



Board of Directors Meeting August 24, 2021

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Call to Order	Stephen Westbrook
Mission Moment	Malaika Horne
Minutes of June 22, 2021 Meeting	Pattye Taylor-Phillips
Treasurers Report	Rob Anderson
CEO Report	Kimberly McKinney
Strategic Topic	HFHI Collaborative Operating Model Update / Input
Committee Reports:	
Discussion of any requiring Board action and/or questions regarding written reports.	
Other/Open Business	
Adjournment of Full Board	
Executive Session <i>*as needed</i>	
Adjournment	

MARK YOUR CALENDARS:

Upcoming Events

Tuesday, September 28, 2021

Tuesday, October 26, 2021

Tuesday, November 30, 2021

Board Meeting, 11:30 AM

Board Meeting, 11:30 AM

Board Meeting, 11:30 AM

“A world where everyone has a decent place to live”

Minutes from the Meeting of the Board of Directors of
Habitat for Humanity Saint Louis (HFHSL)
June 22, 2021

The following members of the Board of Directors and other interested parties participated in this Board meeting via conference call to avoid personal contact during the Covid-19 virus outbreak. Participants are listed below:

Stephen Westbrook	Pattye Taylor-Phillips	Paul Woodruff
Kimberly Batteast Moore	Amy Berg	Lance Cage
Tiffany Harvey-Horton	Malaika Horne	Steven Scott
John Short	Floyd Simms	Lauren Talley
Chris Roetheli	Nat Walsh	Howard Smith
Linda Loewenstein	Marc Hirshman	Jeff Dowd (Cohn Reznick)
Kimberly McKinney		

Stephen Westbrook called the meeting to order at 11:32 am.

Mission Moment: Tiffany Harvey-Horton shared her personal story. She grew up in East St. Louis, Illinois. At the age of 26, she overcame the death of her father. She began work at PepsiCo initially because it was a fun job, but over time it became a career. She recently celebrated her 15-year anniversary. She has faced some hurdles, including some promotion and pay disparities, but she is now a leader driving cultural change at PepsiCo. She is the first African American director and 1 of 2 female leaders in Risk Management. Tiffany shared that her values are aligned with Habitat because the organization helps home buyers grow & prosper beyond the buying process. As a member of the Habitat Board, she looks forward to serving the community and having a greater impact.

Minutes: A motion to approve the minutes from the May 25, 2021 Board of Directors meeting was made by Chris Roetheli and seconded by Malaika Horne. The motion was approved.

Strategic Topic: 2020 Audit Presentation

Jeff Dowd from CohnReznick led the Board through the review of the audit documents that included the Business Performance Analysis for Habitat for Humanity Saint Louis and its Affiliates for the year ended December 31, 2020, and the Consolidated Financial Statements & Independent Auditor's Report for Habitat for Humanity St. Louis and its Affiliates, for the years ending December 31, 2020, and 2019. Many thanks to Irena Dimitrova, Financial Manager who provided financial documents and information to support the audit. Last week, the Finance committee reviewed and approved the audit documents. CohnReznick also reviewed the audit documents in Executive Session (without staff present). This was an unusual year, as the organization adjusted respond to the Covid 19 outbreak. Below is an excerpt of observations from the Business Performance Analysis Report.

Strengths and Accomplishments:

- a) During 2020 and despite a nationwide shutdown due to Covid19, 10 homes – all built to Zero Energy Ready standards – were under construction in La Saison, and Gate. One of the 10 homes was closed via the Mortgage Loan Fund with a second closing occurring in first quarter 2021.
- b) Restores remained profitable despite being closed for over two months and reopening on a reduced schedule throughout 2020.

- c) HFHSL partnered again with KMOV on a pivoted “Home for the Holidays” build. In lieu of building one home start to finish and in consideration of limited volunteer participation, sponsor group messaging focused on the importance of home while also raising \$35,000 in Mission Support.
- d) As part of the various subsidy programs related to the pandemic, HFHSL received PPP funding and forgiveness of over \$425,000. Additionally, the organization participated in a State of Missouri Shared Work program that assisted staff whose hours and pay were reduced by providing them with additional state and federal payments.
- e) Closed on two New Market Tax Credit (NMTC) transactions. One, a transaction similar to prior NMTC deals, utilizing Harbor Community Fund, and a second with IFF that refinanced and/or paid off higher expense debt.
- f) Once again received a \$1 million allocation of Affordable Housing Assistance Program (AHAP) tax credits which were leveraged to enhance Mission Support and offset organizational expenses.

Opportunities for Improvement:

- a) Liquidity & Operations – Continue to improve operating cash flow and management of current liabilities in accordance with the new Financial Reporting Standards.
- b) Fundraising – Renewed campaign for fundraising participation by all Board Members and Management.
- c) Mortgage Servicing – Research capabilities of accounting software system to determine if improvements can be made to tracking homeowners’ escrow balances and for servicing in-house mortgages prior to sale.

In addition to the information listed above, data and observations from the Business Performance Analysis Report were also reviewed:

Assets, Liabilities and Net Assets
 Support, Revenues and Expenses
 ReStore Financial Results
 Support, Revenues and Expenses by Segment (Program Services, Management & General, and Fundraising)
 Appendix A: Passed Adjusting Entries.

CEO Report:

Board Social Event: Please plan on joining your fellow Board Members on Thursday, July 8th from 5pm – 7 pm at the Humboldt North Pavilion in Tower Grove Park. Details for the event (including date, time, and a map) are included in today’s board meeting materials. Please RSVP to Kimberly.

Strategic Topic (Ongoing): Diversity Equity, and Inclusion: As a follow-up to the small group discussions in February and the larger discussion in May, an email sent to Board Members on June 8th requested a response to the questions below. The information gleaned will help determine next steps. If you have not yet responded to Kimberly, a response by June 22 is appreciated.

- 1) Have you either professionally or personally participated in any Diversity, Equity, and Inclusion and/or Anti-Racism training?

