

**David's House: July 2018 - June 2019 Approved Budget
Summary and Functional Expense Forecast**

<u>Income</u>	<u>Total</u>
Annual Campaign Income	250,000
Fundraising Event Income	134,250
Other Income	87,000
Grant Income (for operations)	110,000
Guest Payment Income	<u>20,000</u>
Sub-Total: Operating Income	601,250
Grant Income (for capital projects)	0
Total Income	601,250

<u>Expenses</u>	<u>Program</u>	<u>Fundraising</u>	<u>General/ Admin</u>	<u>Total</u>
Salaries/Wages	218,340	58,563	127,677	404,580
Payroll Taxes	16,707	4,477	9,767	30,950
Benefits	64,557	4,243	31,550	100,350
Property Maintenance	79,870	0	0	79,870
Utilities	44,250	0	0	44,250
Program Supplies	15,160	0	0	15,160
Computer Systems/Technology	7,437	7,438	12,067	26,940
Finance/Banking	0	4,210	18,290	22,500
Insurance	12,410	0	5,260	17,670
Office Supplies/Expense	4,220	1,120	3,810	9,150
Printing	127	7,676	6,538	14,340
Professional Development	1,855	1,810	3,075	6,740
Travel	164	1,148	328	1,640
Promotion	0	920	500	1,420
Events	<u>1,375</u>	<u>21,530</u>	<u>1,375</u>	<u>24,280</u>
Sub-Total: Operating Expenses	467,960	115,006	220,544	803,510
Capital Expenses				36,850
Grand Total: All Expenses				840,360
Net				(239,110)

<u>Key Ratios</u>	
Portfolio Spend Rate to Balance Budget	2.55%
Cost to Raise \$1	\$0.24
Cost Per Bed Night (75% occupancy forecast)	\$85

David's House: FY19 Approved Budget by Line Item				FY19 Bud	
	(FY15-FY17)	FY 18	FY19	Less FY18	
	<u>Average</u>	<u>Forecast</u>	<u>Budget</u>	<u>Forecast</u>	<u>Notes/Narrative Index</u>
<u>Income</u>					
Annual Campaign Donations	237,874	255,977	250,000	(5,977)	pg 1
Grants for Operations	118,167	97,750	110,000	12,250	pg 1
Annual Events	111,320	59,632	67,600	7,968	pg 2
Golf Tournament	35,516	38,648	38,900	252	pg 2
Tribute Gifts	39,767	31,299	35,000	3,701	pg 2
Misc. Events	22,724	10,403	10,000	(403)	pg 3
Holiday Auction	18,261	12,836	15,000	2,164	pg 3
Unrestricted/Misc. Donations	38,898	16,986	20,000	3,014	pg 3
Guest Room Payments	24,691	16,864	20,000	3,136	pg 3
External Fundraising Efforts	29,584	34,922	30,000	(4,922)	pg 4
Sundae at the House Event	1,845	2,516	2,750	234	pg 4
Gift Card Donations	503	1,509	1,500	(9)	pg 5
Souvenir Sales	<u>646</u>	<u>455</u>	<u>500</u>	<u>45</u>	pg 5
Sub-Total: Operating Income	705,028	579,797	601,250	21,453	
Restricted Grant Income for Projects	35,253	0	0	0	pg 5
Planned Giving Income	<u>500</u>	<u>106,137</u>	<u>0</u>	<u>(106,137)</u>	pg 5
Total Income	740,781	579,797	601,250	21,453	
<u>Expenses</u>					
Salaries/Wages	370,831	391,321	404,580	13,259	pgs 5-6
Social Security	21,948	24,262	25,080	818	pg 6
Medicare	5,133	5,674	5,870	196	pg 6
Health Insurance Premium	43,526	58,851	64,670	5,819	pg 6
Health Reimbursement Account	6,637	8,100	8,800	700	pg 6
Retirement	13,923	15,405	19,170	3,765	pg 6
Workers Compensation	4,984	4,843	3,950	(893)	pg 6
Benefits Administration	1,264	1,867	2,000	133	pg 7
Life Insurance	890	976	1,000	24	pg 7
Employment Readiness	394	598	640	42	pg 7
Unemployment	172	129	120	(9)	pg 7
Maintenance	49,980	38,654	43,610	4,956	pg 7
Snow/Ice Removal	7,945	13,843	10,000	(3,843)	pg 7
Insect/Pest Control	5,237	2,790	6,450	3,660	pg 7
Mowing	4,017	4,750	5,000	250	pg 8
Landscaping	2,353	1,885	5,960	4,075	pg 8
Cleaning Service	4,992	6,383	5,120	(1,263)	pg 8
Electricity (Liberty Utilities)	15,969	15,197	15,450	253	pg 8
Fuel Oil/Propane (Dead River)	14,053	9,481	14,090	4,609	pg 8
Sewer (City of Lebanon)	6,263	5,624	5,740	116	pg 8
Water (City of Lebanon)	3,521	3,190	3,250	60	pg 8
Trash Removal (Casella)	3,164	3,662	3,730	68	pg 8
Telephone/Internet (Comcast)	3,169	3,536	3,580	44	pg 8
Cable (Comcast)	1,117	1,340	1,360	20	pg 8
Alarm Monitoring Service	1,190	683	780	97	pg 9
Guest/Facility Related Durables	13,642	7,215	3,960	(3,255)	pg 9
Groceries	5,256	5,131	5,000	(131)	pg 9
Guest/Facility Consumables	4,628	5,006	5,000	(6)	pg 9
Guest Support/Assistance	1,080	1,535	1,200	(335)	pg 9

