of the loan, and then the 80% is drawn at temporary CO. The matter is coming back to the Commissioners in October for further review because there are some minor modifications to it.

Mr. Westmoreland asked why was this done out of North Walke versus the Norwalk Redevelopment Agency? Mr. Sheehan said because North Walke is the housing entity.

- ** **MR. DEVINE MOVED TO APPROVE THE FINANCE REPORT AS PRESENTED.**
- ** **MR. SPEIRS SECONDED.**
- ** **THE MOTION PASSED UNANIMOUSLY.**

II. NEW BUSINESS
None.

III. OLD BUSINESS
None.

ADJOURNMENT

There being no further Old or New Business, upon motion of Mr. Westmoreland and second of Mr. Speirs, the North Walke Housing Corporation meeting was adjourned at 5:53 PM.

Respectfully submitted,

Karen Pacchiana

North Walke Housing Corporation
Explanation of Statements of Revenues & Expenditures
And Balance Sheets For All North Walke Housing Corporation Funds
For Year-To-Date September 30, 2018

- North Walke Housing Corporation Operating Fund 400 Statement of Revenues and Expenditures had \$5,575 in revenue, \$290 in expenditures, and an operating surplus of \$5,285. The Balance Sheet for North Walke Housing Corporation Operating Fund 400 has \$1,319,263 total assets, and \$965,668 liabilities and \$353,595 net assets.

- The North Walke Housing Corporation Fund 450 Statement of Revenues and Expenditures has a \$866 net operating surplus from interest on notes. The North Walke RLF Balance Sheet has total assets of \$158,013 and liabilities and net assets of \$158,013.

Norwalk Redevelopment Agency Inc.
Statement of Revenues and Expenditures - Board Qtrly - 1st Quarter YTD Comparative
400 - NorthWalke Operating - Fund 400
From 7/1/2018 Through 9/30/2018
(In Whole Numbers)

	Year-To-Date Actual	Prior Year-To-Date Actual
REVENUES		
Grant Revenues		
Grants - State CHFA	3,491	3,491
Total Grant Revenues	3,491	3,491
Other Revenues		
Interest Income - Other	209	208
Miscellaneous Revenues	1,875	375
Total Other Revenues	2,084	583
Total REVENUES	5,575	4,075
EXPENDITURES		
Administrative Expenses		
Professional Fees - Other	0	6,600
Agency Marketing	0	363
Miscellaneous	290	305
Total Administrative Expenses	290	7,268
Total EXPENDITURES	290	7,268
NET OPERATING SURPLUS/(DEFICIT)	5,285	(3,193)

Norwalk Redevelopment Agency Inc.
 Balance Sheet - Board Qtrly - 1st Quarter YTD Comparative
 400 - NorthWalke Operating - Fund 400
 As of 9/30/2018
 (In Whole Numbers)

	Current Year	Prior Year
ASSETS		
Current Assets		
Cash	1,315,910	403,383
Investments	335,316	334,481
Accounts Receivable	0	4,760
Total Current Assets	1,651,225	742,624
Other Assets		
Due from (to) Other Funds	(331,962)	(6,702)
Total Other Assets	(331,962)	(6,702)
Total ASSETS	1,319,263	735,922
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	145	145
Other Liabilities	914,802	345,170
Notes Payable	50,722	50,722
Total Liabilities	965,668	396,036
Net Assets		
Beginning Fund Balances	348,310	343,079
YTD Activities	5,285	(3,193)
Total Net Assets	353,595	339,886
Total LIABILITIES AND NET ASSETS	1,319,263	735,922

Norwalk Redevelopment Agency Inc.
Statement of Revenues and Expenditures - Board Qtrly - 1st Quarter YTD Comparative
450 - North Walke RLF - Fund 450
From 7/1/2018 Through 9/30/2018
(In Whole Numbers)

	<u>Year-To-Date Actual</u>	<u>Prior Year-To-Date Actual</u>
REVENUES		
Other Revenues		
Interest Income from Notes	906	952
Interest Income - Other	<u>3</u>	<u>3</u>
Total Other Revenues	<u>909</u>	<u>955</u>
Total REVENUES	<u>909</u>	<u>955</u>
EXPENDITURES		
Administrative Expenses		
Miscellaneous	<u>44</u>	<u>44</u>
Total Administrative Expenses	<u>44</u>	<u>44</u>
Total EXPENDITURES	<u>44</u>	<u>44</u>
NET OPERATING SURPLUS/(DEFICIT)	<u><u>866</u></u>	<u><u>911</u></u>

Norwalk Redevelopment Agency Inc.
Balance Sheet - Board Qtrly - 1st Quarter YTD Comparative
450 - North Walke RLF - Fund 450
As of 9/30/2018
(In Whole Numbers)