- 2) If so, please include as much detail about the training as possible (conducted by what entity, attended when, length of the course, etc.) and if you would recommend this training for others?
- 3) If applicable, what are your hiring practices when it comes to diversity?
- 4) If a focus group or taskforce is formed related to advancing this topic within Habitat St. Louis, would you be interested in participating?
- 5) Any additional thoughts you wish to share.

Resource Development: Individual Giving

2021 Spring Limited Appeal has produced good results.

- As a reminder, 300 personalized letters sent to individual donors who had given \$100+ in the past 18 months.
- The entire appeal was handled in-house and cost about \$200 total to produce + man hours, which were minimal, given the small size of the appeal.
- Received \$7,705 from 25 gifts total for a net of roughly \$7500 with an average gift of \$220.14. The response rate was a phenomenal 12%.
- For some perspective, 2019 (the last large-scale spring appeal) gross amount was \$7431 from 73 gifts, with an average gift of \$101.79. The response rate was a respectable 2.92%. The big difference is in the production cost – the net in 2019 was a mere \$4695.

Spring 2020 was its own special Covid appeal and did exceptionally well, with 36 gifts for \$11,914 – again since it was produced in house, it cost far less than \$200 to do. The response rate was about the same as the 2021 limited appeal, but the gift amounts were far higher, with an average gift of \$330.94. This appeal dropped at the beginning of the pandemic when those who could afford to do so were very generous with the causes they care about.

Based on this data, additional mailings are planned to include:

- A “Give Local” postcard to everyone in our database in September 2021
- Another limited appeal in mid-October 2021 ahead of the regular appeal in November
- 2022 will again include a more personal appeal in the spring to see if results are similar.

Through June 14th, the Summer Match appeal has raised \$15,705.

For additional questions about individual giving, please contact Deirdre at deirdre@habitatstl.org

Grants: An announcement was received for an \$80k grant from Wells Fargo. Support documentation required by HFHI is now in process. Follow up information has also been provided for a grant from Graybar (amount pending).

Home for the Holidays KMOV: Returning in 2021, in its pre-Covid structure and with a similar schedule as 2019. Work will begin on the home October 25th with sponsor groups throughout the week, go “dark” for the weeks of Nov 1st and Nov 8th, and return with volunteers the week of November 15th. As of the date of the meeting with KMOV, 8 of 10 sponsor opportunities had been sold to returning groups.

Program: Neighborhoods /Home Construction /Homebuyers

Volunteers: Keystone Weekday groups (predominantly Thursdays) are now being scheduled with plans to resume additional days, including Saturdays, soon.

La Saison: Work continues on houses 4 and 5 with anticipated closings approaching (June/July).

Gate District (across from Tiffany): 5 homes, \$285,800: Construction continues on all five houses with closings projected for House 1, 2, and 3. Interior finishes will welcome the return of volunteers. Houses 4 and 5 have been backfilled and the plumber is completing water and sewer work.

Preparation continues for closings on House 3 and 4 LaSaison, and House 3 Gate to occur as soon as possible. New processes have been agreed upon and are in place with Midland Sates for the mortgage loan fund.

Lookaway Phase 2-7 homes, \$446,751, Rick Lingard, the St. Louis County resident who lives in one of the four non-Habitat homes in Lookaway, has refiled his lawsuit against us. The petition has been forwarded to Vince Keady (Stinson, who represented us during the first lawsuit), and Matt Guymon as Habitat General Counsel. Kimberly has also reached out again to Lockton/Chubb (insurance company) who refused to cover during the first claim as there was no “triggering event”.

Art Place Initiative (API): Construction work on House 1 and 2 continues. API has selected a buyer for House 1 based on the review by Family Services. An AHAP application using API owned land (as a joint partnership) has been submitted and is slated to be on the agenda for MHDC’s June meeting.

Future Builds:

Those listed below represent no change from the prior reports:

University City Phase 3 – 3 homes, \$400,150. No change.

Old North St. Louis Phase 3 – 3 homes, \$270,000. CDA has notified us of a possible sound issue related to the sites identified (and funded), awaiting their review. Site is immediately adjacent to homes built previously on Clinton.

Bevo III: The application for funding submitted for this planned 2021 KMOV Home 4 the Holidays was funded (\$49,000). This is a single unit at 4314 Itaska St.

Management/General/Covid19 - Staff: With the end of the federal portion of the shared work plan, most staff have resumed full time hours and pay. Those staff who choose to do so – and with the approval of their manager – will continue at a minimum of 30 hours for now.

HFHI: In October 2020, HFHI, in collaboration with the U.S. Council, solicited feedback on a proposed three-year extension to US-SOSI, (Stewardship and Organizational Sustainability Initiative). The three-year extension will extend the US-SOSI policy until June 30, 2024. This is the second extension. After careful consideration of all the comments received during the comment period, the amended US-SOSI policy was recommended for approval by the U.S. Council and approved by HFHI’s board of directors in March 2021. The US-SOSI fee will now be due in two installments for the duration of the extension, instead of one lump sum payment. Affiliates will receive invoices on Sept 1, the first payment will be due on Nov 1 and the second payment on Feb 1. As a reminder, SOSI is calculated based on the population of the geographic service area- our annual amount is \$25,000.

Habitat Headquarters: In partnership with the Community Improvement District (CID), we are working on a lease agreement to lease (loan) an underutilized “gator” (oversized golf cart) to the

CID for trash pickup in the Dutchtown neighborhood. Thanks to Matt Guymon for his assistance on this initiative.

Consideration is being given to Habitat becoming a designated polling place for upcoming elections. A meeting was held with Election Commission representatives who explained the process and who will be providing information regarding insurance and a sample contract. A minimal payment is provided to polling place locations – and in addition to the community goodwill, it could generate new customers for the ReStore.

Kimberly presented the Habitat for Humanity Dashboard performance as of May 31, 2021 (in Rob Anderson's absence). ReStores are performing well, now returning to normal operations 6 days a week (instead of 5 days). Donations have been strong.

There being no further business for the entire board, the meeting adjourned at 12:22pm. The motion was made by Floyd Simms and seconded by Paul Woodruff. The motion was approved.

