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2021 Financial Management Conference

Property Cash Flow Management in These Times

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Questions

- All participant lines are muted.
- Please use the **Raise Hand** feature if you would like to speak.
 - Raise hand feature is located in the Participant panel.
- You may also use the **Chat** feature to ask questions.
- Send a **Chat** to the Host if you have a technical issue.

Continuing Professional Education Requirements for CPAs

- **Polls are Required for CPEs**
 - If you are seeking CPE credits, please submit ALL polls within each session, and the conference evaluations.
 - If you miss a poll, send a **Chat** message to the Host immediately.
- We use **Polls and the Zoom attendance record** to verify participation throughout the webinar.
 - **Participants must submit ALL polls and be logged in no later than 10 minutes after the scheduled session start time to receive a certificate.**

Continuing Professional Education Credits (CPEs) for CPAs

- **Check your Zoom display name**
 - If the correct name is not shown, email your Zoom display name and your full name to consult.lwells@gmail.com.
- You may **request a certificate of completion via the conference evaluations**.
 - Links to the evaluations are emailed to all registrants.
- For more information on CPE credits, contact Lindsay Wells at consult.lwells@gmail.com.

Poll 1

**CFO
perspective &
framework for
solutions:**

**Is a cash
shortage caused
by a deficit or a
timing issue and
is it short-term
or long-term?**

Long- term

Short- term

2.
Solution:
Long-term (re)arrangement

4.
Solution:
Refinance, restructure, exit

1.
Solution:
Short term loan or credit

3.
Solution:
Cash to fund deficit until
(re)stabilization achieved

Timing (not a deficit)