	Current Year	Prior Year
ASSETS		
Current Assets		
Cash	21,517	7,887
Investments	11,855	11,843
Accounts Receivable	0	8,017
Total Current Assets	33,372	27,748
Other Assets		
Due from (to) Other Funds	4,810	802
Loans Receivable	119,831	125,931
Total Other Assets	124,641	126,733
Total ASSETS	158,013	154,480
LIABILITIES AND NET ASSETS		
Liabilities		
Other Liabilities	138,665	138,665
Total Liabilities	138,665	138,665
Net Assets		
Beginning Fund Balances	18,482	14,904
YTD Activities	866	911
Total Net Assets	19,348	15,816
Total LIABILITIES AND NET ASSETS	158,013	154,480

Norwalk Redevelopment Agency Inc.
Statement of Revenues and Expenditures - Board Qtrly - 1st Qtr All North Walke Combined
From 7/1/2018 Through 9/30/2018
(In Whole Numbers)

	NorthWalke Operating - Fund 400	North Walke RLF - Fund 450	Total
REVENUES			
Grant Revenues			
Grants - State CHFA	3,491	0	3,491
Total Grant Revenues	3,491	0	3,491
Other Revenues			
Interest Income from Notes	0	906	906
Interest Income - Other	209	3	212
Miscellaneous Revenues	1,875	0	1,875
Total Other Revenues	2,084	909	2,993
Total REVENUES	5,575	909	6,485
EXPENDITURES			
Administrative Expenses			
Miscellaneous	290	44	334
Total Administrative Expenses	290	44	334
Total EXPENDITURES	290	44	334
NET OPERATING SURPLUS/(DEFICIT)	5,285	866	6,151

Norwalk Redevelopment Agency Inc.
Balance Sheet - Board Qtrly - 1st Qtr All North Walke Combined
As of 9/30/2018
(In Whole Numbers)

	NorthWalke Operating - Fund 400	North Walke RLF - Fund 450	Total
ASSETS			
Current Assets			
Cash	1,315,910	21,517	1,337,426
Investments	335,316	11,855	347,171
Accounts Receivable	0	0	0
Total Current Assets	1,651,225	33,372	1,684,597
Other Assets			
Due from (to) Other Funds	(331,962)	4,810	(327,152)
Property & Equipment	0	0	0
Loans Receivable	0	119,831	119,831
Less: Bad Debt Reserve	0	0	0
Other Assets	0	0	0
Total Other Assets	(331,962)	124,641	(207,321)
Total ASSETS	1,319,263	158,013	1,477,276
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts Payable	145	0	145
Other Liabilities	914,802	138,665	1,053,466
Notes Payable	50,722	0	50,722
Deferred Revenues	0	0	0
Total Liabilities	965,668	138,665	1,104,333
Net Assets			
Beginning Fund Balances	348,310	18,482	366,792
YTD Activities	5,285	866	6,151
Total Net Assets	353,595	19,348	372,943
Total LIABILITIES AND NET ASSETS	1,319,263	158,013	1,477,276

North Walke Housing Corporation

Financial Statements and Supplementary Information

Years ended June 30, 2018 and 2017

NORTH WALKE HOUSING CORPORATION

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Independent Auditor's Report

To the Board of Commissioners
North Walke Housing Corporation

We have audited the accompanying financial statements of *North Walke Housing Corporation* (a nonprofit organization) which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *North Walke Housing Corporation* as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Solakian & Company, LLC

October 31, 2018

NORTH WALKE HOUSING CORPORATION

Statements of Financial Position

June 30, 2018 and 2017

<i>Assets</i>	<u>2018</u>	<u>2017</u>
Cash	\$ 723,362	411,633
Investments	346,959	346,113
Accounts and loans receivable	<u>125,274</u>	<u>138,429</u>
Total assets	\$ <u>1,195,595</u>	<u>896,175</u>
 <i>Liabilities and Net Assets</i>		
Accounts payable	\$ 145	145
Other liabilities	774,445	483,834
Loans payable	50,722	50,722
Deferred revenue	<u>3,491</u>	<u>3,491</u>
Total liabilities	828,803	538,192
Net assets without restrictions	<u>366,792</u>	<u>357,983</u>
Total liabilities and net assets	\$ <u>1,195,595</u>	<u>896,175</u>

See accompanying notes to financial statements.

NORTH WALKE HOUSING CORPORATION

Statements of Activities

Years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues:		
Grants	\$ 28,758	27,276
Other income	13,050	8,475
Interest income	<u>4,587</u>	<u>4,760</u>
Total revenues	<u>46,395</u>	<u>40,511</u>
Expenses:		
Program:		
Project expenses	22,967	27,392
Management and general:		
Professional fees	7,913	6,500
Office and miscellaneous expenses	<u>6,706</u>	<u>1,606</u>
Total expenses	<u>37,586</u>	<u>35,498</u>
Change in net assets	8,809	5,013
Net assets - beginning of year	<u>357,983</u>	<u>352,970</u>
Net assets - end of year	<u>\$ 366,792</u>	<u>357,983</u>

See accompanying notes to financial statements.

