**Agenda for CHEA Meeting**

Wednesday, May 19, 2015, 8:45 p.m.

2604 Paramount Ave., Austin, TX 78704

Donny Goff, Board Chair, calls meeting to order at 8:50 p.m.

Board members present: Donny Goff, Chair, Corey Williams, Member at Large, Clayton, Treasurer, Hannah Wright, Secretary, Abigail Tatkow, Community Board Representative.

Also present: Andi Shively, Independent Bookkeeper, Sam Bean, of Sasona, Phil Wilson, of Sasona.

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| **Agenda** | **Action** | **Comment** |
| Review of previous meeting’s minutes. | Donny moves to approve, Abigail seconds, minutes approved by consensus. |  |
| Treasurer update. | Discussion. | We filed our taxes from fiscal year ‘13! Woohoo! Next fiscal year ends at end of next month, and we will need to start the process again, to see what happened in fiscal year ‘14.  Clayton invited Andi Shively, independent bookkeeper, to this meeting so that she could give a tutorial on basic bookkeeping and accounting, to look at what happened in fiscal year ‘13, and what happened with the lease payment history.  Andi brought a profit-loss statement, balance sheet, and cashflow statement, all pertaining to **fiscal year 2013**.  Profit-loss -- what is income, what are expenses, what is net profit, what is left over, happens over a window of time, over a fiscal year.  Balance sheet: what your organization owns, how it is funded (member equity, end-of-year profit), liabilities and/or debts; it is a moment in time, at the end of fiscal year 2013, and it tells how much cash is in various bank accounts, who we owe money to, and equity.  Cashflow statements: show when money goes into bank, when it leaves bank. At the end of year, we had $32,000 more at end of year than at the beginning of the year, which means solvency, or the organization is able to meet debts with assets.  Overall, the balance sheet looks good.  Profit/loss has three classes: CHEA, La Re, and Sasona. CHEA’s net income was -1500, because there was no recognized income. This was likely due to a bookkeeping mislabeling, so in next fiscal year, whatever contribution that is made above and beyond lease payment needs to be marked as CHEA income.  Money is flowing into CHEA as transfers from houses, in QuickBooks, so that is a bank account transfer, and it is not labelled as an income or an expense. On profit loss, you are looking to see, are you getting enough income to fund expenses? So you need to show overage transfer as an income for CHEA **and** as an expense for the houses. That would change net incomes, making them slightly lower for houses, while the net income for CHEA would not be negative.  CHEA is collecting enough in member rents to fund expenses, and there is positive cash flow, so things look good there.  Next, the record keeping for the loan payment was strange for fiscal year ‘13. From the books, it looks like no one made loan payments, but NASCO records show loan payments. (This is the Sasona-loan we are talking about here). So, record keeping was wonky, but the loan payments were made, because they show up on NASCO books. Most likely, it was just classified wrongly in our books.  What is the interest rate on the old Sasona loan? 6.5% … it is an old loan, so it might be a good idea to get it refinanced. Andi can send out amortization schedule. About $14,000 left to pay off, which means that we are paying more principal than interest at this point, and that is definitely the side of a loan you want to be on. Could also pay it down faster at this point. Next budget, we could think about changing the rate at which the old loan is paid off. Would have to talk about that with NASCO, but it shouldn’t be a problem.  Andi could send us memorized transaction, showing how to show income for CHEA.  Where are deposits shown? A deposit never shows up on profit loss, unless it is retained. Deposits go on to balance sheet, as a liability, showing that you owe money back to people.  In conclusion, CHEA was financially healthy, at the end of FY ‘13.  Moving on, Andi brought information about lease payments -- and she says that it was not clear how to break them up.  [*For this part of the discussion, we are looking at a chart that Andi brought. I am not a professionally trained bookkeeper, so I did not follow the finer details of the discussion. Instead, I wrote down the main points. If you were at that meeting, please feel free to add to, or modify, what I wrote*].  Part of chart shows projection for adding La Re to Sasona/CHEA, then actual transfers.  Impact of decisions -- Sasona paying more rent than if it was allocated differently. Sasona paid 282 more than if they had stuck with original. Money still moved the way it moved. Last two months should not be in this FY.  Clayton: for some reason, Sasona started paying $8700 in lease payment, doesn’t know how that happened. We have been paying $8700 for whole time that Clayton has been in this position, and last year, Sasona did not really make a budget.  Lease payments vary a lot, especially in the beginning, for La Reunion.  The 39.5% and 60.5% split for lease payment is based off of numbers that NASCO made up, so that Sasona wouldn’t have to lose money in the creation La Re.  Basically, those numbers were created so that Sasona’s lease would not change.  Sasona was CHEA at the beginning. As we are a nonprofit business, when businesses expand, they expect it to not be free, but we did it so that it *was* free for Sasona, *and* there were maintenance allocation benefits.  Sam: this split is a loaded issue. Still not completely understanding what that is based on.  Original rational: the 39.5% and 60.5% split of the lease payment was made so that expansion would not cost Sasona a dime. NASCO ate the cost burden. We will go with 39.5 and 60.5 split of the lease.  La Reunion funded themselves, from the first minute. Should not charge Sasona extra for it.  