The Next Board Meeting is Tuesday, August 24, 2021, at 11:30 am.

Respectfully submitted: Pattye Taylor-Phillips, Board Secretary

Habitat for Humanity Saint Louis Dashboard
as of July 31, 2021

RESOURCE DEVELOPMENT	June	YTD	Notes:		
New Donors	10	106			
New Keystone Benefit Members (\$1500+ Annually/Mission Support)	7	47			
Build Benefits Pledged	\$0	\$186,500			
Build Benefits Recd To Date	\$0	\$146,751	Not all groups go through pledge process		
Renewed Donors	70%				
BOD Funds Pledged	\$0	\$39,650			
BOD: Funds Received	\$16,800	\$52,050			
BOD % Giving	17%	72%			
BOD Meeting Attendance	66%				
PROGRAM					
Homes Under Construction	9		Not including API / API +2		
Homes Closed	1				
Average Cost / Closed Home	\$236,980				
Future Build Sites Available	17	5 LaSaisonII, 7 Lookaway, 1 Bevo, 2 Gate Dist., 2 UCity			
Applicants Pipeline	53	200+			
Mortgage Loan Fund Balance	\$ 2,445,000	Midland/1st Bank/Royal (first 5 comp.), Citizens National/Sterling 5 each			
RESTORE	YTD Actual	YTD Budget	%	Annual Budget	Notes
Revenue RSS	\$ 310,830	\$ 284,492	109%	\$461,986	Sales Only
Revenue RDP	\$ 315,527	\$ 369,228	85%	\$ 612,391	
ReStore P/L	\$ 327,437	\$ 129,441		\$ 259,180	
# of Donations	616	339 Pick Ups/Drop Offs: 72 RSS and 205 RDP			
FINANCIALS					
Income: Mission Support	\$ 651,641	\$ 393,907	165%	\$990,000	
Program	\$ 473,952	\$ 1,154,151	41%	\$4,750,532	
ReStore	\$ 1,561,754	\$ 1,518,290	103%	\$2,690,254	
Management General	\$ 272,371	\$ 125,000	217%	\$132,000	
Other					
TOTAL INCOME	\$ 2,959,718	\$ 3,191,348	93%	\$8,562,786	
Expenses: Home Construction	\$ 310,379	\$ 1,111,639	25%	\$2,999,225	CIP = \$1,384,277
Operating	\$ 1,377,783	\$ 1,628,970	85%	\$2,902,433	
ReStore	\$ 1,234,317	\$ 1,388,849	89%	\$2,431,074	
TOTAL EXPENSES	\$ 2,922,479	\$ 4,129,458	70%	\$8,332,732	
Net Profit/Loss	\$ 37,239	\$ (938,110)		\$230,054	
	YTD 2021	YTD 2020	Change		
Year/Year Change in Cash	\$ 233,937	\$ 377,022	\$	(143,085)	
Year/Year AP	\$ 745,139	\$ 907,449	\$	(162,310)	
Year/Year Debt LT	\$ 3,270,287	\$ 2,427,093	\$	843,194	
Year/Year Debt ST	\$ 674,379	\$ 2,039,035	\$	(1,364,656) Without PPP 1 (forgiven) or 2	

**Habitat for Humanity Saint Louis Board of Directors Meeting
Tuesday, August 24, 2021
CEO Report**

Success and Shout Outs!

Strategic Topic

**electronic attachment, The Intent of Habitat 2.0 / Habitat 2.0 Overview*

As reported in June, SOSI (Stewardship and Sustainability Initiative) has been extended through June 2024. This is the second, and promised last, extension of SOSI. Currently, Habitat Saint Louis pay a SOSI fee annually of \$25,000 based on Geographic Service Area.

The Collaborative Operating Model (COM) taskforces (of which I am a member) focus is now on **Habitat 2.0** which when implemented (between now and the end of SOSI, 2024) will be a substantial change to undesignated funding. As an example, Habitat 2.0 is likely to include the end of rival direct mail from HFHI into affiliate markets. And, as a reminder, per a report received as a part of the work of the COM taskforce – the amount HFHI raises in the St. Louis GSA is substantial – (years noted are the only years reported by HFHI)

2017	\$528,529	4570 donors
2016	\$472,349	4327 donors
2015	\$489,162	4198 donors

Additional resources on the COM work attached and others may be presented during the meeting – discussion will be to solicit input (ideas, thoughts, questions) about the new structure.

Resource Development

Individual Giving

2021 Summer Challenge -

While summer is traditionally a time when fewer donors are philanthropically engaged (summer vacations and preparing children and college students for school take precedence over engagement with favorite causes) Habitat for Humanity Saint Louis began examining opportunities to increase summer engagement with invested members of our community. Below is a timeline explaining how the challenge grant has increased summer contributions.

2021

- Partnered with Spire on a \$50,000 challenge grant.
- Most successful year yet with a net of \$67,921 from 174 gifts through the July deadline. Gifts are continuing to come in after the deadline has passed.

2020

- Due to the pandemic and shifting funding priorities, we were unable to find a corporate sponsor for the summer challenge grant. Two individual anonymous donors stepped up to the plate with a combined \$40,000 matching grant.
- Received \$37,738 from 238 contributions.

2019

- Partnered with Spire on a \$50,000 challenge grant.
- Board of Directors upped the total match with a \$10,000 Board match.

- Received \$68,670 from 251 donors.

2018

- Spire came in as our new partner with a dramatic increased matching grant of \$50,000. Our donors met the challenge with 243 gifts totaling \$56,971, making it the most successful match since beginning a summer challenge (2016)

2017

- Second year of the summer matching grant challenge, new grant partner that increased the match pool to \$35,000.
- Received 199 gifts totaling \$40,467. While the number of gifts decreased slightly, the average gift amount increased to \$203.

2016

- In the first year of the summer challenge, with a matching grant of \$30,000, HFHSL received a net \$33,274 from 228 gifts. This represents more than a 300% increase in net income from the summer appeal and more than double the number of donors contributing. It also represents a significant increase in average gift from \$82 in 2015 to \$146 in 2016.

