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| 2020 -2021 Income and Expenses (Proposed Budget) |

**2020 – 2021 Budget Summary**

**Overview:**

Welcome to the overview of the 2020 – 2021 Habitat for Humanity of Catawba Valley Budget.

I’m not going to kid you, budgeting during a Pandemic is challenging. There are so many possible variables: will the ReStore be open or will there be another Phase 1 restriction that forces us to close again; how will donations be effect and primarily how will Home is the Key be impacted; will we be able to sell market rate homes in the current economy?

Despite the uncertainty, I feel confident with the numbers presented in the proposed budget. There are several factors that are encouraging: ReStore in-person sales are strong (average $4,000/day) despite a reduction in hours; On-line sales are increasing as more customers learn of the service; Homebuyer mortgage sales to First Bank will generate approximately $70,000/home sold with cash received at closing.

**Details:**

Habitat has many moving parts and the budget reflects each department that forms Habitat. Within the budget you’ll find the traditional Income and Expense categories and then there are several sub-categories. Under Income there are three basic categories that generate revenue for the affiliate’s operations: Gross Sale of Homes (revenue from the sale of Habitat and Open Market Homes), Donations (revenue from contributions and tracked by the gift source, like individuals, corporations, churches, etc.) and ReStore sales (revenue from in-person and on-line sales.)

Sub-categories under Expenses are the different “departments” of Habitat including: ***Program*** (all expenses associated with new home construction), ***Habitat Repairs*** (payroll **and** repair costs), ***General and Administrative*** (back office or overhead expenses), Development (Fundraising), Restore (payroll **and** operating costs).

Now to the details of the budget! The income side of the budget projects a $563,658 decrease in revenue and a $366,971 decrease in expenses.

Let’s begin looking at the details of the budget and the explanation of the footnotes added to some line items:

**Income:**

1. **4000 Gross Sales of Homes** – this item projects 6 homes to be completed and sold in 2020-21. In our current projection has all 6 homes as traditional Habitat Homes. If cash flow allows 2 of the 6 homes could become Open Market homes, which would produce an additional $50,000 – 60,000 in revenue. (Corresponding Expense line item 5000 is the cost of the homes: building materials, land and subcontractors).
2. **4005 Donations –** Projected decrease of $41,400 from the previous year’s budget. Projected decreases are associated with the Home is the Key event shifting from an in-person to a virtual event. To supplement losses with HITK, we are working more aggressively with a contract grant writer and continuing fundraising strategies implemented in 2019-20 with “Funding for Good” fundraising consultants (corresponding expense Line 7520).
3. **4990 ReStore Sales –** Projected decrease of in sales due to reduction in store hours from 6 days/week to 4 days/week.

**Expenses:**

1. **5000 Cost of Homes –** the total expense of materials, land and contractor labor for the 6 homes projected to be built and sold. With this budget, the 2016 purchase of 5 Ridgeview lots is included in Cost of Homes along with the removal of the original homes. This creates an over inflated land value of $25,000/lot for these 5 lots. Habitat purchased the land with a designated gift of $100,000 and removed the homes with a $25,000 grant from the City of Hickory. Therefore all expenses were covered and paid for in 2016, but general accounting practices require that those expenses are posted with this budget, while the income was received in 2016.
2. **5002, 5302 & 9002 –** Salaries for the 3 Habitat departments: ***Program*** (new construction), ***Home*** ***Repairs*** and ***ReStore***. No increases are projected this year, but I would like to assess where we are in December 2020 and propose a modest increase if we are on track with our budget and the economy is stronger.
3. **5215 Closing Costs –** cost of selling Habitat and Open Market homes to homebuyers.
4. **5354 Repair Project Expenses –** Budget estimates 43 Repairs at an average cost of $2,500/repair.
5. **7520 Development Training/Professional Development –** Professional fundraising training for staff with “Funding for Good” consulting. Training is on site through May 2021.
6. **7640 Marketing and Media –** continued marketing and advertising with Full Metal Chicken.
7. **9002 ReStore-Salaries and Wages –** Increased $30,000 for 2 new part time employees to help supplement the loss of volunteer labor.
8. **9625 ReStore-Advertising** – includes advertising with Full Metal Chicken

**Capital Expenditures –**

**ReStore** – Additional cash register/Point of Sale/Donation upgrades $4,000