David's House: FY19 Approved Budget by Line Item					FY19 Bud
	(FY15-FY17)	FY 18	FY19	Less FY18	
	<u>Average</u>	<u>Forecast</u>	<u>Budget</u>	<u>Forecast</u>	<u>Notes/Narrative Index</u>
Volunteer Program	1,548	2,695	1,300	(1,395)	pg 9
Development Software	18,062	22,296	22,310	14	pg 10
Computer Consultant (Mirador)	2,716	2,500	3,630	1,130	pg 10
Computer Hardware/Software	1,570	1,149	1,000	(149)	pg 10
Accounting/Audit	15,130	16,846	17,290	444	pg 10
Bank Fees (credit card donations)	5,497	3,956	4,210	254	pg 10
Legal Fees	1,174	1,134	1,000	(134)	pg 11
Liability Insurance	7,581	8,134	8,360	226	pg 11
Directors and Officers Insurance	4,965	5,240	5,260	20	pg 11
Umbrella Insurance	3,250	3,250	4,050	800	pg 11
Office Supplies	2,709	1,955	2,500	545	pg 11
Office Equipment Lease	0	442	460	18	pg 11
Copier Maintenance	1,185	1,346	1,500	154	pg 11
Dues/Subscriptions	1,069	3,058	3,190	132	pg 11
Staff Recruitment	1,615	1,285	1,500	215	pg 12
Postage	2,575	2,173	2,370	197	pg 12
Newsletter	13,679	10,714	11,810	1,096	pg 12
Printing	1,733	2,394	2,530	136	pg 12
Board/Governance Expense	2,176	1,123	1,000	(123)	pg 12
Staff Development	3,267	1,550	3,500	1,950	pg 13
Memberships	2,104	2,043	2,240	197	pg 13
Mileage/Travel	1,332	321	1,640	1,319	pg 13
Vehicle Insurance	1,731	1,850	0	(1,850)	pg 13
Vehicle Fuel	550	378	0	(378)	pg 13
Vehicle Repairs	532	1,304	0	(1,304)	pg 13
Vehicle Registration	227	184	0	(184)	pg 13
Public Relations	3,217	377	500	123	pg 13
Cost of Souvenirs Sold	548	412	420	8	pg 14
Golf Tournament	13,837	13,578	13,680	102	pg 2
Fundraising Event Costs	6,035	3,959	6,000	2,041	pg 14
Holiday Auction	1,971	901	1,850	949	pg 3
Sundae at the House	1,761	2,236	2,750	514	pg 4
Donor Appreciation	<u>1,621</u>	<u>326</u>	<u>500</u>	<u>174</u>	pg 14
Total Operating Expenses	746,649	763,040	803,510	40,470	
Capital Expenses	<u>77,632</u>	<u>21,021</u>	<u>36,850</u>	<u>15,829</u>	see Capital Budget schedule
Total Expenses	824,281	784,061	840,360	56,299	
Total Net Gain/(Loss)	(83,500)	(204,264)	(239,110)	(34,846)	2.55% spend rate
		oper net	(202,260)		
		cap net	(36,850)		
			(239,110)		