2015

- Last year in which we did a regular appeal with no challenge grant attached. This appeal netted just over \$8,000 through 98 contributions.

General observations:

In the years where we had a name recognition match partner, (Spire and Ecumenical partners Ladue Chapel and Lutheran Churches) the challenge grant has exceeded goal. While the decrease in participation in 2020 may also be the result of the pandemic and donors' ability to give/shifting priorities, we cannot discount the possibility that lack of a corporate, recognizable partner may have also played into the lower participation.

Any year that we've been able to increase the match pool, our donors have responded in kind. Given the success of the 2021 appeal, plans are underway for a \$100,000 challenge in 2022.

Fall Postcard

A Give Local, Build Local postcard is being planned for late September. The card will include a QR code that when scanned goes to a website landing page with more details as well as a donation link.

State Allocation

Now that the State of MO Budget has been completed and signed -- Habitat Saint Louis is the recipient of a \$250,000 General Revenue budget allocation. With much thanks and credit to State Representative Rasheen Aldridge for working very hard on our behalf, utilizing his seat on the House Budget Committee in service to us and a handful of other organizations working in his district. As this is the first time Habitat has received an allocation of this kind, we are working with ARCHs at the state-appointed grant manager (in lieu of doing it internally) and have submitted a "wish list" of possible programs/expenses for review as allowable before completing the formal budget narrative.

Home for the Holiday KMOV

Currently, plans remain as previously shared for work to begin on the home October 25th with sponsor groups throughout the week, go "dark" for the weeks of November 1st and November 8th, and return with volunteers the week of November 15th. As of the date of the meeting with KMOV, 8 of 10 sponsor opportunities had been sold to returning groups. The home location is 4314 Itaska in the City of St. Louis.

Program

Neighborhoods/ Home Construction/Homebuyers

Volunteers: Work is underway to schedule approximately 25 Keystone Groups (many groups multiple days) on Wednesdays and Saturdays and predominately working on Houses 4 and 5 in the Gate District.

Following the resolution of some process issues with Midland States Bank, attention turned to onboarding the next and a new investor, Sterling Bank. Due to staff changes at Sterling, it has taken longer than anticipated but is expected to be completed as of the week of August 16th. Closings for Houses 3,4 and 5 in LaSaison and Houses 1, 2 and 3 in Gate are slated to occur one per week (beginning either the week of September 20th or the week of September 27th) every week until all closings are completed.

Bevo III – Moved from future builds and as shared in the KMOV update above. For the first time since the beginning of the KMOV partnership, this build will also include \$49,000 in funding from the City of St. Louis Affordable Housing Trust Fund.

Lookaway Phase 2 – 7 homes, \$446,751: Excavation is slated to begin on House 1 during the week of August 23rd. A motion to strike / answer to plaintiff in response to the Lingard petition was filed July 17th by Vincent Keady, Stinson. Lockton/Chubb has again refused to cover the claim. As a reminder, Rick Lingard, the St. Louis County resident who lives in one of the four non-Habitat homes in Lookaway, refiled his lawsuit previously dismissed petition against us.

Art Place Initiative (API): Construction work on House 1 and 2 continues. To date, this project has generated just under \$35k in revenue. The AHAP application using API owned land (as a joint partnership) was awarded \$495,000 in credits (for \$900k in donations); work is underway to “pay” CohnReznick for the 2019 and 2020 audit with AHAP credits (which will reduce AP by \$257k).

Future Builds:

Those listed below represent no change from the prior report(s):

University City Phase 3 – 3 homes, \$400,150: No change.

Old North St. Louis Phase 3 – 3 homes, \$270,000. CDA has notified us of a possible sound issue related to the sites identified (and funded), awaiting their review. Site is immediately adjacent to homes built previously on Clinton.

Management/General/Covid 19

HFHI

Quality Assurance Checklist – **Action Required**

***electronic attachment: preview version of QAC*

Prior to September 30, 2021, we must complete our FY2021 Affiliated Organization Covenant and Quality Assurance checklist (QAC) documents.

Documents reflect an approval of the covenant by the Board as well as an indication of members in attendance. The agreement follows;

Preface: Habitat for Humanity International and Habitat for Humanity U.S. affiliated organizations work to create decent, affordable housing in partnership with those in need and to make shelter a matter of conscience with people everywhere. This Covenant outlines the relationship between Habitat for Humanity International and its affiliated organizations in the United States.

Mission vision: A world where everyone has a decent place to live.

Mission statement: Seeking to put God's love into action, Habitat for Humanity brings people together to build homes, communities, and hope.

Agreement to covenant: In recognition of the Principles stated in this Covenant, **Habitat for Humanity International** and **Saint Louis, HFH** covenant as follows.

Habitat for Humanity International covenants:

- To support the work of Habitat for Humanity affiliated organizations through program development, communication, learning opportunities, advocacy, and protecting and promoting the good name of Habitat for Humanity;
- To coordinate global fundraising efforts;
- To create a global movement around the need for decent and affordable housing;
- To administer tithe funds contributed by affiliates in support of the efforts of Habitat for Humanity national organizations and affiliates.

Saint Louis, HFH covenants:

- To support the work of Habitat for Humanity affiliated organizations through program development, communication, learning opportunities, advocacy, and protecting and promoting the good name of Habitat for Humanity;
- To comply with the minimum operational standards contained in an annual certification process;
- To conduct its operations within its defined service area;
- To tithe for Habitat for Humanity's housing work outside the United States;
- To reject any support that is conditioned on deviating from the Mission Principles or other approved policies and practices;
- To conduct its operations in a manner that protects and promotes the good name of Habitat for Humanity and contributes to the growth of the Habitat for Humanity movement and is in the best interests of other affiliates and of Habitat for Humanity International, including, but not limited to, actions that are specified in this covenant and in Habitat for Humanity policies.

The U.S. Affiliated Organization Covenant (Covenant) is the foundational document between Habitat for Humanity International and U.S. affiliates. The Covenant continues to be our guiding spiritual and philosophical document. The yearly signing of the online Covenant ensures that, while affiliate leadership may change over time, the mission, mission principles and core tenets of Habitat for Humanity remain intact.