Deficit

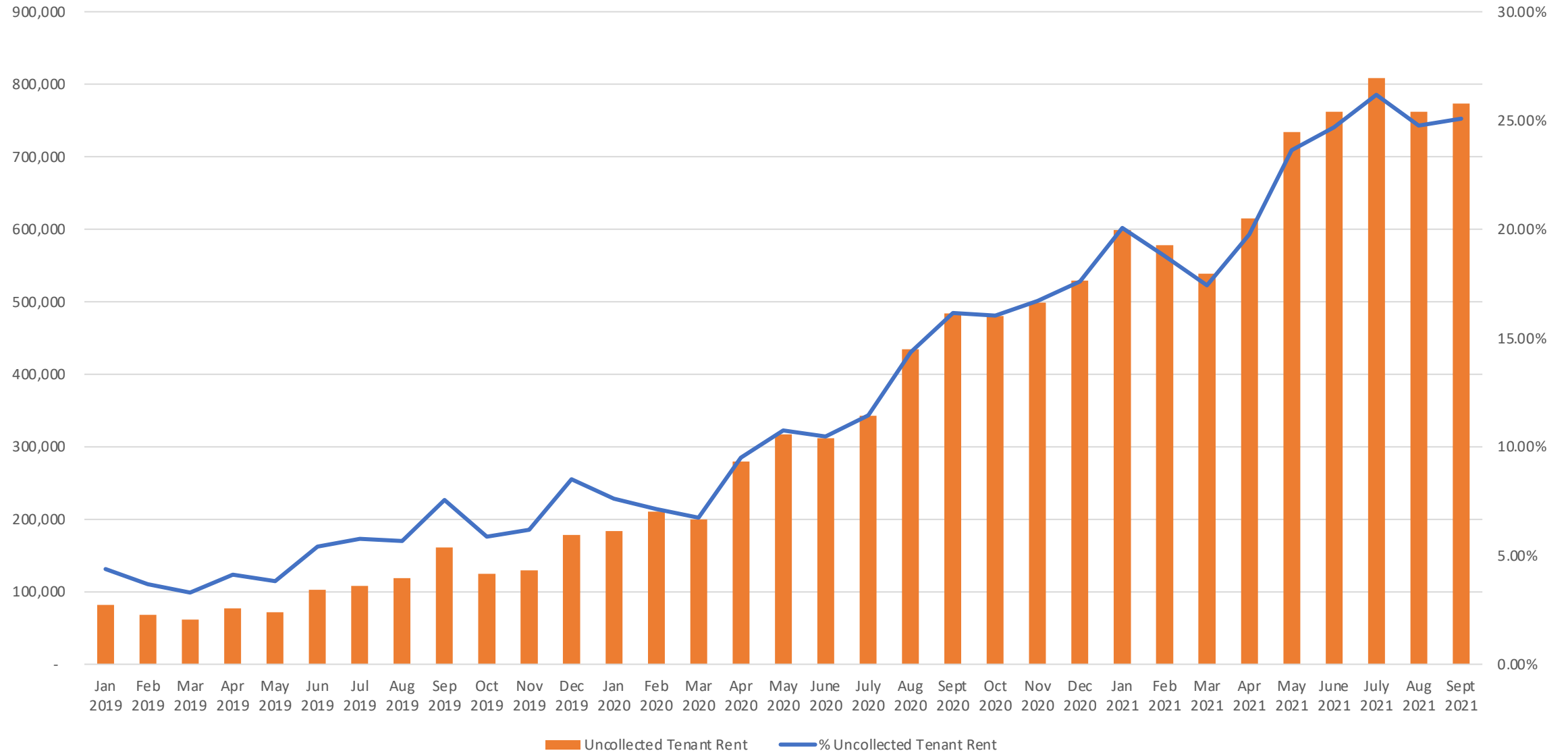
Monitoring Property Liquidity

Liquidity Forecast															
	Balances as of		7/8/2020	10th	11th	13th	17-24-30th	28th	11-30th	11-30th	30th	30th	7/8/2020	7/8/2020	7/8/2020
	Beginning GL Cash Balance	# Mos Cash	A/P ¹ Balance	Debt Service, Reserves, Escrows	Cash Balance	Payroll	A/P Payments	Payroll	Other Revenue ³	Addl Rent Collections ³	Cash Balance	# Mos Cash	Operating Reserves	Replace Reserves	A/R - Resident
Property															
Data source			B/S actual	budget		budget	budget	budget	manual	manual			B/S actual	B/S actual	B/S actual
Property A	139,280	0.83	(10,037)	(99,965)	29,278	(7,118)	(45,928)	(7,118)			(30,886)	(0.18)	-	474,410	121,487
Property B	74,640	2.17	(54,678)	(1,650)	18,312	(6,147)	(18,514)	(6,147)	10,833		(1,662)	(0.05)	-	375,702	2,080
Property C	152,950	3.56	(46,244)	(3,234)	103,472	(7,194)	(22,097)	(7,194)	5,000		71,986	1.67	451,735	138,235	4,174
Property D	57,166	2.33	(2,968)	(4,903)	49,295	(3,557)	(9,975)	(3,557)			32,205	1.31	108,710	176,932	2,594
Property E	136,991	2.59	(123,540)	(12,315)	1,136	(3,843)	(28,701)	(3,843)			(35,251)	(0.67)	60,103	66	10,571
Property F	56,225	1.10	(2,640)	(24,641)	28,944	(3,728)	(16,617)	(3,728)			4,871	0.10	97,135	276,894	5,512