David's House Budget Narrative: July 2018 – June 2019

(▲ increased compared to FY18 budget ▼ decreased compared to FY18 budget ● no change)

REVENUE

Annual Donations \$250,000 ▲ – This revenue category is the foundation of our fundraising plan as it accounts for about 43% of our operating income and is the product of cultivating relationships with donors. Strategies that contribute to this revenue include;

- **Major Gifts (\$60,000)** – For budgeting and strategic planning purposes, a major donor is defined as an individual, foundation or business that gives \$5,000 annually. In FY18 we had 3 donors that met this criteria. Major donors receive a personal message of appreciation from the Board of Directors and/or Executive Director each year.
- **Annual Donors (\$60,000)** – This support comes from donors who have a consistent history of supporting David's House (at least 3 years) but their giving is not necessarily tied to a specific appeal. Examples include;
 - * Board support (100% philanthropic participation required)
 - * Civic group support (Rotary Groups, Elks, etc)
 - * Stock gifts (wired to a designated gift account at Ledyard and sold upon receipt)
 - * Annual distributions based on funds on deposit with the New Hampshire and Vermont Charitable Foundations
- **Annual Campaign Letters (\$60,000)** – About 1,500 letters, personally signed by members of the Board of Directors and Staff, will be mailed in November/December. Follow up letters (about 600) will be distributed in the spring to donors who have either not responded to our initial letter or who typically give during that part of the year.
- **Payroll Deduction Programs (\$40,000)** – David's House is a beneficiary of about 20 payroll deduction giving/3rd party pass through efforts. Examples include United Way Campaigns, Combined Federal Campaigns and Employer Giving Match Programs. Whenever possible, staff will attend events to share information about David's House.
- **Newsletters (\$30,000)** – Bi-annual newsletters (fall and spring) are printed and mailed to about 5,250 donors, guests and volunteers annually. Another 750 copies are printed to have on hand at events and in the House. Each newsletter contains a donation envelope. An electronic version of the newsletter will be sent to about 1,000 recipients in the fall and spring which will provide a link to the donation page on our web site.

Unrestricted Grants/Foundations \$110,000 ▲ – Grant support is a carefully targeted strategy given time required to prepare applications, manage reporting requirements, financial statement disclosures and adherence to funder requirements/restrictions. Anticipated sources, application due date and funding levels are listed in the chart below.

Funding Source	Due	Amt		Funding Source	Due	Amt
Salmon Foundation	02/15/19	25,000		Wal-Mart Foundation	opens 2/1/19	10,000
Yawkey Foundation	03/01/19	25,000		Hawkridge Foundation	opens 9/1/18	5,000
Hope Foundation	in yr 3/3	12,000		Speedway Child. Charity	08/31/18	5,000
New Opportunities	TBD	10,000		Joey Logano Foundation	03/31/19	5,000
Dwinell Foundation	08/15/18	10,000		Boston Bruins Found.	03/31/19	3,000

Annual Events \$67,600 ▼ – Please see the Annual Events Detail schedule for an itemized forecast. We classify events as “annual event income” once they reach their 3rd consecutive year of occurrence which also elevates our level of confidence in this category’s forecast. Annual Events are primarily organized and underwritten by donors with David’s House providing varying degrees of operational support.

Golf Tournament \$38,900 ▼ – We are actively planning this event scheduled for 9/17/18 at Eastman who generously waive their course fees, a \$4,000 value. A max of 32 four player teams can enter this event. Here is an itemization of financial activity forecasted this year.