The QAC is divided into two sections.

Section 1: Core Requirements demonstrate sound, professional business practices and are also essential to one or more of the following: (a) protection and stewardship of the Habitat for Humanity brand and national reputation, (b) preservation of Habitat for Humanity's reputation and credibility with national, state and local government funders, (c) demonstration of practices that are considered critical by insurers and (d) demonstration of compliance with core Habitat for Humanity policies or other legal requirements binding on affiliates. While all the QAC requirements are critical, noncompliance with a Core Requirement poses a potentially greater risk to the Habitat for Humanity network as a whole.

Section 2: Other Essential Practices demonstrate sound, professional business practices and demonstrate compliance with core Habitat for Humanity policies or other legal requirements binding on affiliates.

The Quality Assurance Checklist (QAC) contains standards and practices that are expected of each affiliate. As required by the U.S. Affiliation Agreement, affiliates must exercise their best efforts to comply with each of the standards. Failure to meet these standards can potentially affect good standing and result in other disciplinary action.

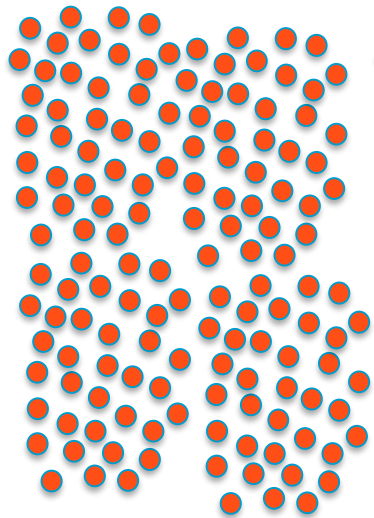
Volunteer Services Manager

Using the AAIM job posting platform, the Volunteer Services Manager position garnered about 20 applicants. First interviews have occurred with 8 applicants - now narrowed to 3 finalist - with a goal to fill the position (vacated by Joe Fetter in January) by the end of August.

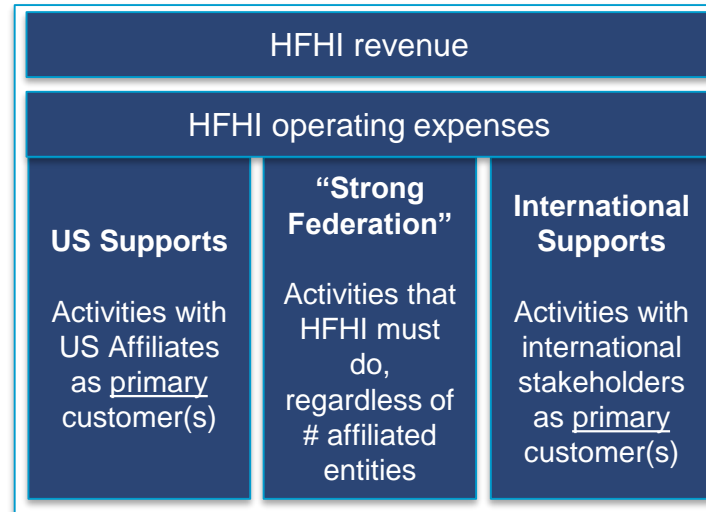
If you have any questions not covered in above, please feel free to email me in advance of Tuesday's meeting and I will prepare for / add to our discussion. Thanks.

The intent of Habitat 2.0 is to address three challenges

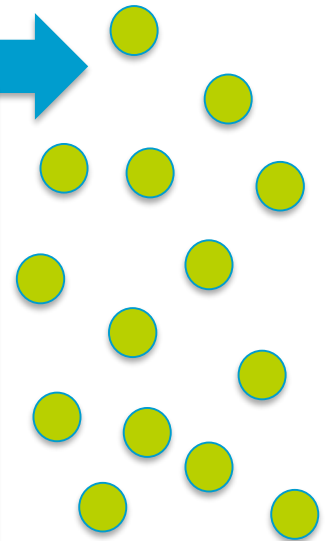
US Affiliates



HFHI



International



Challenge:
Fundraising tension between Affiliates and HFHI

Challenge:
Under a more collaborative operating model—where some/all funds raised by HFHI are distributed to Affiliates—HFHI must have a way to fund operating expenses

Challenge:
The global ministry—primarily funded by US donors and Affiliates—requires a strong and sustainable funding source

Understanding the Collaborative Operating Model

Work streams

Goal 1: A more effective service model

Goal 2: Collaborative fundraising

Habitat 2.0

Habitat 2.0

Develop a sustainable and scalable funding model for all of Habitat for Humanity in the U.S. that minimizes competition and rewards collaboration. This model will establish a network fee structure that supports and sustains funding for Habitat for Humanity's mission in the U.S. and globally.

To accomplish this objective, the majority of unrestricted donations to HFHI (less fundraising costs) would be

distributed to the affiliate geographic service area in which they are raised. In return, Habitat affiliates in the U.S. would pay an investment fee to HFHI to cover the costs of programs, services and international work currently funded through HFHI's unrestricted fundraising efforts. With greater collaboration and reduced competition, we will continue to grow our impact across the U.S. and around the world.

The intent of Habitat 2.0 addresses three challenges

Challenge 1

Create a fundraising environment that significantly increases the potential to raise more dollars, reduces donor confusion, and minimizes fundraising competition and tension between affiliates and HFHI.

Challenge 2

Under a more collaborative operating model – in which some or all funds raised by HFHI are distributed to affiliates – HFHI must have a way to fund operating expenses.

Challenge 3

The global ministry, primarily funded by U.S. donors and affiliates, requires a strong and sustainable funding source.

What will long-term success look like?



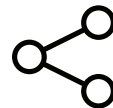
Collaboration, shared success and more fundraising for the mission are incentivized.



The model is simple to implement and explain.



Incentives are provided for high performance, and higher-performing affiliates are not penalized.



The Habitat network serves more families in need, locally and globally.

