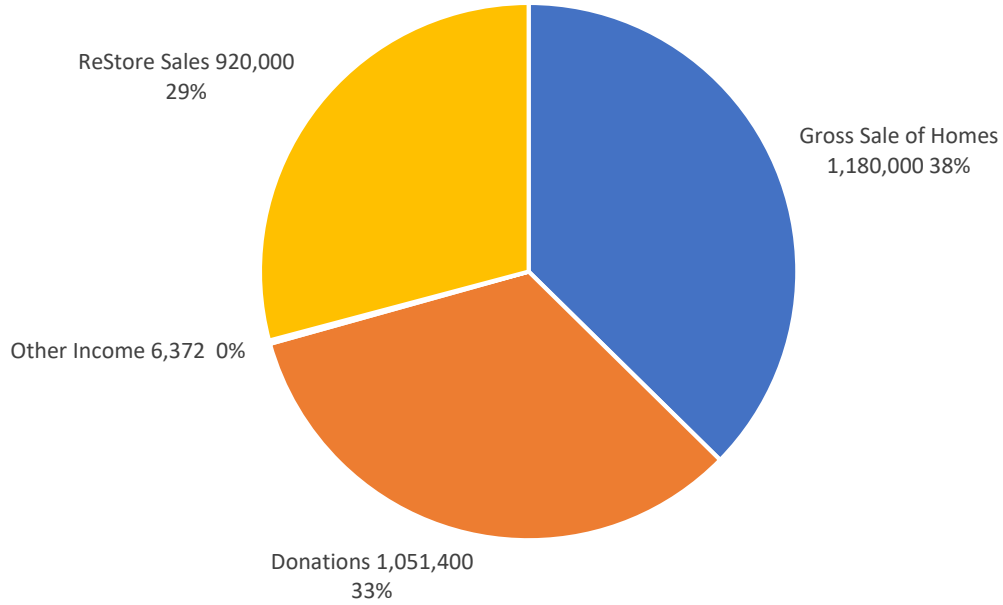
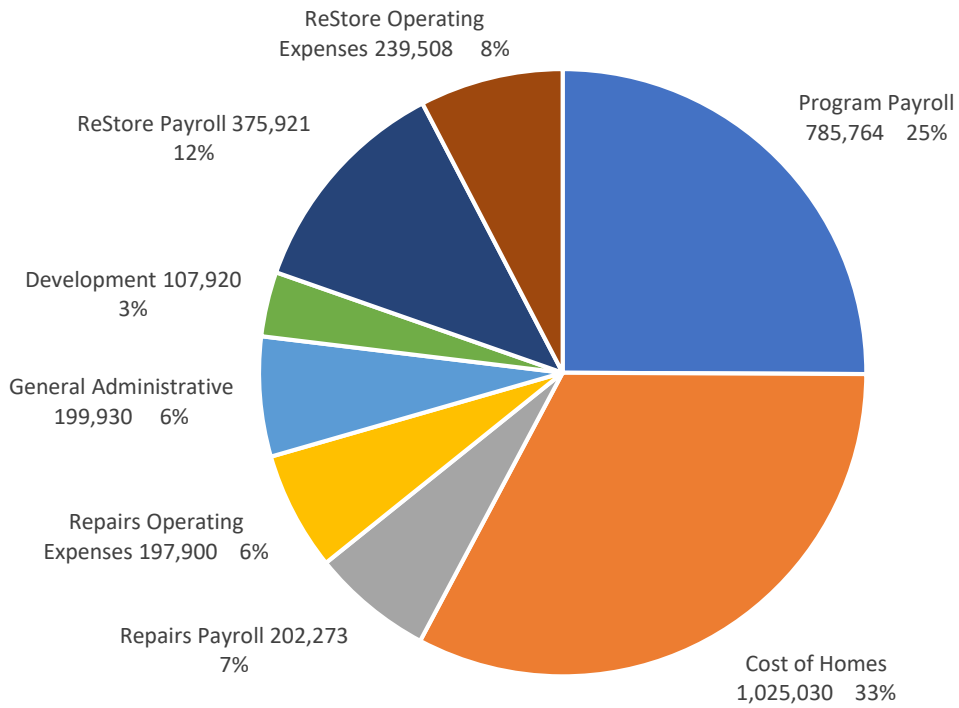


2019 -2020 Income and Expenses (Proposed Budget)

Income



Expenses



2019 – 2020 Budget Summary

Welcome to the overview of the 2019 – 2020 Habitat for Humanity of Catawba Valley Budget.

The work of Habitat includes many moving parts and the budget reflects each of the different departments that comprise the whole of 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 generated by the sale of Habitat and Open Market Homes), Donations (revenue is tracked by the source of the gift, like individuals, corporations, churches, etc.) and ReStore sales.

