



2019 Budget Assumptions

Home Construction and Mortgage Origination

1. Continuing the previously adopted budget process, the budget package is a stand-alone organizational budget. Project budgets for new projects will be fine-tuned throughout the year as construction specific revenue, expense, and schedule information become more certain and will be vetted as needed with Project Development Taskforce (new areas) or the Board (existing areas).
2. HFHSL Staff recommends continuing recognizing a percentage of the loss (based on the percentage of CIP at Year End to Budgeted Total Construction Costs) on homes being carried forward. If no GAAP loss is anticipated with a particular home, there is no need to book any associated percentage of loss for that home (cleared with CohnReznick).
3. The Mortgage Loan Fund was originated in 2018, with Midland States Bank as the first investor bank. Closings utilizing the fund have been scheduled. Meetings have occurred with several other banks with very positive results. In addition to the MLF, staff proposes to continue to originate mortgages with banks as appropriate and when it makes financial sense to the organization, using affordable mortgage pricing consistent with HFHI Policy, with funding at closing and a 2nd Note that is forgivable coterminous with the 1st mortgage. Staff recommends continued and further investigation into creative and alternative mortgage origination programs and partnerships, with the goal of best maximizing the potential of the mortgages generated through the HFHSL program.
4. Project specific construction budgets will continue to assume that current 1st note sale price amounts remain consistent, with an average interest rate of 3.0%, while continuing to ensure an affordable mortgage for the partner families. Staff will continue to aggressively seek lower interest rates to further increase the amount of the 1st notes.
5. To ensure consistency, Real Estate Development expenses, are budgeted part of specific construction project budgets.

ReStore

1. RSS Revenue: ReStore South Side budgeted sales numbers assume a 15% increase over the projected 2018 sales total (and 18% increase over the 2018 budget) and are consistent with historical performance of the RSS location, as well as performance since the relocated store opened in May 2018.

2. RDP Revenue: ReStore Des Peres budgeted sales numbers assume a 2% increase over the projected 2018 sales total (and 15% increase over the 2018 budget) and are consistent with historical performance of the RDP location but are indicative of the possibility that maximum sales amounts will plateau.
3. RDP Rent and AHAP: This Budget assumes an AHAP check exchange that will result in a reduction of the rent for ReStore Des Peres, pursuant to the Amended Lease Agreement. This Budget also assumes a second AHAP tax credit check exchange which will result in \$0 of cash rent due in 2019, as well a donation back of the amount paid in Property Taxes and Insurance. This Budget further assumes a return of revenue in cash for management fees and reimbursement of certain facility expenses for RDP.
4. ReStore Salaries: This Budget assumes that the ReStore program bonus incentive plan will continue in 2019. Any bonus salary expenses associated with this program will only occur when monthly budgeted numbers are exceeded, and the additional revenue more than offsets costs.
5. ReStore Marketing: Budget includes funding to continue and enhance the marketing efforts related to increased ReStore marketing and as related to the messaging work produced by staff in conjunction with board retreat outcomes.

Resource Development

1. RD Revenue: RD Revenue: Budget lines continue to reflect contributions as Mission Support and Restricted Support. Mission Support is all money received which is not designated to a specific need. Restricted Support is all money which has been assigned a specific intent by the donor or by way of grant restriction. From the recently released Giving USA 2018 Report, total charitable giving was \$410 billion in 2017 – up 5.2% from 2016 (3% adjusted from inflation) and represents giving percentages and amounts from the following sectors –
 - Individuals \$286.65 Billion
 - Foundations \$66.9 Billion
 - Bequest \$35.7 Billion
 - Corporate \$20.77 BillionWhile we could and should continue to grow Keystone Community Partners which is predominately corporate or faith-based groups and prospects, this also reflects the need for additional contacts within individual networks which is one of several focuses for RD staff.
2. AHAP Tax Credits: HFHSL has submitted its application for \$1,000,000 in AHAP tax credits for the 2018-2019 period. If awarded, credits will be allocated to RDP expenses as noted, as well as costs associated with the annual audit. The amount of credits applied for is consistent with the credits awarded over the past four years and will again be considered by MHDC and the State of Missouri to be a capacity building award which will require and allow HFHSL to leverage new and higher dollar amount donations. Eligibility for the

program will require current donors to increase their previous giving level to best maximize the credits as a capacity building mechanism. This Budget conservatively assumes AHAP Enhanced Revenue of \$50,000 as a result of the award. Additional credits will be available to support Resource Development efforts.