Fiscal Year 2022 Covenant and Quality Assurance Checklist

Origination date: January 2007

Revision date: June 2021

Affiliates can use this preview copy of the FY2022 Covenant and Quality Assurance Checklist to review standards with their board. We realize some affiliate boards review and approve the Covenant at annual or quarterly board meetings, often held prior to the release of the Quality Assurance Checklist every July. For this reason, the Covenant's approval date may be entered separately and the Quality Assurance Checklist's approval date, which should occur after July 29, may be entered when it is reviewed and approved by your board.

Welcome to the annual electronic submission process for the U.S. Affiliated Organization Covenant and the Quality Assurance Checklist.

In response to affiliate feedback, the answers to a few questions in the Quality Assurance Checklist have been prepopulated for you based on information we already have in our records. For example, if our records show that you have served at least one family per year through new housing construction, a rehabilitated home, repaired home or weatherized home, you will see that you don't have to complete that question, and the tool will indicate that our records show you have met that standard. If our records show you have not served a family through one of these types of construction, the tool will indicate that you do not comply with the standard and will offer you only the "no" answer options to choose from. Similar prepopulated questions include those around tithing, minimum insurance requirements, qualified loan originator, competent person as well as the ability to bypass any Habitat ReStore questions if our records indicate you do not operate a store.

The U.S. Affiliated Organization Covenant (Covenant) is the foundational document between Habitat for Humanity International and U.S. affiliates. The Covenant continues to be our guiding spiritual and philosophical document. The yearly signing of the online Covenant ensures that, while affiliate leadership may change over time, the mission, mission principles and core tenets of Habitat for Humanity remain intact.

The Quality Assurance Checklist (QA Checklist) contains standards and practices that are expected of each affiliate. As required by the U.S. Affiliation Agreement, affiliates must exercise their best efforts to comply with each of the standards. Failure to meet these standards can potentially affect good standing and result in other disciplinary action.

The QA Checklist is divided into two sections.

Section 1: Core Requirements demonstrate sound, professional business practices and are also essential to one or more of the following:

- A) Protection and stewardship of the Habitat for Humanity brand and national reputation.
- B) Preservation of Habitat for Humanity's reputation and credibility with national, state and local government funders.

- C) Demonstration of practices that are considered critical by insurers.
- D) Demonstration of compliance with core Habitat for Humanity policies or other legal requirements binding on affiliates.

While all of the QA Checklist requirements are critical, noncompliance with a Core Requirement poses a potentially greater risk to the Habitat for Humanity network as a whole.

Section 2: Other Essential Practices demonstrate sound, professional business practices and compliance with core Habitat for Humanity policies or other legal requirements binding on affiliates.

Please go through each question and provide the most accurate response for your affiliate. Note that you can choose to Save and Continue using the blue button at the bottom center of each page to move to the next page of questions, or you can choose Save and Return Later in the black bar across the top of your screen to come back to the QA Checklist later. An email will be sent to you with a unique link to return to your QA Checklist where you left off.

The deadline to electronically submit the FY2022 Covenant and Quality Assurance Checklist is Sept. 30, 2021.

Affiliate Info

Affiliate Name:
Affiliate ID:
State:
GSA:
Submitter Name:
Submitter Title:
Submitter Email:
Submitter Phone:

NOTE: The above section will be autopopulated. If any of the information is incorrect or missing, please contact the Affiliate Support Center at USSupportCenter@habitat.org to update your records.

Section 1: Core Requirements

1. Affiliate is an organization based on Christian principles and as such:
 - A) Adopts the official vision and mission statements of Habitat for Humanity.
 - B) Affiliate board of directors reads and signs the Covenant annually.
 - C) Supports the work of Habitat for Humanity International through an annual tithe.
 - D) Adopts and follows the Habitat for Humanity non-proselytizing policy.

Choose all that apply. Please provide the most accurate response for each unchecked selection.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

2. Affiliate serves:

A) At least one family per year through one of the following housing interventions: new housing construction, rehabilitated home, repaired home, weatherized home.

B) A minimum of one family over a three-year period through a rehabilitated or new home construction.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

3. Affiliate makes all reasonable efforts to serve families who demonstrate a housing need. Need is evaluated by considering affiliate's service area median income, cost of living index, etc. Household incomes should not exceed 60% AMI and in no case exceed 80% AMI.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

4. Affiliate activities are governed by written, duly adopted policies that comply with all local, state and federal laws (Fair Housing Act, Equal Credit Opportunity Act, and other Fair Lending laws, Fair Credit Reporting Act, Privacy, Flood, Bank Secrecy Act - Anti-Money Laundering, Office of Foreign Assets Control, Real Estate Settlement Procedures and Truth in Lending, OSHA, etc.) including but not limited to:

A) Anti-discrimination.

B) Child labor prohibitions.

C) Conflict of interest.

D) Construction safety.

E) Employment, including grievance.

F) Fiscal safeguards.

G) Mortgage origination, including homeowner selection and house pricing and transfer (written policies are required of all affiliates, including affiliates that use third-party originators).

H) Mortgage servicing, including escrow fund management (written policies are required of all affiliates, including affiliates that use third-party servicers).

I) Records retention.

J) Sex offender registration check.

K) Whistleblower.

Choose all that apply. Please provide the most accurate response for each unchecked selection.

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

N/A – Not applicable for the following standard:

- Employment **N/A should only be selected by affiliates with no employees.*

5. Affiliate complies with Internal Revenue Service Section 501 (c)(3) and with all state and local tax laws. Additionally:

- Affiliate annually files the appropriate IRS tax filings in a timely manner (e.g., Form 990-N, Form 990EZ, Form 990, or Form 990-T) in full accordance with IRS regulations and requirements.
- After filing with the IRS, the affiliate also uploads a copy of their completed tax filings to the Affiliate Document Center.
- Affiliate donors receive a timely written receipt documenting their contributions, as required by IRS guidelines.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

NOTE: If you have not uploaded documents previously to the Affiliate Document Center, please contact the Affiliate Support Center at USSupportCenter@habitat.org for access.