La Re has to pay more, if Sasona is paying less…. Also, property values matter, and they change.  Speaking of property values, Ryan sent out an email about property taxes, and the potential impact of a city council decision that would shift the burden of property taxes from homeowners to businesses (which would include commercially-zoned properties, like coops, apartments, etc).  Both houses are solvent. Have to make sure we are not forcing one house into insolvency over another.  2% increase in lease from NASCO  and 1.5% for CHEA (unmeasured income from FY ‘13)  Clayton will send out new CHEA budget. We should budget to have a little bit extra at the end of the year, for unexpected expenses.  We will see how leases shake out once we sort books from this year, once we figure out what happened, and reallocate as needed.  How was original CHEA budget decided? it was about $150 / month… Not sure how that happened.  Clayton and Andi will do more book work on next fiscal year, plus the bookkeeping training with Daniel for QB.  THE QuickBooks conversion is happening this week!  Clayton will send out new budget. Will be 30.5 and 60.5, for lease payment, and per house to CHEA. |
| Continued budget discussion. | Tabled. | This agenda item did not clear the 72-hour mark, so it has to be tabled for this discussion. Clayton will send out proposed CHEA budget to both houses and CHEA board members, to make sure that everyone has ample time to look it over, and so that everyone will know that it will be discussed at the next board meeting. |
| Discussion of Maintenance Allocation System. | Donny proposes that we make it per head maintenance allocation, with census taken at start of budget year. Hannah seconds. No objections, motion passes.  Donny proposes that we ask Daniel for a 55/45 minor/major split, Clayton seconds. No objections, motion passes. | Maintenance Allocation System was passed after the current fiscal year began. Plus it was complicated.  Split is 65/35, which is roughly per head.  Clayton just did that split, for final maintenance reimbursement for maintenance fiscal year. We just got a big check from NASCO, to reimburse us for money that La Re spent. 3,910 was fully allocated to LA Re, as major maintenance. 2,900 was for minor, and that was above what La Re was allocated. They turned in receipts so that we could claim money from NASCO, we decided that we could split that along 65/35 split, with Sasona getting 35% of that reimbursement.  Should we go with the per head split, or the lease payment split? Sasona has had ten years on their property, and La Re is working with a worse off property...  This last year, we did it more like 60/40.  We have a two stage MAS, 70% is split per head, 30% is saved for special projects.  Should we scrap that two stage process, and just have hoses negotiate for bigger projects?  We should decide on a split for all the money. On top of all of that, according to allocation, Sasona still has 4,500 and La Re has almost 3,000, in major maintenance money, so we saved money back anyway, and that money carries over, and that is on NASCO books.  The Maintenance Allocation System got the houses together to talk about things, late in the year, talked about small projects, and that was a good thing.  Next year, would like less major, more minor.  Is it worth keeping something there late in the budget cycle to get houses to meet with each other?  Possibility of budgeting more for CHEA, and creating a separate line item? NASCO split 65/35, additionally, CHEA budget, have another line item for maintenance projects that the houses can negotiate for from CHEA. Start to gather a little money at the CHEA level. Just an idea.  Go through most recent fiscal year and see how the books look. Would be better to be making decisions based on most recent data.  In the meantime, chop out complicated part of the MAS. Keep it approximately per head, @ 65/35.  Sample population of houses at start of FY. Go with that. WIll not be much different than 65/35.  Negotiations could still happen. Should still plan on meeting at end of budget cycle. Could make that part of budget schedule cycle.  Clayton will talk to Daniel about split of major and minor, almost 50/50 right now, what level do we want it to be? Sasona and La Re spent a lot of minor, so maybe 55 minor, 45 major. And major rolls over, so it is more valuable.  Sam asks about the prospect of a rent increase. Clayton answers that NASCO is asking for 2% more than last year, and CHEA is asking for 1.5% more than last year. Clayton will be sending out the proposed CHEA budget, showing what that 1.5% goes to exactly. Beyond that, it is up to houses to decide how to determine rent. |
| Formalizing schedule for CHEA budgets. | Clayton proposes that we require a CHEA budget by May 1, in response to NASCO budget released by April 1, request voted upon budget from houses by June 1. Hannah seconds. No objections, motion passes.  Donny proposes we make this a standing rule. No objections, motion passes. | Need to set up cascade of budgets, from NASCO, to CHEA, to houses.  Daniel sent budget on April 1, which tells us our NASCO lease payment.  Create a CHEA budget and release to houses to May 1.  That would leave two months for houses to solidify budgets before FY starts.  April to May, we could look at reallocation of major minor from NASCO.  Need to update MAS, too, on wiki.  Agenda item: where is our wiki? Is it getting backed out. |
| Clarifying NASCO-CHEA-House relationships; building inter-house cooperation. | Tabled. | Possibility of a one-on-house mediation happening at Sasona. What about including CHEA board members to such a mediation?  Ryan: what if we had a board meeting at house meetings? Might take up too much time, for already long house meetings.  Having events together will help…  Also need to flesh out actual financial relationships between levels.  Move to next week’s discussion. |
| CHEA part-time position: Working group #2 -- Job Description. | Tabled |  |

