

Nonprofit Financial Capacity Worksheet

Attachment 3

Name of Nonprofit _____

- _____ The nonprofit (to be a mortgagor) must be on FHA's approved list – If not, it is **not eligible**.
- _____ Last 2 years tax returns; IRS Form 990's.
- _____ Fed tax ID # (EIN # entered in the FHA Connection).
- _____ Audited Year end Financial Statements; Balance Sheet; Statement of Activity and Statement of Cash Flow along with the treasurer's and auditor's reports.
- _____ Most recent 90 day and year-to-date financial statements prepared and certified by a CPA or other financial professional.
- _____ Credit reports on the nonprofit and all principals of the nonprofit (executive director or chief operating official).
- _____ Check CAIVRS and the LDP and GSA list on the nonprofit and all principals.
- _____ Corporate resolution delegating signatory authority.
- _____ Schedule of all real estate properties presently owned; include the total monthly payments (PITIs).
- _____ Schedule of the proposed properties presently under contract; include amount of proposed mortgage debt and the monthly mortgage payments (proposed PITIs).
- _____ Seven-unit limitation addressed.

| | | Current YTD | | | |
|----|---|-------------|--|--|--|
| 1 | Cash balances (Unrestricted funds) (Actual cash or equivalent and short term investments. Inventories & receivables excluded—The funds cannot be restricted to any one fund and are considered "liquid") | | | | |
| 2 | Total Cash Balances—Restricted and Unrestricted liquid funds | | | | |
| 3 | Total Current Assets—Restricted and Unrestricted assets that can be converted to cash within one year (e. g. cash and near cash equivalents, accounts receivable, marketable securities, prepaid expenses and inventories). | | | | |
| 4 | Total Current Liabilities –Restricted and Unrestricted Liabilities that must be paid within one year (e. g. accounts and notes payable, income tax payable, and other short-term debt). | | | | |
| 5 | Current Ratio (Current Assets divided by Current Liabilities) (line 3 divided by line 4) (Excluding any lines of credit) | | | | |
| 6 | Unrestricted Fund Balance | | | | |
| 7 | Total Fund Balance | | | | |
| 8 | Total Annual Support & Revenue | | | | |
| 9 | Total Annual Expenses (Operating Budget) | | | | |
| 10 | Cash Flow from Operating Activities | | | | |
| 11 | Total Net Increase or (Decrease) in Cash (Also known as Increase/Decrease in Working Capital) | | | | |

Nonprofit Financial Capacity Worksheet (Page 2)

Name of Nonprofit _____ TIN _____

| | | | | |
|---|--|--|---|--|
| A | | Total proposed mortgage debt (include all mortgage amount on properties that are under contract and mortgage debt that does not appear on the most recent financial statements in addition to the subject property debt) | = | |
| B | | Total fund balance (7) _____ divided by 25% | = | |
| C | | Total PITI due each month on all mortgages; owned & proposed _____ X 2 months | = | |
| D | | Unrestricted Cash Balance (1) _____ | = | |

| | | | YES | NO |
|----|--|---|-----|----|
| 20 | | Is B (above) greater than A (above)? | | |
| 21 | | Is D (above) greater than C (above)? | | |
| 22 | | Are significant (positive) increases on the current financial statements reasonable and supported? Note: If not, do not include the current financial statement information in determining #23 through #28. | | |
| 23 | | Are the current year financial statements consistent with previous years? | | |
| 24 | | Is the current ratio (5 above) is greater than 2? | | |
| 25 | | Is the total fund balance (7 above) increasing? | | |
| 26 | | Are the total annual support and revenue accounts (8 above) stable or increasing? | | |
| 27 | | Is the trend of operating expenses (9 above) in line with the support and revenue? | | |
| 28 | | Is the cash flow from operating activities (10 above) stable or increasing? | | |

Any "NO" answers above require strong compensating factors (supported and documented), also any "NOs" on #22 and #23 need to be explained in order to approve the nonprofit as a mortgagor.

Signature Title Date

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paragraph 2-17

References: Mortgage Letters 96-52 & 00-08, and 4155.1,