<u>Income</u>	
Sponsorships	21,400 (10 levels, 9 include team entry)
Registrations	10,200 (\$600 per team x 17 teams, 75% capacity)
Mulligans/Contests	3,300
In-Kind	<u>4,000</u> (course fees)
Total Income	38,900
 <u>Expenses</u>	
Food	4,680 (Bistro Nouveau: \$36/person x 130 people)
Gifts	2,600 (\$25/player: David’s House hat & portable charger)
Golf Balls/Carts	1,650
Misc.	750 (tee signs, prizes, promotion)
In-Kind	<u>4,000</u> (course fees)
Total Expense	13,680
 Net	 25,220

The direct cost to raise \$1 for this event is .54. The Association of Fundraising Professional’s standard for special events is .50.

Tribute Gifts \$35,000 ● – This item represents 3 primary methods of tribute giving;

- Memorial gifts honoring lost family and friends (65%): In FY18, 58 memorial tributees were identified by donors making this type of donation. While the majority of tributees have an identifiable relationship with David’s House, the majority of donors do not making this giving method an effective planned giving and outreach opportunity.
- Honor gifts made in recognition of people, events and accomplishments (30%): In FY18, 52 unique honor tributees were identified by donors making this type donation.
- Donations made by friends and family members of guests staying at the House (5%): Donors typically make this type of donation so their loved ones will not feel any added stress from a sense of obligation to “pay” for services received. In FY18, 6 unique guests were identified by donors making this type of donation.

Misc. Events \$10,000 ▼ – First and second year events are classified by this category. These events are organized by external entities with varying degrees of support from staff including best practice guidance, informational materials, volunteer recruitment, attendance and limited cost promotion (web site, social media, newsletter). David’s House has an event/approval process to ensure that proposed events do not conflict with other activities or relationships and do not present an image/perception threat to the organization.

Holiday Auction/Year End Event \$15,000 ▼ – We anticipate this event will again take place in early December 2018.

<u>Income</u>	
On Line Auction Sales	15,000 (175-200 items auctioned online)
<u>Expenses</u>	
Auction Service (Auction Frogs)	700
Promotion	500 (mailings, auction catalog, flyers, Facebook)
Auction Bad Debt	150 (1% of winning bids)
Supplies/Other	<u>500</u>
Total Expenses	1,850
Net	13,150

The direct cost to raise \$1 for this event is .14.

Unrestricted/Misc. Donations \$20,000 ▼ – This item represents gifts/donations received that cannot be tied to a specific appeal or event and are generally from new or unidentified donors. Diversified outreach efforts and reputation preservation are key factors that influence this category.

Guest Room Payments \$20,000 ▼ – The suggested donation for a night’s stay at David’s House is \$20. It is our philosophy to provide our services at no fixed charge and will be respectful in the methods we use to inform our guests of ways they can support the House. Donation envelopes are available in guest rooms and there is a slot in the Executive Director’s office door so guests can contribute in a confidential manner. We estimate that about half of our guests make a donation during their stay or upon checking out.

External Fundraising Effort \$30,000 ▲ - This revenue category represents income generally received from ongoing efforts and activities that generate charitable support, as opposed to event income where benefits are received for contributions made. A breakdown of specific activities forecasted include;

USA Gymnastics Effort	10,000 (Regional Gym Collections/Exhibitions)
Facebook Birthday Tributes	5,000 (Members designate charity for birthday tributes)
Car Nutz	3,000 (Newport, NH Classic Car Club Activities)
Penny Campaign	3,000 (OLMM Parish, Hampton NH)
NH Gives Effort	1,000 (Statewide 24hr Non-Profit Promotion Campaign in June)
King of Pubs	1,000 (NH/VT Billiards League Collection)
Liberty Utilities	1,000 (Employee Collection)
Holiday Ornaments	1,000 (Production underwritten by Great Eastern Radio in FY18)
Casual Dress Days	1,000 (3 organizations designated us as recipients in FY18)
Planet Aid	1,000 (Donated Textiles Converted to Cash)
Can Tabs	1,000 (Donated Can Tabs Converted to Cash)
Other	2,000 (Coin canisters, Amazon Smile, Other)