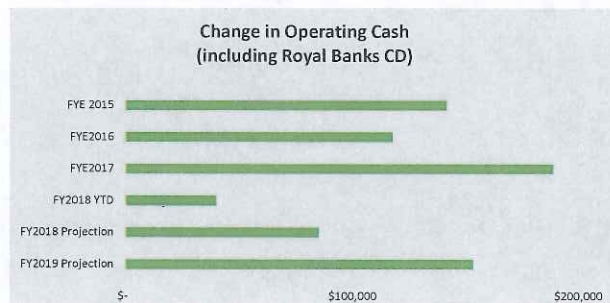
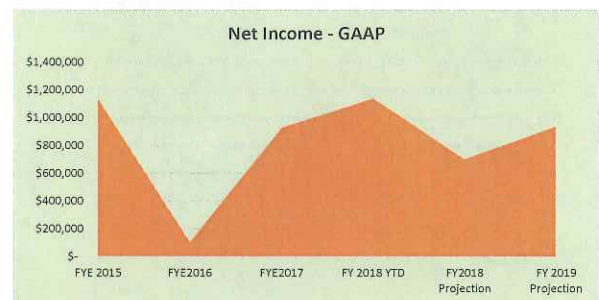
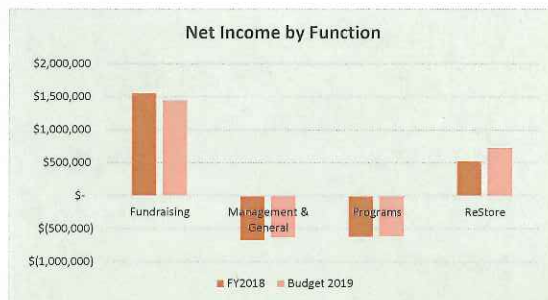
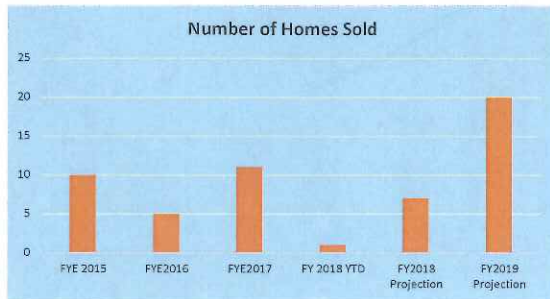
General Operating

- 1 Loan Principal Reduction Strategy / Reserve Implementation updates: Cash budget calls for \$25,000 paid to principal of Royal Banks Line of Credit.
- 2 This budget does not make any assumptions related to the possible sale of the outparcel.
- 3 While the extension or modification of SOSI is under consideration by HFHI, this Budget assumes a \$25,000 payment in July to I pursuant to the US Stewardship and Organizational Sustainability Initiative (US-SOSI) consistent with prior years budgets.
- 4 This Budget does not anticipate a New Market Tax Credit (NMTC) transaction but does reflect semi-annual interest payments and dividend income along with closing cost amortization expenses for the remaining deals. This item is a GAAP expense not a cash effect to the budget. As always, the potential for a NMTC transaction will be sought. This Budget does assume the roll off from the 2012 NMTC transaction with a corresponding recognition of GAAP revenue and a corresponding increase in organizational net assets.
- 5 This Budget assumes the addition of newly created part-time positions in Family Services and Construction.