NORTH WALKE HOUSING CORPORATION

Statements of Cash Flows

Years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 8,809	5,013
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Decrease (increase) in:		
Accounts and loans receivable	13,155	(4,450)
Increase (decrease) in:		
Accounts payable	-	(23,998)
Other liabilities	290,611	345,169
Deferred revenue	-	(27,276)
	<u>312,575</u>	<u>294,458</u>
Net cash provided by operating activities		
	<u>312,575</u>	<u>294,458</u>
Cash flows from investing activities:		
Redemption (purchase) of investments	<u>(846)</u>	<u>(5,652)</u>
	<u>(846)</u>	<u>(5,652)</u>
Net cash used in investing activities		
	<u>(846)</u>	<u>(5,652)</u>
Net increase in cash	311,729	288,806
Cash - beginning of year	<u>411,633</u>	<u>122,827</u>
Cash - end of year	<u>\$ 723,362</u>	<u>411,633</u>

See accompanying notes to financial statements.

NORTH WALKE HOUSING CORPORATION

Notes to Financial Statements

June 30, 2018 and 2017

(1) **Reporting Entity**

The North Walke Housing Corporation (NWHC or Corporation) is a non-stock, nonprofit corporation established in 1987 to act as a community development housing corporation to provide housing opportunities for low and moderate income individuals and families in Norwalk, Connecticut.

(2) **Summary of Significant Accounting Policies**

Financial Statement Presentation

NWHC follows accounting for not-for-profit organizations as outlined in professional standards. Accordingly, it is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor (or grantor) imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Grants and Contracts

Grants and contracts are generally considered to be exchange transactions in which the grantor or contractor requires the performance of specified activities.

Entitlement to cost reimbursement grants and contracts is based on the expenditure of funds in accordance with grant restrictions and, therefore, revenue is recognized to the extent of grant expenditures. Entitlement to performance based grants and contracts are based on the attainment of specific performance goals and, therefore, revenue is recognized to the extent of performance achieved.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

(Continued)

NORTH WALKE HOUSING CORPORATION

Notes to Financial Statements

(2) Summary of Significant Accounting Policies (continued)

Subsequent Events

Subsequent events have been evaluated through October 31, 2018, which is the date the financial statements were available to be issued.

Cash and Investments

The carrying amount of cash and money market investments at June 30, 2018 and 2017 was approximately \$1,070,000 and \$758,000, respectively, as shown in the accompanying statement of financial position. The bank balances of these funds totaled approximately \$1,070,000 and \$758,000 as of June 30, 2018 and 2017, respectively, of which \$250,000 was covered through the Federal Deposit Insurance Corporation.

Income Tax Status

NWHC is exempt from federal income taxes pursuant to provisions of Section 501(c) (3) of the Internal Revenue Code and has been classified as "other than a private foundation."

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by NWHC and recognize a tax liability (or asset) if it has taken an uncertain position that more-likely-than-not would not be sustained upon examination by the applicable taxing authorities. Management has analyzed the tax positions, and has concluded that as of June 30, 2018, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

NWHC is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2015.

(3) Related Party Transactions

Norwalk Redevelopment Corporation (NRA) owed NWHC approximately \$3,900 as of June 30, 2018, which is included in accounts and loans receivable.

Certain management and commissioners of the NRA function in the same capacity at the NWHC.

(4) Grant Revenue

Grant revenue in 2018 includes approximately \$28,800 and \$27,300 received from various state agencies, foundations and other non-profits in 2018 and 2017, respectively.

(Continued)

NORTH WALKE HOUSING CORPORATION

Notes to Financial Statements

(5) Loan Payable

During the year ended June 30, 2006, the Corporation obtained approximately \$51,000 of loan proceeds payable to Federal Home Loan Bank. The outstanding balance was approximately \$51,000 as of June 30, 2018 and 2017.

(6) Implementation of New Accounting Pronouncement

The Financial Accounting Standards Board issued Accounting Standards Codification 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), effective for periods beginning after December 15, 2017. Several changes to nonprofit financial reporting include:

- Improvements to the presentation and disclosures for net assets classes from the previous three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) to two classes (without donor restrictions and with donor restrictions).
- Allowing free choice between the direct and indirect methods in presenting cash flows.
- Providing better information about functional expenses and disclosures about how expenses are allocated to management and general.
- Augmenting disclosures on underwater endowment funds.
- Unifying the reporting of investment returns.
- Enhancements to information provided about the liquidity and availability of financial resources.

The new standard aims to improve reporting the liquidity and availability of resources. Qualitative information will be required to be disclosed on how the Corporation manages its liquid available resources and its liquidity risk to meet cash needs for general expenditures within one year of the year-end date.

Early application of the above changes is permitted and the Corporation has decided to implement them for the year ended June 30, 2018.

(7) Liquidity and Availability of Resources

The Corporation has approximately \$1,195,000 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and equivalents of \$1,070,000 and accounts and loans receivable of \$125,000. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Corporation has a goal to maintain financial assets, which consist of cash and equivalents and pledges and other receivables, on hand to meet one year of annual operating expenses, which are, on average, approximately \$40,000. The Corporation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Corporation invests cash in excess of daily requirements in various short-term investments.