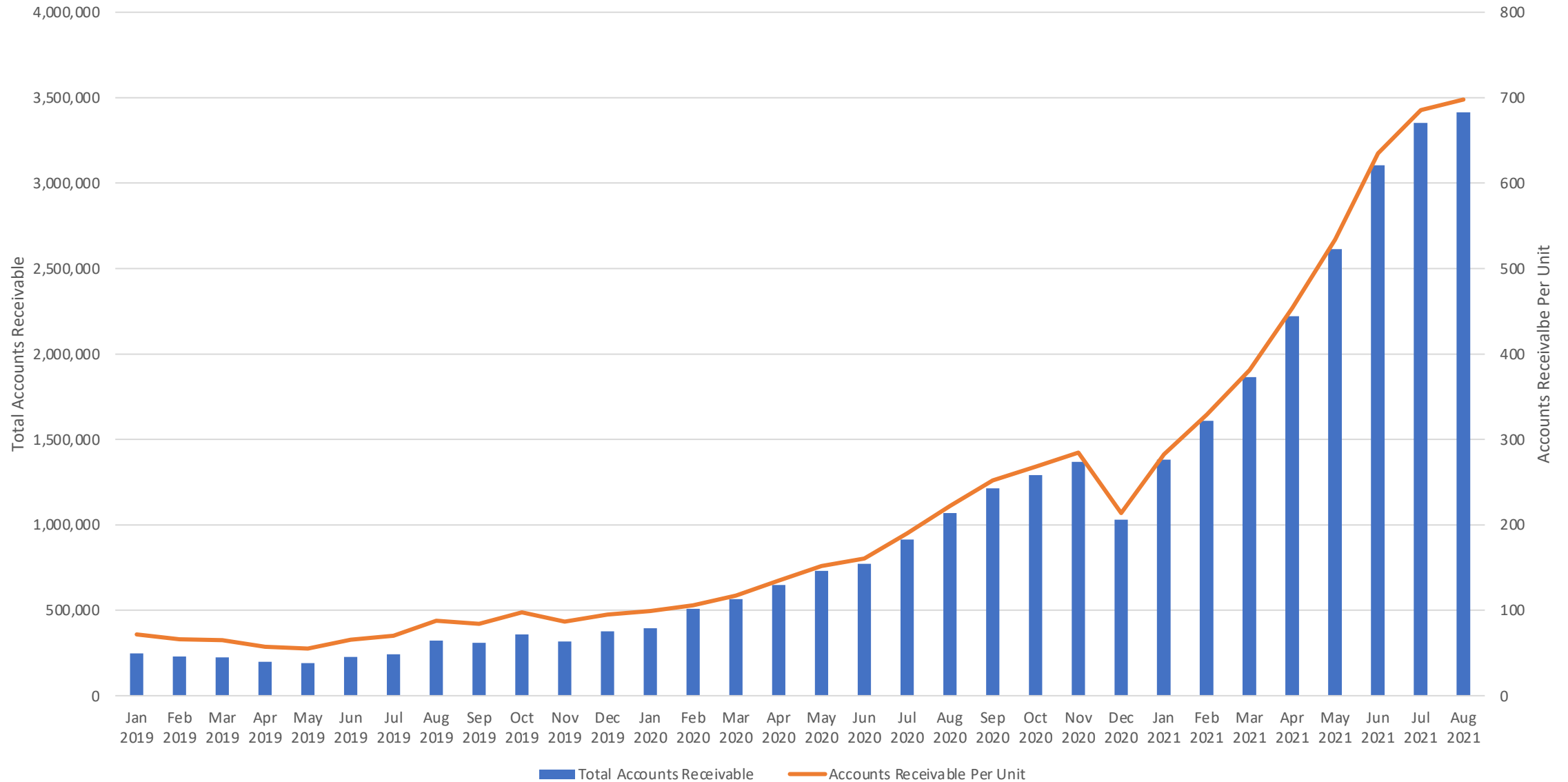
Cash Flow Challenge:

Rent collection and increasing receivables
(both challenge and opportunity)

Tenant Rent Not Collected In Month Due



Portfolio Accounts Receivable



Emergency Rental Assistance

2020

Apr-Jul	172,484
Aug	221,401
Sept	181,645
Oct	449,504
Nov	479,303
Dec	1,046,183

2021

Jan	290,540
Feb	270,721
Mar	157,059
Apr	291,093
May	279,045
Jun	346,748
Jul	588,920
Aug	1,040,047
Sep	637,785

