

Part 7: Financials

Presented by:
Kim Fehring

Budget: General Info

- Realistic plan for the upcoming year
- Must submit Form RD 3560-7 & Rents electronically thru MINC
- Submission Deadlines:
 - Requesting Rent Increase- Submit 90 days prior to beginning of FY (ie. Oct 1)
 - Without Increases – Submit 60 days prior to beginning of FY (ie. Nov 1)

Budget: Items Reviewed

- Vacancy Rate
- Reserve
 - Is it fully funded? If so, should it be increased?
 - Is the annual transfer being made?
- Capital Improvements
 - Reserve:
 - Does Part I, Line 26 match Part V?
 - Does Part I, Line 13 match Part III – Transfer from Reserve
 - Operating:
 - Does Part II, Line 9 match Part V?

Budget: Items Reviewed cont.

- RHS Debt Payment
- Return on Investment (ROI)
- Net Cash
 - Positive – GREAT!!
 - Negative – Ending cash enough to cover?
- Ending Cash on Hand
 - Should be enough for 20% of Part I, Line 16 and 4 mo. of Tax and Insurance.

Budget : Items Reviewed cont.

- Management Certification
 - Match approved Mngt Fee in Part II, Line 20 ?
- Site Management Payroll
 - Amount per unit if applicable
- Administrative Expense
 - Cannot exceed 23% of Gross Rents
- Projected Expense changes
- Utility Allowance Calculations

Budget: Items Reviewed cont.

- Rents
 - Proposed sufficient enough to cover expenses?
 - Increased, was notice sent to tenants?
 - Is the increase justified?
 - Proposed rent, either current or increased, needs to match Part I, Line I.

Actuals: General Info

- Real numbers from the past year
- Submission Deadline: 90 days after FY end (ie. April 1)
- Must submit Form RD 3560-7 & 3560-10 electronically thru MINC
- Submit Items needed including:
 - Audit (24 units or more)
 - Agreed Upon Procedures (16 units or more)
 - Borrower's Certification on Performance Standards.

Actuals: Items Reviewed

- See Handout – RD 3560-7
 - Reserves: match withdraw requests and bank statements
 - ROI: was it budgeted and is it authorized?
- Balance Sheet – RD 3560-10
- Audit & Agreed Upon Procedures
 - Should include necessary items per current RD 3560 Regulation, Attachments 4-D thru 4-H.

Balance Sheet - 3560-10

- Snap shot of one day – Dec. 31, but summary of project financials.
- Consists of 3 parts
 - Assets – Anything you hold of Value
 - Liabilities – Anything you owe
 - Owners Equity – Owners interest in project
- Should use yearend information to complete. ie. bank statements, Annual Statement of Loan Account, tax information, etc.

Other Notes

- Budgets and Actuals work together. Most items should be reflected on both items.
- Budget Letters have been or are being sent. A letter will be sent around actual submission time also.
- Should review both the budget letter & actual letters for all items requested.
- Not complete until all is received!!!