6. Affiliate has the required minimum insurance coverage for all aspects of its operations including General Liability, Builder’s Risk, Volunteer Accidental Medical, Directors and Officers Liability, and, if applicable, workers’ compensation and auto coverage.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

7. Affiliate loan originator activities are conducted by at least one loan originator qualified by:

- Making a determination of demonstrated financial responsibility, character, and general fitness based on:
 - a) a criminal background check.
 - b) a credit check.
 - c) information about any other proceedings.
- Ensuring each such staff member or volunteer has completed all required training on federal and state laws that apply to the activities.

All loan originator activities, as defined by federal law, are performed only by a qualified loan originator. (QLOs are required of all affiliates, including affiliates that use third-party originators and/or servicers.)

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

8. Affiliate uses the HUD Equal Housing logo or equal housing opportunity statement on all applicant-facing materials and web pages and ensures it is posted anywhere applications are submitted and/or provided to applicants.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

9. Affiliate has at minimum one person who has been trained by HFHI as a Competent Person.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

10. Affiliate has liability waivers signed annually by all volunteers and retains those waivers for at least one year beyond expiration of the statute of limitations.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

11. Deselection of approved applicants only occurs in the following cases:

- A) Failure to complete requirements set forth in the letter of acceptance or Homeownership Agreement.
- B) Negative change in financial condition which would significantly impact the ability to pay.
- C) Fraud on the application.
- D) Violation of a sexual offender policy.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

12. Affiliate with revenues of more than \$250,000 per year or assets greater than \$500,000 have had financial statements audited by an external auditor within the past 12 months. Affiliate is exempt from audit only if both of the following are true:

- Annual revenue is less than \$250,000 per year.
- Assets are less than \$500,000.

Please choose from the following options:

Yes

No – Policy/procedure in this area is in progress or pending board resolution.

No – we understand that we are not adhering to the standard and there are no plans to change.

Exempt (*displays + auto-selects only if both exemption conditions are selected*)

13. Affiliate has officially adopted the registered Habitat for Humanity logo and, if applicable, Habitat ReStore identifier. (Affiliates with registered Habitat logo but no Habitat ReStore should still select 'yes.')

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

14. Affiliate has and abides by Habitat ReStore and/or retail operation safety standards, including, but not limited to:

A) Safety Manual.

B) Emergency Action Plan/retail location.

C) Fire Protection Plan/retail location.

D) Hazardous Communications Plan/retail location.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

N/A - Not applicable *N/A should be selected only by affiliates without Habitat ReStores or other retail operations.

Section 2: Other Essential Practices

15. Affiliate board and staff members and volunteers in leadership positions abide by the standards and requirements of Policy 34: Safeguarding, and affiliate is taking steps to implement the policy. The affiliate is creating and maintaining a work environment that is safe, productive and respectful for colleagues and one that prevents and responds to physical or sexual abuse or exploitation, harassment, or bullying of the people in the communities we serve (especially vulnerable adults and children) and the people with whom we work or partner.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

NOTE: If any of the below information is incorrect or missing, please email the Affiliate Support Center at USSupportCenter@habitat.org to update the information.

16. Affiliate has:

- A) A dedicated, publicly accessible office.
- B) A dedicated mailing address _____.
- C) A telephone number dedicated exclusively to affiliate with voice mail capacity, which shall remain the property of affiliate in the event of the individual account holder's departure _____.
- D) An email address exclusive to affiliate which shall remain the property of affiliate in the event of the individual account holder's departure _____.
- E) Ownership of at least one computer with internet access and software for word processing and spreadsheets.
- F) A website (or other social media platform) displaying the Habitat for Humanity vision and mission statements and a reference to Habitat for Humanity's nonproselytizing policy.
- G) Corporate bylaws limiting the terms for its board of directors which are enforced by affiliate.

Choose all that apply. Please provide the most accurate response for each unchecked selection.

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

17. Affiliate abides by requirements for operating a Habitat ReStore or any other retail/resale operation, including but not limited to: Affiliates must employ no fewer than two paid staff members dedicated exclusively to each Habitat ReStore location. These staff members must be within the facility during business hours and available to manage daily operations while maintaining legally required breaks.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

N/A - Not applicable **N/A should be selected only by affiliates without ReStores or other retail operations.*

18. Affiliate tracks volunteer hours.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

19. Affiliate board annually approves a written budget, which includes projected sources and amounts of income and anticipated expenses. Affiliate and its board review the actual income and expense statements at least quarterly and compare them to the budget.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

20. Affiliate has and abides by a board-approved Anti-Money Laundering program, ensuring that the following provisions are met:

- A) Policies and procedures, which include internal controls, are developed and applied consistently.
- B) An AML compliance officer is appointed and aware of their responsibilities.
- C) Ongoing training is conducted with all applicable staff and volunteers.
- D) An independent audit tests the compliance and effectiveness of the AML program.
- E) Suspicious Activity Reporting is done properly.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

21. Affiliate and its board review the performance of affiliate's mortgage loan portfolio using the delinquency definitions in the Affiliate Statistical Report, comparing the number of delinquencies and amount of arrearages with prior periods, at least quarterly.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

22. Affiliate has designed, implemented and currently maintains safeguards to keep consumer information confidential and protect it from threats and hazards such as unauthorized access or use of such records.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

23. If the Fair Market Value of the affiliate's housing units are more than the sum of (i) the first mortgage, plus (ii) any cash down payment paid by the homebuyer, plus (iii) any third-party subordinate mortgages, then the affiliate must utilize deferred subordinate mortgages (commonly called a "soft" mortgage) to protect equity. FMV must be established by an independent, third-party appraisal for each housing unit.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

24. Affiliate sells the housing units it builds and/or rehabs by providing buyers with affiliate-originated mortgage financing at zero percent interest or via a third party-originated affordable mortgage that is recognized as an authorized financing option or other HFHI-approved financing model.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

25. Affiliate provides homeowner pre- and post-support services to all selected families through appointed volunteers, staff, HUD Certified Counselor, or other professionals.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

26. Affiliate complies with all **applicable state and local building codes**. Where there are no state/local codes, affiliate builds in compliance with the 2006 version of the International Residential Code (the IRC).

