HFHB
Controller Report to Board of Directors
November 22, 2017

For the period July 1 thru October 31, 2017

Cash Flow

Earlier, we anticipated the potential need to draw on our Line of Credit (LOC) for cash flow in October, primarily due to the delay in home sales. Despite unexpected invoices, we did not need to use our LOC. The LOC has been paid off in full in November. We are updating the CF to reflect coming changes including:

- Timing of home sales, including closing cost disbursements, grant receipts, and AHC imposed late fees;
- Reduced Mortgage Origination and Mortgage Servicing costs;
- Reduced financing cost due to earlier than expected retirement of outstanding LOC; and
- Increase in labor costs for the ReStore, Construction and Family Services programs.

Audit

We received a 'clean' audit opinion. All prior year audit recommendations have been addressed, no significant deficiencies in internal controls were noted, and all current year recommendations were previously identified by the Leadership Team.

Audited net loss for the year July 2016 through June 2017 is $265,328, approx. $38,000 better than budgeted. The significant audit adjustments concerned the timing of the AHC grants.

89.6% of our expenses were used for programing services; 7.3% for administration and the remainder for fundraising.

ReStore Program

As of Oct. 31st net income was $139,892 – Net income for the entire prior year was $109,658. The growth in profitability is expected to slow in the next 4-5 months due to increased utilities and labor costs. We have been successful in achieving general stability and significant improvement; however, we continued to be faced with legacy cultural / behavioral challenges and expect the growing pains are not over.

Construction

We have completed the acquisition of 49 Kilhoffer and 75 Poultney. CIP spend was $54,136 in October; $448,027 for the fiscal year. Construction progress as of October 31st includes

- 320 Florida 100% - moved in Oct. 11th
- 84 Maryland 90% - will be sold in December
- 42 Wende 75%
- 56 Wende 45%
- 461 Busti 40%
- 463 Busti 40%
- 312 Trenton 30%

Procurement

Barry has implemented a Purchase Order as a means of pre-approving expenditures. We are developing processes for Barry to utilize purchase orders to manage costs, as well as a system to capture and report gifts-in-kind. Implementing improvements has been slow; accordingly, construction cost management continues to be challenging.

Development

Fundraising is below YTD expectations. Contributions are down while other areas of Development are doing well. Proceeds from the summer newsletter were less than expected; the Summer Appeal and DIY event have been moderately successful.

Significant receipts in November include $80,000 Hodgson Russ and $10,000 from HSBC; both house sponsors.

Other Matters

- Gerry Murak is working with Matt to access banking opportunities. We are in the early stages of the process.
- Our restructured investment portfolio is resulting in increases in value of our holdings. These are long-term investments.

Habitat for Humanity-Buffalo, Inc.
Balance Sheet
As of October 31, 2017

	Oct 31, 17
ASSETS	
Current Assets	
Checking/Savings	
1000 · KeyBank - Operating *318	20,341
1010 · KeyBank - ReStore North *238	1,929
1011 · Cash on Hand	563
1020 · KeyBank - ReStore South *919	1,663
1025 · KeyBank - Online Giving *072	1,201
1026 · KeyBank - Capacity Bldg *0080	26
1030 · M & T	4,236
1040 · KeyBank - Money Market *858	50,714
1060 · Key Investment Services	7,257
Total Checking/Savings	87,930
Accounts Receivable	
1200 · Accounts Receivable	(9,226)
Total Accounts Receivable	(9,226)
Other Current Assets	
1100 · Marketable Securities	230,916
1150 · Gift Cards	850
1220 · A/R-Affordable Housing Program	121,000
1270 · Prepaid expenses	5,730
1300 · Construction in Progress	1,587,731
1715 · Closing Costs, Refundable	16,225
Total Other Current Assets	1,962,452
Total Current Assets	2,041,156
Fixed Assets	
1401 · 1675 South Park Property	344,942
1430 · Warehouse & Construction Equip	24,047
1440 · Vehicles	54,033
1450 · Office Furniture & Equipment	20,402
Total Fixed Assets	443,424
Other Assets	
1610 · Mortgage Receivable	
1620 · Mortgage Receivable - Additions	511,041
1630 · Mortgages-Amerinational	7,016,233
1640 · Mortgages - In House	110,726
1650 · Unamort Mortgage Disc	(4,655,771)
Total 1610 · Mortgage Receivable	2,982,229
1710 · Other Homeowner Receivables	3,611
1720 · Escrow-AmeriNational	10,530
1740 · Escrow Receivable	493
1800 · Mortgage Costs	5,742
Total Other Assets	3,002,605
TOTAL ASSETS	**5,487,185**

Habitat for Humanity-Buffalo, Inc.