Habitat For Humanity Saint Louis 2019 Proposed Budget Draft #1

11/20/2018						
	2019 GAAP Budget	2018 Budget	Oct 2018 YTD Act. & Projected	2019 vs. 2018 Act. & Projected	2019 Cash Budget	2017 Actuals
INCOME						
40800 AHAP Capacity Building Revenue	60,249	657,512	5,000	55,249	60,249	-
40900 Mission Support (Unrestricted Contributions)	1,601,500	1,290,515	1,360,517	240,983	1,601,500	1,054,586
40000 Restricted Support	100,000	100,000	104,500	(4,500)	100,000	104,111
46000 In-kind	174,000	140,000	546,098	(372,098)	-	142,881
40100 Transfer to Homeowner	3,600,000	1,950,000	995,000	2,605,000	2,415,000	1,303,000
40200 Grants	1,367,460	237,000	136,960	1,230,500	1,367,460	565,247
40700 Restore Sales - RFP/SS	650,000	551,250	514,640	135,360	650,000	458,155
40800 Donated Materials - Restore FP/SS	650,000	550,000	550,000	100,000	-	423,921
40700 Restore Sales -RDP	780,400	681,661	766,243	14,157	780,400	649,177
40800 Donated Materials-Restore - RDP	780,000	640,000	640,000	140,000	-	700,808
40950 Contribution - AHAP Check Exchg	555,359	636,772	574,894	(19,535)	555,359	1,254,169
41000 Fundraising/Special Events	40,000	35,500	61,774	(21,774)	40,000	35,819
46698 New Market Tax Credit-Int. Inc.	18,044	38,267	51,444	(33,400)	-	62,045
Other Income Items	207,767	71,599	221,970	(14,203)	207,767	1,137,377
49999 POB2012 Cancellation of Debt	431,000	1,207,707	1,107,707	(676,707)	-	-
47110 Amortization Interest Income	73,872	58,265	74,372	(500)	-	72,162
TOTAL INCOME FROM OPERATIONS	11,089,651	\$ 8,846,048	\$ 7,711,119	\$ 3,378,532	7,777,735	\$ 7,963,458
OPERATING EXPENSES						
Management & General Expenses (including CHDO)	746,297	726,282	687,958	58,339	729,297	881,667
Fund Raising Expenses	356,617	376,268	350,284	6,333	356,617	326,846
ReStore - Forest Park -South Side (RFP/SS)	1,156,038	975,183	955,047	200,991	474,038	881,858
ReStore - Des Peres (RDP)	1,604,706	1,583,268	1,589,827	14,879	786,706	1,452,374
Program Expenses						
Family Services	52,001	65,520	41,296	10,705	52,001	50,412
Marketing	69,000	73,900	48,698	20,302	69,000	55,258
Volunteer Coordination	32,695	33,275	23,784	8,911	32,695	21,806
Real Estate Development (including CHDO)	28,800	24,800	30,955	(2,155)	28,800	45,470
Home Construction (including CHDO)	3,823,593	2,169,403	1,190,542	2,633,051	2,035,058	1,272,911
Program General (including CHDO)	2,171,592	1,822,016	1,854,547	317,045	1,462,426	1,324,649
New Market Tax Credit (POB)	106,991	119,413	231,805	(124,814)	-	743,857
HC Lookaway parcel loan repayment	-	-	-	-	13,500	-
HC LOC and Royal LOC repayment	-	-	-	-	1,584,174	-
TOTAL OPERATING EXPENSES	10,148,330	\$ 7,969,328	\$ 7,004,743	\$ 3,143,587	7,624,312	\$ 7,057,108
CHANGE IN NET ASSETS FROM OPERATIONS	941,321	\$ 876,720	\$ 706,376	\$ 234,945	153,423	\$ 906,350
Homebuilding Activity - Direct Cost/Revenue	2019 Budget	2018 Projected	2017 Actual	2016 Actual	2015 Actual	
#40100 Transfer to Homeowners	3,600,000	995,000	1,303,000	665,000	1,646,164	
#40200 Grant Income	1,367,460	106,960	565,247	236,857	545,014	
#55040 Discount on Mortgage	(627,446)	(197,135)	(107,545)	(324,114)	(227,395)	
Net Cash in	4,340,014	904,825	1,760,702	577,743	1,963,783	
#55155 HC-Build Expenses Closed Homes (Direct Cost only)	(3,765,773)	(1,107,999)	(740,356)	(1,501,775)	(1,469,617)	
Total Home Building	574,241	(203,174)	1,020,346	(924,032)	494,166	
2nd Forgivable Loan Expense - Deferred	(110,499)	(106,934)	(99,427)	(84,678)	(244,686)	
Total Home Building with Deferred Expense	463,742	(310,108)	920,919	(1,008,710)	249,480	
ReStore Combined						
Restore Net:	South Side	Des Peres	2018 Projected	2017 Actual	2016 Actual	
#45400 ReStore Grants	-	-	30,000	35,000	35,000	
#40700 Sales	650,000	780,400	1,280,883	1,107,332	1,056,111	
#40800 Donated Material	650,000	780,000	1,280,883	1,124,729	1,080,803	
Other Income (AHAP net, Special Event, Sustainability)	250	631,939	482,598	587,111	541,335	
Cost of Goods Sold (COGS)	(650,000)	(780,000)	(1,280,883)	(1,097,058)	(1,054,417)	
Expenses	(506,038)	(824,706)	(1,263,991)	(1,237,174)	(1,069,562)	
Total Restore Net to Affiliate	144,212	587,633	529,490	519,940	589,270	
Fundraising - Special Events	2019 Budget	2018 Projected	2017 Actual	2016 Actual	2015 Actual	
#41000 Fundraising/Special Events	40,000	61,774	35,819	21,013	26,348	
#58000 Fund Raising/Spec Events	(12,250)	(11,211)	(11,172)	(1,286)	(2,189)	
Total Special Events Net:	27,750	50,563	24,647	19,727	24,159	