Sub-categories appearing on the Expense side and are the different "departments" of Habitat which include: Program (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 12.5% increase in revenue and a 14% increase in expenses with a net income of \$23, 525. This year's budget presents the traditional budget along with a "Capacity Budget." For now, let's focus on the Traditional Budget highlighted in light blue and the explanation of the footnotes added to some line items:

Under Income:

- (a) **4000 Gross Sales of Homes** – this item projects that 8 homes will be completed and sold in 2019-2020. In our current projection 4 Open Market homes will sell for a combined value of \$740,000 and 4 Habitat homes with a combined value of \$440,000. (The cost of the homes (building materials, land and subcontractors) is reflected as an expense in line 5000)
- (b) **4005 Donations** – Projected increase of 16% (\$159,000) from previous year's budget. Projected increases are associated with the Home is the Key event and implementing new fundraising strategies with the help of fundraising consultants (corresponding expense Line 7520). Special Events (Line 4800) is reassigned to existing line items that track from whom or where the gift originated: Individuals, Corporations, Churches, etc.
- (c) **4990 ReStore Sales** – Projected increase of 4% in sales due to positive sales in last quarter of FY 2019 attributed to strategic social media marketing and web site redesign.

Under Expenses:

- (1) **5000 Cost of Homes** – the total expense of materials, land and contractor labor for the 8 homes (Habitat and Open Market) projected to be built and sold.

- (2) **5002, 5302 & 9002** – Salaries for the 3 Habitat departments: Program (new construction), repairs and ReStore. This year’s budget includes a 2.5% salary increase for current staff. Some additional funding is provided for merit increases.
- (a) 5002 Program Salaries - (previously called Construction) includes one new hire in Development (fundraising).
 - (b) \$190,000 of program salaries are for construction staff.
 - (c) \$409,820 of program salaries are for supporting services: family services, volunteer coordination, development, executive, accounting.
 - (d) 5302 Repair Salaries – like last year’s budget that included one position in construction that was unfilled and adds a new hire for family services that will work only with repair clients.
 - (e) ReStore – only budget change is 2.5% salary increase with some merit increases too.
- (3) **5215 Closing Costs** – this is the amount associated with the cost of selling Habitat and Open Market homes to homebuyers.
- (4) **5354 Repair Project Expenses** – Budget estimates 33 repairs at an average cost of \$5,606/repair. Funding for repairs are now included into the overall donations goal reported in Line 4005. There are some pledge payments expected over the next 2 years, but most payments to the repairs capital campaign have been paid/fulfilled.
- (5) **7520 Development Training/Professional Development** – Professional fundraising training for staff designed to increase donations and steward existing donors. Training is on site at administrative office through May 2020.
- (6) **7640 Marketing and Media – same budgeted expense as previous year.** Through the 4th-quarter of FY 2019 and into FY 19-20 staff is restructuring marketing, social media and web site to be more cohesive with the affiliate’s messaging. By tracking the analytics of the different marketing techniques (Facebook, Instagram, e-newsletter and web site) we can identify which messaging is most effective and strategically plan fundraising and advocacy appeals. In the past we have had the social media portion but not a cohesive marketing plan. Local ad agency, Full Metal Chicken, will take the lead on this transition.
- (7) **7890 Consulting** – continues work with the Home is the Key signature fundraising event.

Capacity Budget –

This portion of the budget answers the question: “What would we do if we had an extra \$869,200 dollars?” While the 2019-2020 budget was under review, the possibility of a \$500,000 to \$1million loan from Capital Bank was still in play. While that loan is currently on hold until fall 2019 pending the year end closing numbers, this budget projects the total number of homes, staffing required to build the homes, income generated by sale of homes (both Open Market and Habitat), along with growth of the repairs program (to better meet the community’s need).

If Habitat expands the total number of homes builds 6 additional homes (8 to 14) the gross sale of homes increases from \$1,180,000 to \$1,960,000 (\$780,000) and creates an offsetting expense of \$660,000 (total of \$1,660,000). This growth could be achieved with the addition of 2 construction staff members (salary costs of \$76,200 + taxes and benefits). Additional expenses would purchase an additional construction truck (approx. \$16,000).

In addition to new construction this budget also projects an increase in home repairs. The goal would be 20 (33 to 53) additional repairs adding an additional \$130,000 to “Project Expenses.” More importantly we would take a small step toward better meeting the needs of our community and maintaining workforce housing.

While we may be at a stand still with Capital Bank, I’m continuing to work on new sources for straight up donations and loans.

Capital Expenditures –

ReStore Garage Door – replace with motorized lift and add window panels. Overall effect will reduce heating and cooling bills by leaving the door closed. \$2,500

ReStore – Cash register/Point of Sale/Donation upgrades \$5,000

Administrative Building Upgrades - \$130,000