Balance Sheet

As of October 31, 2017

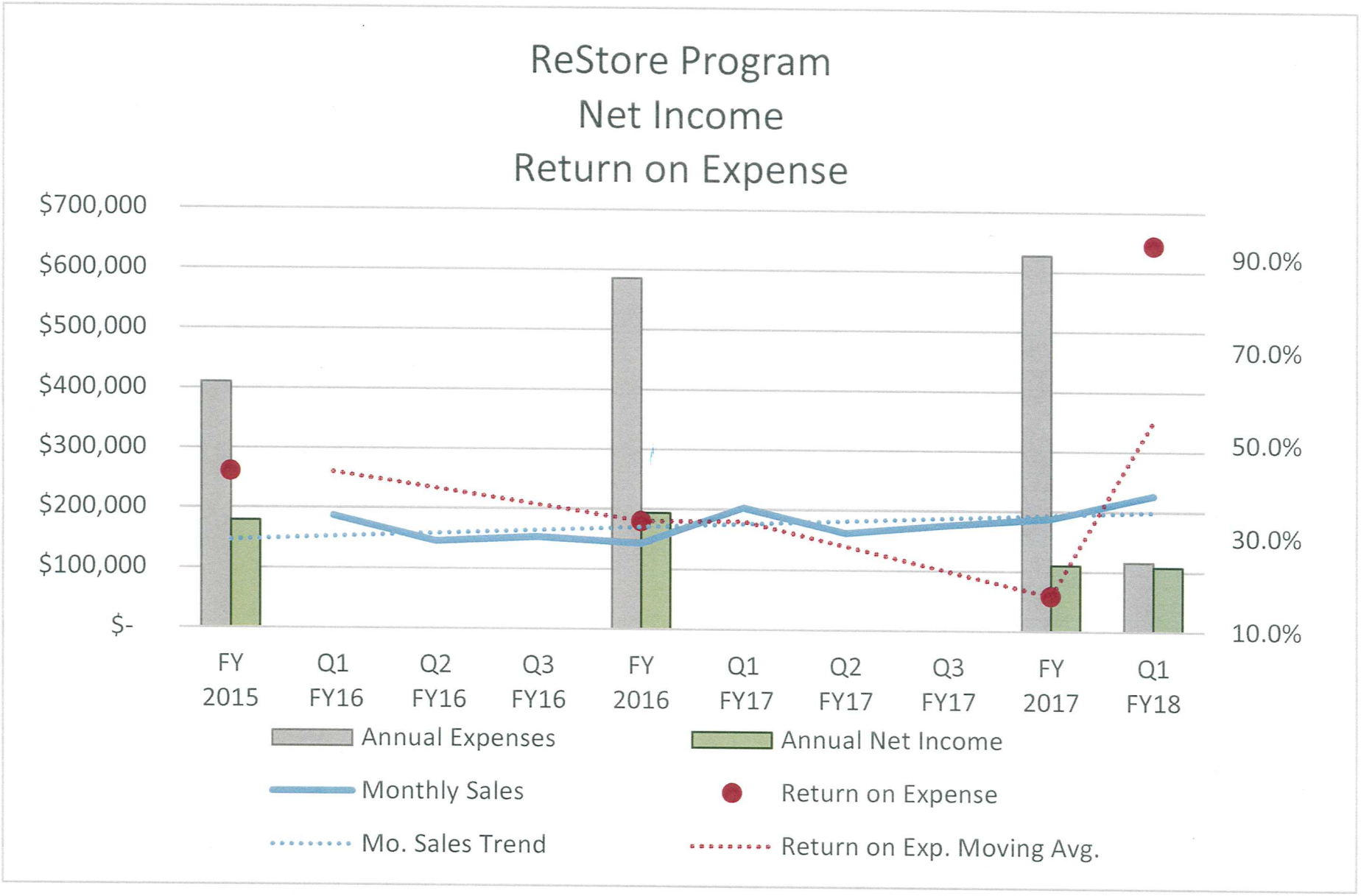
	Oct 31, 17
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	32,424
Credit Cards	11,955
Other Current Liabilities	
2200 · Sales tax payable	11,329
2270 · Key LOC	50,000
2290 · Deferred revenue	675
2300 · Escrow	16,570
2400 · Rent & Down Payments	60,035
Total Other Current Liabilities	138,609
Total Current Liabilities	182,988
Long Term Liabilities	
2500 · Mortgage Payable	233,371
2600 · Note Payable - land	24,728
Total Long Term Liabilities	258,099
Total Liabilities	441,087
Equity	
3010 · Retained Earnings	4,716,633
Net Income	329,463
Total Equity	5,046,096
TOTAL LIABILITIES & EQUITY	**5,487,183**