**New Business**

Property Taxes: Ryan brings up the political issue of property taxes. NASCO pays property taxes, and then bills us for it. 40,000/year combined for both houses. We are zoned commercially. Ryan sent out news story, quote from Greg Cazar, is about displacing taxes from residential property to commercial property. Most coops are commercial, not residential, which would mean raising taxes on coops. At ACBA board, Ryan could bring it up, and maybe they could do something about it, news coverage about coops supporting renters, etc.

Political idea is that local government is trying to shift weight from residential to commercial. Is bad for apartment renters, not for single home renters. We can take an issue based stance on this political issue. Ryan still looking for exact zoning information, will send it to Daniel, talk about it ACBA. Ryan will ask Daniel how this issue would affect us.

Donny may or not be here next meeting. Clayton leaving soon, too. Maybe Hannah could be board chair, flip roles back and forth between houses.

Next meeting will be Tuesday, June 2, 2015, 8:45 p.m. at La Reunion.

Meeting adjourned at 10:45 p.m.

Hannah Wright, Board Secretary

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**Agenda for CHEA Meeting, Tuesday, 06.02.15, @ 8:45 p.m.**

La Reunion Coop, 7910 Gault St., Austin, TX 78757

1. CHEA Budget Discussion.
2. Treasurer update.
3. Co-op Tour update.
4. CHEA.coop wiki -- where is it located / backed up??
5. Property taxes as they affect cooperative houses.
6. Clarifying NASCO-CHEA-House relationships; building inter-house cooperation.
7. CHEA part-time position: Working group #2 -- Job Description.