Habitat for Humanity St. Louis - Financial Recap Charts 2019 Budget



Habitat for Humanity St. Louis HC Actual Results & Projection Cash and GAAP Impact			GAAP Impact												Cash Impact						
			Construction Costs	Sales Price	SLHA Grants	FHLB Grants	AHTF Grants	HOME Grants	% of Loss	Cost of Land	In Kind	2nd Mortgage	Present Value Allow	Net Present Value	Net	Cash Construction	1st Mortgage	MLF .25% Service Fee	Land Loan	LOC	Net
2019 Carry Forward																					
05- 10060 Lookaway Drive POB2012			\$ 142,433	\$ 140,000		\$ -		\$ 49,960	\$ -	\$ 13,500	\$ 10,000	\$ 25,000	\$ 21,091	\$ 3,909	\$ 36,436	\$ 7,500	\$ 115,000	\$ 125	\$ 13,500	\$ 76,924	\$ 17,076
01-Hazelwood - Buddie POB2017			\$ 158,225	\$ 130,000		\$ 18,000	\$ -	\$ 39,000	\$ -		\$ 10,000	\$ 30,000	\$ 13,182	\$ 16,818	\$ 25,593	\$ 7,500	\$ 100,000	\$ 106	\$ -	\$ 76,500	\$ 16,000
01-Hazelwood - Reasor POB2017			\$ 158,225	\$ 130,000		\$ 18,000	\$ -	\$ 39,000	\$ -		\$ 10,000	\$ 30,000	\$ 13,182	\$ 16,818	\$ 25,593	\$ 7,500	\$ 100,000	\$ 106	\$ -	\$ 76,500	\$ 16,000
			\$ -	\$ -		\$ -		\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
			\$ 458,883	\$ 400,000	\$ -	\$ 36,000	\$ -	\$ 127,960	\$ -	\$ 13,500	\$ 30,000	\$ 85,000	\$ 47,455	\$ 37,545	\$ 87,622	\$ 22,500	\$ 315,000	\$ 337	\$ 13,500	\$ 229,924	\$ 49,076
Bevo Build Ph2																					
02 Bevo Build Ph2 5032 Ulena			\$ 165,400	\$ 150,000				\$ 14,221	\$ 4,771	\$ 10,000	\$ 35,000	\$ 18,454	\$ 16,546	\$ (23,854)	\$ 32,320	\$ 115,000	\$ 144		\$ 90,000	\$ (50,400)	
03 Bevo Build Ph2 5034 Ulena			\$ 165,400	\$ 150,000				\$ 12,183	\$ 4,771	\$ 10,000	\$ 35,000	\$ 18,454	\$ 16,546	\$ (23,854)	\$ 32,320	\$ 115,000	\$ 144		\$ 90,000	\$ (50,400)	
			\$ 330,800	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ 26,404	\$ 9,542	\$ 20,000	\$ 70,000	\$ 36,908	\$ 33,092	\$ (47,708)	\$ 64,640	\$ 230,000	\$ 288	\$ -	\$ 180,000	\$ (100,800)
Marine Villa Ph1																					
01 Marine Villa Ph1 3434 Indiana			\$ 165,400	\$ 150,000					\$ 3,626	\$ 10,000	\$ 35,000	\$ 18,454	\$ 16,546	\$ (23,854)	\$ 39,820	\$ 115,000	\$ 144		\$ 82,500	\$ (50,400)	
