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| **2020 -2021 Income and Expenses Budget** |

**2020 – 2021 Budget Summary**

**Overview:**

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

The news is that we had a remarkable year despite the financial uncertainty of the pandemic and the effects of Covid. Several factors: increased donations from foundations and individuals, and PPP Loan funding (now forgiven) kept our revenue up and offset revenue shortfalls in home sales and ReStore revenue.

The cost of construction materials and the delay in available product and subcontractor labor, have increased costs and slowed home completions. Also, the shift from Northstone to Ridgeview created a longer than projected delay of new home construction in FY2020-21. The good news is that we should have 7 house sales in the new fiscal year. With ReStore sales returning to Pre-Covid numbers, we should have a successful year.

**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! When compared to the current fiscal year (2020-21) the proposed budget 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 7 homes to be completed and sold in 2021-22 - with 3 market rate homes (@$190,000) and 4 traditional Habitat homes (@$140,000). The Habitat houses are receiving funding from the Western Piedmont Council of Governments in a blend of loan ($75,000) and grant ($25,000) per house and our current balance of available funding is approximately $220,000. Loans on the homes are at 0% interest and repaid 120 days after sale. Sale of the Open Market homes, will produce $150,000 in revenue.
2. **4005 Donations –** Projected decrease of $50,000 from the previous year’s budget, but an increase of $38,000 over the April projection of $921,000. This year’s Home is the Key event will be a hybrid of in-person and virtual event. We are continuing work with a contract grant writer and continuing fundraising strategies implemented in 2019-20 with “Funding for Good” fundraising consultants.
3. **4990 ReStore Sales –** Projected increase in sales of $89,000 over April’s projected sales.

**Expenses:**

1. **5000 Cost of Homes –** the total expense of materials, land and contractor labor for the 7 homes projected to be built and sold. (*The Cost of Homes includes the 2016 purchase and demolition of the original 5 Ridgeview lots. This creates an over inflated land value of $25,000/lot for these 5 lots along with the costs associated with additional home purchases and demolition costs.)* As a reminder a designated gift of $100,000 purchased the lots and a portion of demolition expenses were covered by a $25,000 City of Hickory grant. Some expenses were paid in 2016, and 2020, but general accounting practices require that associated expenses are posted in this year’s budget, while income is reported in the year it’s received.
2. **5002, 5302 & 9002 –** Salaries for the 3 Habitat departments: ***Program*** (new construction), ***Home*** ***Repairs*** and ***ReStore***. Increases in Program include a new construction manager and raises for staff. ReStore salaries shifts a previous line item of “contract labor” into salaries, adds 1 staff, and includes staff raises, Home Repairs includes staff salary increases.
3. **5215 Closing Costs –** cost increase associated with sale of Open Market homes.
4. **5354 Repair Project Expenses –** Budget estimates 40 Repairs at an average cost of $2,550/repair.
5. **7520 Development Training/Professional Development –** Professional fundraising training for staff with “Funding for Good” on a reduced scale and the hiring of a strategic planning consultant.
6. **7640 Marketing and Media –** continued marketing and advertising with Full Metal Chicken.
7. **9625 ReStore-Advertising** – includes advertising with Full Metal Chicken