Habitat for Humanity-Buffalo, Inc.
Profit & Loss Budget vs. Actual
July through October 2017

All Programs	Jul - Oct 17	Budget	(Under) Over Budget	Notes
Ordinary Income/Expense				
Income				
4000S · Grants	42,006	398,848	(356,842)	Budgeted for home sales delayed
4100S · Contributions	189,023	148,368	40,655	
4200S · House Sponsorships	61,506	40,000	21,506	
4300S · Fundraising Activities	311,982	279,950	32,032	ReStore
4500S · Home Sales		932,704	(932,704)	homes to close by 12/15/17
4550S · Other Program Income	20		20	
4900S · Other	30,039	2,884	27,155	Sale of 111 Domedian
Total Income	634,576	1,802,754	(1,168,178)	
Cost of Goods Sold	2,720	3,050	(330)	
Gross Profit	631,856	1,799,704	(1,167,848)	
Expense				
5000S · Direct Construction Costs	13,915	410,505	(396,590)	
6000S · Salary & Wages	203,128	237,097	(33,969)	1 less AmeriCorp volunteer
6100S · Payroll Taxes & Benefits	63,637	58,256	5,381	
6200S · Facilities	40,062	51,091	(11,029)	
6300S · Vehicle Expense	14,735	13,872	863	
6600S · Advertising & Marketing	1,000	3,763	(2,763)	
6700S · Fundraising Expense	3,801	16,500	(12,699)	
6800S · Volunteer Appreciation	1,365	3,572	(2,207)	
6900S · Tithes		15,000	(15,000)	
7000S · Supplies/Equipment	4,279	9,158	(4,879)	
7200S · Depreciation	15,099	17,004	(1,905)	
7300S · Travel & Seminars	3,540	2,668	872	
7400S · Dues, Subscriptions & Publns.	10,045	8,536	1,509	SOSI fee
7500S · Postage	844	1,000	(156)	
7600S · Professional Fees	29,560	117,556	(87,996)	HFH NYS - home closing delay fee
7800S · Interest Expense	8,290	11,548	(3,258)	
8000S · Other Expenses	1,096	876	220	
Total Expense	414,396	978,002	(563,606)	
Net Income	**329,459**	**821,702**	**(492,243)**	

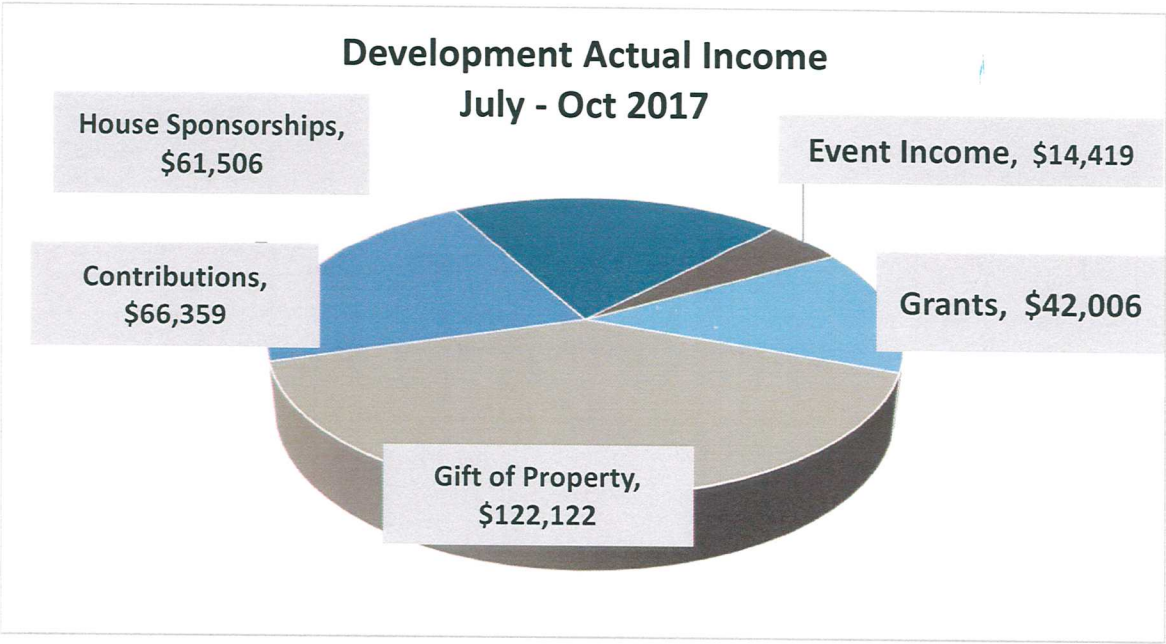
Habitat for Humanity-Buffalo, Inc.
Profit & Loss Budget vs. Actual
July through October 2017