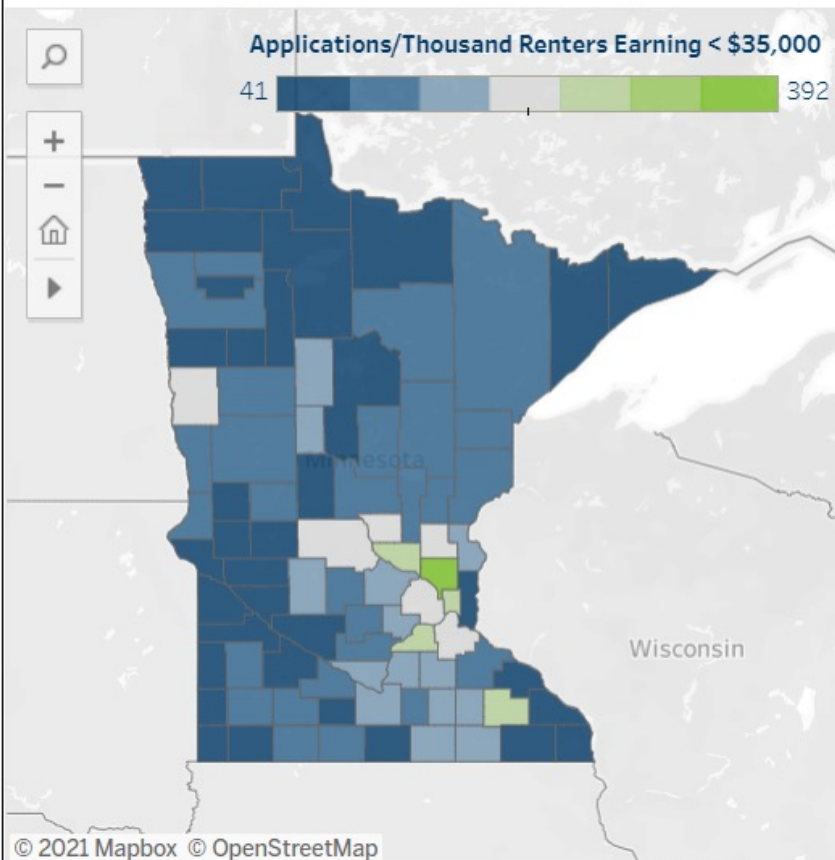
Cumulative	6,452,478
% of rent	8.7%

A/R grew	3,221,065
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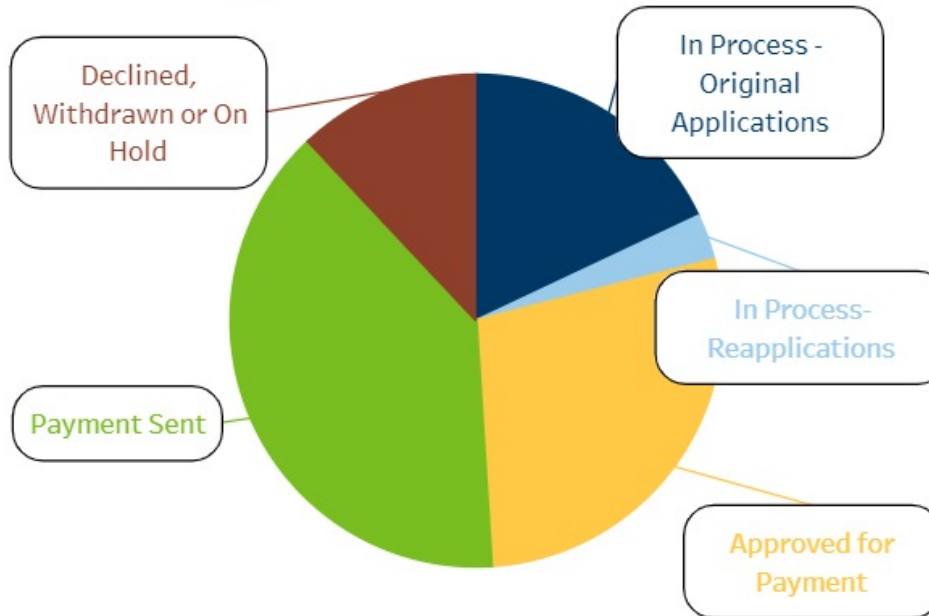
RentHelpMN Submitted Applications*

(*data current as of October 19, 2021 and are subject to change as applications are processed)