01 Marine Villa Ph1 3436 Indiana			\$ 165,400	\$ 150,000				\$ 1,102	\$ 4,094	\$ 10,000	\$ 35,000	\$ 18,454	\$ 16,546	\$ (23,854)	\$ 50,070	\$ 115,000	\$ 144		\$ 72,250	\$ (50,400)	
			\$ 330,800	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ 1,102	\$ 7,720	\$ 20,000	\$ 70,000	\$ 36,908	\$ 33,092	\$ (47,708)	# \$ 89,890	\$ 230,000	\$ 288	\$ -	\$ 154,750	\$ (100,800)
			\$ 1,120,483	\$ 1,000,000	\$ -	\$ 36,000	\$ -	\$ 127,960	\$ 27,506	\$ 30,761	\$ 70,000	\$ 225,000	\$ 121,271	\$ 103,729	\$ (7,794)	\$ 177,030	\$ 775,000	\$ 913	\$ 13,500	\$ 564,674	\$ (152,524)
							\$ 163,960														
New Builds in 2019																					
Tiffany Ph2																					
01 3846 Folsom			\$ 180,000	\$ 200,000			\$ 50,000	\$ 28,333	\$ 4,688	\$ 13,000	\$ 70,000	\$ 36,909	\$ 33,091	\$ 69,736	\$ 29,855	\$ 130,000	\$ 163		\$ 76,500	\$ 100,145	
02 3861 Folsom			\$ 180,000	\$ 200,000			\$ 50,000	\$ 28,333	\$ 5,138	\$ 13,000	\$ 70,000	\$ 36,909	\$ 33,091	\$ 69,286	\$ 30,305	\$ 130,000	\$ 163		\$ 76,500	\$ 99,695	
03 3867 Folsom									\$ 1,958		\$ -		\$ -	\$ (1,958)	\$ 1,958				\$ -	\$ (1,958)	
04 3869 Folsom			\$ 180,000	\$ 200,000			\$ 50,000	\$ 28,334	\$ 2,279	\$ 13,000	\$ 70,000	\$ 36,909	\$ 33,091	\$ 72,146	\$ 27,445	\$ 130,000	\$ 163		\$ 76,500	\$ 102,555	
			\$ 540,000	\$ 600,000	\$ -	\$ -	\$ 150,000	\$ 85,000	\$ -	\$ 14,063	\$ 39,000	\$ 210,000	\$ 110,726	\$ 99,274	\$ 223,274	\$ 89,563	\$ 390,000	\$ 489	\$ -	\$ 229,500	\$ 300,437
La Saisson Ph1																					
01 1201 S. Tucker			\$ 213,079	\$ 200,000	\$ 81,850		\$ 37,500		\$ 7,500	\$ 13,000	\$ 75,000	\$ 39,545	\$ 35,455	\$ 79,726	\$ 101,229	\$ 125,000	\$ 157		\$ 76,500	\$ 23,771	
02 1200 S. 13th			\$ 208,829	\$ 200,000	\$ 81,850		\$ 37,500		\$ 7,500	\$ 13,000	\$ 75,000	\$ 39,545	\$ 35,455	\$ 83,976	\$ 96,979	\$ 125,000	\$ 157		\$ 76,500	\$ 28,021	
03 1301 S. Tucker			\$ 208,829	\$ 200,000	\$ 81,850		\$ 37,500		\$ 7,500	\$ 13,000	\$ 75,000	\$ 39,545	\$ 35,455	\$ 83,976	\$ 96,979	\$ 125,000	\$ 157		\$ 76,500	\$ 28,021	