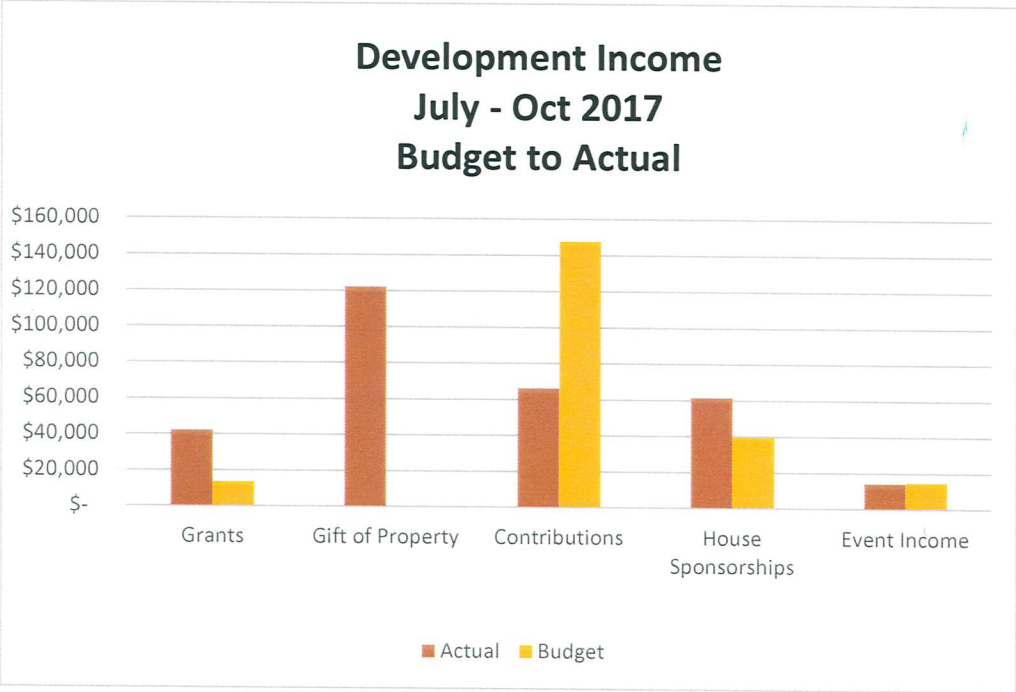
All Programs	Jul - Oct 17	Budget	(Under) Over Budget	Notes
Income adjusted without home sales				
AHC Grants - 7 homes @ $35k ea.		245,000	(245,000)	
Home Sales		(932,704)	932,704	
Adjusted Gross Profit	631,856	1,112,000	(480,144)	
Expenses adjusted without home sales				
Direct Constr. Costs - homes xferred		(399,505)	399,505	
AHC Developer Costs		(77,000)	(77,000)	
Adjusted Expenses	414,396	501,497	(241,101)	
Net Income adjusted without home sales	217,460	610,503	(239,043)	


ReStore Program
Net Income
Return on Expense
$700,000
$600,000
$500,000
$400,000
$300,000
$200,000
$100,000
$-
90.0%
70.0%
50.0%
30.0%
10.0%
FY 2015
Q1 FY16
Q2 FY16
Q3 FY16
FY 2016
Q1 FY17
Q2 FY17
Q3 FY17
FY 2017
Q1 FY18
Annual Expenses
Annual Net Income
Monthly Sales
Return on Expense
Mo. Sales Trend
Return on Exp. Moving Avg.