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

27. Affiliate builds houses generally in accordance with the Habitat House Design Criteria.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

Exempt – Local ordinances prevent affiliate from adhering to the Habitat House Design Criteria.

28. Affiliate is not overly dependent on any single source of revenue, including Habitat ReStore, government funding, or single private donors. As a guideline, affiliate generally has no single source of revenue on a continuing basis that exceeds 40 percent of the annual affiliate operating budget.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

29. Affiliate adheres to U.S. Collaborative Development Handbook.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

30. Affiliate uses all contributions for the purpose expressed by the donor.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

31. Affiliate fundraising personnel, including employees, volunteers, and independent consultants, are not compensated on a percentage of the amount raised or any other commission formula.

Yes

No - Policy/procedure in this area is in progress or pending board resolution.

No - We understand we are not adhering to the standard and there are no plans to change.

U.S. Affiliated Organization Covenant

Preface

Habitat for Humanity U.S. affiliated organizations work to create decent, affordable housing in partnership with those in need and to make shelter a matter of conscience with people everywhere. This Covenant outlines the relationship between Habitat for Humanity International and its affiliated organizations in the United States.

Mission Vision

A world where everyone has a decent place to live.

Mission Statement

Seeking to put God's love into action, Habitat for Humanity brings people together to build homes, communities and hope.

Mission Principles

(1) **Demonstrate the love of Jesus Christ.** We undertake our work to demonstrate the love and teachings of Jesus, acting in all ways in accord with the belief that God's love and grace abound for all, and that we must be "hands and feet" of that love and grace in our world. We believe that, through faith, the minuscule can be multiplied to accomplish the magnificent, and that, in faith, respectful relationships can grow among all people.

(2) **Focus on shelter.** We have chosen, as our means of manifesting God’s love, to create opportunities for all people to live in decent, durable shelter. We put faith into action by helping to build, renovate or preserve homes, and by partnering with others to accelerate and broaden access to affordable housing as a foundation for breaking the cycle of poverty.

(3) **Advocate for affordable housing.** In response to the prophet Micah’s call to do justice, to love mercy and to walk humbly with God, we promote decent, affordable housing for all, and we support the global community’s commitment to housing as a basic human right. We will advocate for just and fair housing policy to eliminate the constraints that contribute to poverty housing. And, in all of our work, we will seek to put shelter on hearts and minds in such powerful ways that poverty housing becomes socially, politically and religiously unacceptable.

(4) **Promote dignity and hope.** We believe that no one lives in dignity until everyone can live in dignity. We believe that every person has something to contribute and something to gain from creating communities in which all people have decent, affordable places to live. We believe that dignity and hope are best achieved through equitable, accountable partnerships.

(5) **Support sustainable and transformational development.** We view our work as successful when it transforms lives and promotes positive and lasting social, economic and spiritual change within a community; when it is based on mutual trust and fully shared accomplishment; and when it demonstrates responsible stewardship of all resources entrusted to us.

In addition, in recognition of and commitment to the global nature of the Habitat for Humanity mission, each U.S. affiliate is expected to contribute (tithe) at least 10 percent of its undesignated cash contributions to Habitat for Humanity’s international work.

Agreement to Covenant

In recognition of the Mission Principles stated in this Covenant, Habitat for Humanity International and _(Auto-populate affiliate name)_ covenant as follows.

Habitat for Humanity International Covenants:

- To support the work of Habitat for Humanity affiliated organizations through program development, communication, learning opportunities, advocacy, and protecting and promoting the good name of Habitat for Humanity.
- To coordinate global fund-raising efforts.
- To create a global movement around the need for decent and affordable housing.
- To administer tithe funds contributed by affiliates in support of the efforts of Habitat for Humanity national organizations and affiliates.

(Auto-populate affiliate name) **Covenants:**

- To support the work of Habitat for Humanity affiliated organizations through program development, communication, learning opportunities, advocacy, and protecting and promoting the good name of Habitat for Humanity.
- To comply with the minimum operational standards contained in an annual certification process;
- To conduct its operations within its defined service area.
- To tithe for Habitat for Humanity’s housing work outside the United States.
- To reject any support that is conditioned on deviating from the Mission Principles outlined earlier or other approved policies and practices.
- To conduct its operations in a manner that protects and promotes the good name of Habitat for Humanity and contributes to the growth of the Habitat for Humanity movement and is in the best

interests of other affiliates and of Habitat for Humanity International including, but not limited to, actions that are specified in this covenant and in Habitat for Humanity policies.

This Covenant is valid upon approval by the affiliate board of directors and a designated representative of Habitat for Humanity International.

Covenant Signatures

Habitat for Humanity International:

By: Sue Henderson, Vice President, U.S. Operations

Date:

By: __ (Auto-populate affiliate name) __:

Date:

Covenant Approval by Board of Directors

I certify that the Covenant between Habitat for Humanity International and (Auto-populate affiliate name) was approved by the board of directors at a meeting held on:

Date:

Quality Assurance Approval by Board of Directors

I certify that the Quality Assurance Checklist for (Auto-populate affiliate name) was approved by the board of directors at a meeting held on:

Date:

Secretary of Board of Directors:

Secretary Phone:

Secretary Email:

Board President Information

Board President Name:

Board President Phone:

Board President Email:

Board Vice-President Information

Board Vice-President Name:

Board Vice-President Phone:

Board Vice-President Email:

Board Treasurer Information

Board Treasurer Name:

Board Treasurer Phone:

Board Treasurer Email:

Affiliate Contact Information

Affiliate Contact Name:

Affiliate Contact Title:

Affiliate Contact Phone:

Affiliate Contact Email:

Affiliate Website:

Board Approval and Certification

The affiliate board of directors has reviewed the answers provided on this U.S. Affiliated Organization Covenant and Quality Assurance Checklist, certified them as correct, and approved this submission as an accurate declaration of the affiliate. We understand that failure to submit a timely and accurate Covenant and QA Checklist may result in loss of good standing or other disciplinary action. Yes