04 1317 S. Tucker			\$ 213,079	\$ 200,000	\$ 81,850		\$ -		\$ 7,500	\$ 13,000	\$ 75,000	\$ 39,545	\$ 35,455	\$ 42,226	\$ 138,729	\$ 125,000	\$ 157		\$ 76,500	\$ (13,729)	
05 1321 S. Tucker			\$ 208,829	\$ 200,000	\$ 81,850		\$ -		\$ 7,500	\$ 13,000	\$ 75,000	\$ 39,545	\$ 35,455	\$ 46,476	\$ 134,479	\$ 125,000	\$ 157		\$ 76,500	\$ (9,479)	
			\$ 1,052,645	\$ 1,000,000	\$ 409,250	\$ -	\$ 112,500	\$ -	\$ -	\$ 37,500	\$ 65,000	\$ 375,000	\$ 197,724	\$ 177,276	\$ 336,381	\$ 568,395	\$ 625,000	\$ 785	\$ -	\$ 382,500	\$ 56,605
La Saisson Ph2																					
06 1201 Park Ave			\$ 213,079	\$ 200,000	\$ 81,850		\$ 37,500		\$ 7,500		\$ 75,000	\$ 39,545	\$ 35,455	\$ 66,726	\$ 101,229	\$ 125,000			\$ 76,500	\$ 23,771	
07 1205 Park Ave			\$ 208,829	\$ 200,000	\$ 81,850				\$ 7,500		\$ 75,000	\$ 39,545	\$ 35,455	\$ 33,476	\$ 134,479	\$ 125,000			\$ 76,500	\$ (9,479)	
08 1308 S 13th			\$ 208,829	\$ 200,000	\$ 81,850				\$ 7,500		\$ 75,000	\$ 39,545	\$ 35,455	\$ 33,476	\$ 134,479	\$ 125,000			\$ 76,500	\$ (9,479)	
09 1300 Rutger Ln			\$ 213,079	\$ 200,000	\$ 81,850				\$ 7,500		\$ 75,000	\$ 39,545	\$ 35,455	\$ 29,226	\$ 138,729	\$ 125,000			\$ 76,500	\$ (13,729)	
10 1316 Rutger St			\$ 208,829	\$ 200,000	\$ 81,850				\$ 7,500		\$ 83,829	\$ 39,545	\$ 44,284	\$ 33,476	\$ 134,479	\$ 125,000			\$ 76,500	\$ (9,479)	
			\$ 1,052,645	\$ 1,000,000	\$ 409,250	\$ -	\$ 37,500	\$ -	\$ -	\$ 37,500	\$ -	\$ 383,829	\$ 197,725	\$ 186,104	\$ 196,380	\$ 643,395	\$ 625,000		\$ -	\$ 382,500	\$ (18,395)
			\$ 2,645,290	\$ 2,600,000	\$ 818,500	\$ -	\$ 300,000	\$ 85,000	\$ -	\$ 89,063	\$ 104,000	\$ 968,829	\$ 506,175	\$ 462,654	\$ 756,035	\$ 1,301,353	\$ 1,640,000	\$ 1,274	\$ -	\$ 994,500	\$ 338,647
							\$ 1,203,500														
Totals 2019			\$ 3,765,773	\$ 3,600,000	\$ 818,500	\$ 36,000	\$ 300,000		\$ 27,506	\$ 119,824	\$ 174,000	\$ 1,193,829	\$ 627,446	\$ 566,383	\$ 748,241	\$ 1,478,383	\$ 2,415,000	\$ 2,187	\$ 13,500	\$ 1,559,174	\$ 186,123
							\$ 1,367,460														