Habitat for Humanity-Buffalo, Inc.
Profit & Loss Budget vs. Actual
July through October 2017

	RESTORE - NORTH			RESTORE - SOUTH			TOTAL		
	Jul - Oct 17	Budget	$ Over Budget	Jul - Oct 17	Budget	$ Over Budget	Jul - Oct 17	Budget	$ Over Budget
Income									
4100S · Contributions	207		207	335		335	542		542
4300S · Fundraising Activities	147,244	149,203	(1,959)	150,053	115,747	34,306	297,297	264,950	32,347
4900S · Other	(9)		(9)	83		83	74		74
Income	147,442	149,203	(1,761)	150,471	115,747	34,724	297,913	264,950	32,963
Cost of Goods Sold									
6150 · Restore Materials purch to sell	2,720	3,050	(330)				2,720	3,050	(330)
Total COGS	2,720	3,050	(330)				2,720	3,050	(330)
Gross Profit	144,722	146,153	(1,431)	150,471	115,747	34,724	295,193	261,900	33,293
Expense									
6000S · Salary & Wages	50,519	51,360	(841)	31,618	22,400	9,218	82,137	73,760	8,377
6100S · Payroll Taxes & Benefits	15,129	14,344	785	8,056	6,924	1,132	23,185	21,268	1,917
6200S · Facilities	17,775	17,065	710	7,466	9,630	(2,164)	25,241	26,695	(1,454)
6300S · Vehicle Expense	3,581	2,596	985	2,546	3,608	(1,062)	6,127	6,204	(77)
6600S · Advertising & Marketing	450	1,668	(1,218)		1,668	(1,668)	450	3,336	(2,886)
6800S · Volunteer Appreciation	95	452	(357)	138	700	(562)	233	1,152	(919)
7000S · Supplies/Equipment	379	1,065	(686)	338	2,257	(1,919)	717	3,322	(2,605)
7200S · Depreciation	2,426	2,704	(278)	5,814	5,664	150	8,240	8,368	(128)
7300S · Travel & Seminars	144	250	(106)	144	250	(106)	288	500	(212)
7400S · Dues, Subscriptions & Publns.	35	12	23	35	24	11	70	36	34
7500S · Postage		84	(84)		84	(84)		168	(168)
7600S · Professional Fees	1,386	1,608	(222)	780	776	4	2,166	2,384	(218)
7800S · Interest Expense	1,316	1,377	(61)	4,884	4,851	33	6,200	6,228	(28)
8000S · Other Expenses	193		193	54		54	247		247
Total Expense	93,428	94,585	(1,157)	61,873	58,836	3,037	155,301	153,421	1,880
Net Income	**51,294**	**51,568**	**(274)**	**88,598**	**56,911**	**31,687**	**139,892**	**108,479**	**31,413**


Development Actual Income
July - Oct 2017
House Sponsorships, $61,506
Event Income, $14,419
Contributions, $66,359
Grants, $42,006
Gift of Property, $122,122


Development Income
July - Oct 2017
Budget to Actual
$160,000
$140,000
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$-
Grants
Gift of Property
Contributions
House Sponsorships
Event Income
Actual
Budget

Habitat for Humanity-Buffalo, Inc.

Development Income Budget to Actual

July through Oct 2017

	Actual	Budget	Over (Under) Budget	
4000S · Grants				
4002 · Capacity Blg. Grant 2017-2020	17,006	13,848	3,158	
4003 · Grant Income, Other	25,000	-	25,000	Thrivent, Lowes WB, BOA
Total 4000S · Grants	**42,006**	**13,848**	**28,158**	w/o home sale grants
4100S · Contributions				
4010 · Individuals	41,087	55,000	(13,913)	
4011 · Out of Town Groups Income	4,060	4,000	60	
4020 · Businesses	3,541	15,000	(11,459)	
4030 · Churches	2,371	11,000	(8,629)	
4040 · Foundations/Trusts	3,781	42,000	(38,219)	
4050 · Organizations/Schools	251	8,000	(7,749)	
4060 · Misc Cash Donations - HFHI		1,100	(1,100)	
4080 · Contributed Services		6,668	(6,668)	
4085 · Noncash contributions	11,268	1,668	9,600	
4090 · In-Kind Contrib - Warehouse Mat		3,332	(3,332)	
Total 4100S · Contributions	**66,359**	**147,768**	**(81,409)**	
Gift of Properties	**122,122**	**-**	**122,122**	
4200S · House Sponsorships				
4210. · House Sponsors	61,506	40,000	21,506	Travellers, Valu Home Cntr, M&T
Total 4200S · House Sponsorships	**61,506**	**40,000**	**21,506**	
4300S · Fundraising Activities				
4305 · Event Income				
4306 · Fundraising Event Inc 3rd Party	726	-	726	
4305 · Event Income - Other	13,693	15,000	(1,307)	DIY netted $13,500
Total 4305 · Event Income	**14,419**	**15,000**	**(581)**	
Total Development Income	**184,290**	**216,616**	**(32,326)**	