Strength Matters Boot Camp on Financial Reporting for Rental Housing Nonprofit Enterprises - Module 1
June 9, 2021 Virtual delivery
Zoom Chat log

Top questions participants would like to see answered

- Interested in 15 yrs+: understanding Exits, Refi, and consolidations.
- Best practices for pre-development
- Interested in how to be strategic/organized during pre-development phase
- Finding creative ways to find funding
- What happens with equity in year 15 and resyndication
- there a scorecard to quickly evaluate new deals?
- Hybrid deals and cost certifications
- What criteria do you look at when deciding if you should do a deal?
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Session Comments

- We always capitalize Pre Dev and then expense to dead deal if the project fails.
- Currently once development team informs us that deal is feasible (that's when we determine predevelopment has started). We end up playing a lot of catch-up but are trying to remedy that.
- We do the same and capitalize until the deal is no longer feasible
- Understanding the economics going into a project and what an investor's drivers are
- You need to maintain an extremely detailed CIP spreadsheet by deal and incorporate meaningful project names for the GL entries. Then, not an issue.
- We record in both Excel AND the GL.
- We're working to implement job-cost feature through YARDI
- The lender is going to need an Excel spreadsheet.
- we wait to create a different development account until we have some ownership interest. Expenses stay in a general development account until then.
- We set up new accounts under CIP for break out the cost that way
- We set up a separate General ledger account for each CIP.
- Costs seem better being capitalized over expense as a result of potentially having swings in expense lines over multiple years.
- We expense until the board approves moving forward w/ pre-dev, then becomes CIP. I use separate GL accounts to track, as well as using classes in my software. This enables me to create detailed cost reports for my dev team
- The job cost feature in YARDI is what we use for our development and construction costs.
- We use Yardi job cost to track costs in our corporate entity until we setup the LP and transfer the job to the new entity
- we set up a job in job cost for each project
- Job costing answers everything :)

- Still need to establish that it is true debt.
- Texas requires an attorney opinion to support true debt for performance based loans.
- Would loan forgiveness be income or reduction of capital costs, for a non-profit?

Post-break comments & questions

- We provide development with our developer fee earnings schedule (% complete) that is now being included in the developer service agreements on new deals.
- If an inadvertent rental to market rate tenant occurs in Year 54, month 9, the entire amount is NOT forgiven? And if not, what occurs?
- Would you not have to return the funds based on the language used for the restriction scenario?
- B/c the condition also doesn't mention a right of return
- If the development agreement doesn't match revenue recognition policy (using input method), which rules?
- If you use YARDI, job-cost is a free add-on
- We pay for Yardi job costs at a flat amount per unit.
- I think with Breeze Premier it's included for us
- We're just now starting to use it but I know it was pitched to us as no additional cost. Hopefully we don't have any surprise additional expenses coming
- This is probably more related to lesson #9 but what are best options for payment of a deferred developer fee at Year 15?
- The topic of predevelopment funding sources keeps coming up for us and others
- One source of funds for pre-development is Capital Magnate Funds
- Materials for MODULES 7-11 will be available in July!