Applications by County



Application Processing Bins

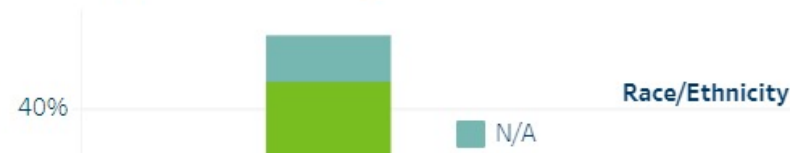


54,810*
submitted applications

\$346.93M*
in assistance requested by applicant

66%
of applicants that provided Race/Ethnicity identify as Black, Indigenous, or People of Color (BIPOC)

Applications by Area Median Income



Poll 2

Cash Flow Challenge:

Supply chain delays and costs

- Limited product availability or prohibitive delays
- Long lead times, uncertain/changing delivery dates
- Some products consistently delayed but many seem random
 - Cabinets, appliances, other wood and metal products, goods from China, event-based (Suez canal, TX storms affect resins)
- Materials cost increases 5-8+%, steel 25%
- Recent proposals hold price for only 24 hours, many bids state costs not final until delivery
- Down payment required to place order

Cash Flow Challenge:

Supply chain delays and costs--mitigants

- Select GC/CM staff with capacity to mitigate/solve problems
- Adjust product specs to what is available
- Order (far) in advance, store product on site or in warehouse
- Place standing order with regular delivery schedule (i.e. 6 sets of appliances every month)

Cash Flow Challenge:

Supply chain delays and costs—cash flow aids

- Arrange rolling down payments with vendors on standing orders
- Arrange advances for down payments with lender/loan servicer
- Avoid extra vacancy loss by purchasing materials needed to turn units in anticipation
- Plan for more contingency to fund price increases and alternate, available products, if possible

Cash Flow Challenge:

Social instability and crime

- Properties in certain geo areas affected by
 - homeless encampments
 - vagrancy and drug use
 - increased crime and gang activity
- Driving up security costs, vandalism, move outs
- Depressing rents

Poll 3

Cash Flow Challenge:

Disaster response and recovery

Is a cash shortage caused by a deficit or a timing issue and is it short-term or long-term?

Long- term

Short- term

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Timing (not a deficit)

Deficit

Is a cash shortage caused by a deficit or a timing issue and is it short-term or long-term?

Long- term

2.

Change timing of deposits to reserve/escrow or cash flow distributions
Change timing of expenses paid in advance to pay-as-you-go (insurance)
Capitalize a sinking fund
Use a revolving line of credit (ongoing)

4.

Short- term

1.

Delay deposits to reserves or escrows
Delay distributions to owners/investors/cash flow lenders
Delay management fees, if self-manage (carefully)
Delay vendor payments/negotiate timing (carefully)
Borrow temporarily from cash reserves
Borrow temporarily from owner
Borrow from revolving line of credit (temporarily)

3.

Suspend deposits to reserves temporarily
Change timing of expenses paid in advance to pay-as-you-go (insurance)
Use cash reserves
Borrow and invest to generate savings or revenue
Borrow and repay from future surplus (if anticipated)

Timing (not a deficit)

Deficit

Poll 4

Cash flow opportunities during COVID:

- Emergency rental assistance
- Lower interest rates
- Government grants and new programs (CARES, ARP, other)
- Fundraising
- Public awareness/sentiment and political support for housing

Poll 5

Future challenges/opportunities

What has been fundamentally disrupted and how will it affect our properties operations and cash flow?

- Monthly rent payment cycle—”back to normal” or ____?
- Household income—but for the better or worse?
- Inflation and interest rates—up and up?
- Eviction moratoria and rent control—precedent or anomaly?
- Emergency rental assistance—precedent or anomaly?
- Tenants working/schooling from home?
- Staff retention, hiring, pay?

CPE Feedback Poll

- If you are seeking CPEs, please complete this brief feedback poll.
- Note: All registrants will receive links to the conference evaluations via email.
 - Please complete the conference evaluations to request CPE credit and to provide qualitative feedback.