Sundae at the House \$2,750 ▲ – The 10th annual Sundae at the House event is scheduled for 7/22/18. There are 2 primary purposes of this event;

1. Promote awareness of David’s House within our local community
2. Provide a meaningful experience for current and former guests

Several vendors are invited to provide activities for participants to enjoy but are not permitted to charge a fee or request a donation on our behalf. We expect to have about 25 vendors on hand including Mascoma Savings Bank, Price Chopper, Home Depot, City of Lebanon Emergency Services and other businesses, clubs and civic groups. Wally, the mascot of the Boston Red Sox will be at this year’s event to help celebrate the event’s 10th anniversary. Tours of David’s House will be given by Board Members and Great Eastern Radio is scheduled to do a live broadcast from the event.

Income

Sponsorships	1,700
Entrance Fee	300 (suggested donation - \$5/car)
Donation Cans	250
In-Kind	500 (ice, water, port-a-potties)
Total	2,750

Expenses

Invitations	1,250 (production/mailing to former guests)
Tent Rental	500 (Undercover Tents is preferred vendor)
Supplies	500 (helium tank, signs, etc.)
In-Kind	500 (ice, water, porta potties)
Total Expenses	2,750
Net Gain/(Investment)	0

Gift Card Income \$1,500 ▲ – David’s House receives several gift cards from donors each year. In FY18 we received 51 gift cards with a total cash value of \$1,353 for businesses such as Wal-Mart, Hannaford and Price Chopper. Gift cards are cash equivalents and will be treated as such from a controls, tracking and reporting perspective.

Souvenir Sales \$500 ▼ - We net about \$.15 for every \$1 worth of items sold and no longer consider this activity to be a viable fundraising activity. We do consider this strategy to have marketing/PR value however and will continue to have items available to sell at events but will carry a smaller, more universal style line (i.e. hats, cookbooks, pins vs apparel).

Restricted Grants for Capital Projects \$0 ▼ – Our forecast for capital investment in FY19 is \$36,850 which is 42% lower than our 4 year average of \$63,479. Given this lighter schedule in FY19, our plan is to fund these outlays with operating income and investment reserves and reserve capital funding asks for larger future projects.

Planned Giving Income \$0 ● – Our most common type of planned giving are bequest gifts and endowment restricted gifts. Over the past 11 years, David’s House has received 30 such gifts totaling \$710,763. Planned giving gifts are placed on deposit with our Investment Managers and the income generated is built into our operating budget as an approved portfolio spend rate which is governed by our Endowment Guidelines Policy, Investment Policy and Board action. Although these gifts are far too unpredictable to build into our operating budget, here are some of the steps we take to promote this giving opportunity.

- Information is made available on our web site - <https://www.davids-house.org/legacy>
- We publish information about planned giving in each issue of our bi-annual newsletter
- We maintain a professional membership with the NH/VT Council of Charitable Gift Planners
- We have a strong Investment Policy/Monitoring System that is designed to safeguard our assets for the purpose of supporting our mission long term

As of 5/31/18, we have 3 planned giving pledges on file with an estimated value of \$277,500.

EXPENSES

Salaries/Wages \$404,580 ▲ – Our current staffing pattern includes 6 full time (40 hours per week) staff and 2 part time staff.

Executive Director	(1 FTE)
House Manager	(1 FTE)
Finance Director	(1 FTE)
Development Associate	(1 FTE)
Volunteer Manager	(1 FTE)
Housekeeper	(1 FTE)
Resident Manager *	(1 PTE, 21 hours/week avg)
Resident Manager *	(1 PTE, 29 hours/week avg)

A salary/wage study update in the spring of 2018. The next update to the study is scheduled for spring 2020. A 3.5% merit increase guideline is forecasted for FY19.

* Compensation package includes the value of live-in apartment provided to each Resident Manager. The apartments were independently valued at \$1,100 - \$1,300 per month by the Upper Valley Housing Coalition in February 2016. Resident Managers are paid traditional payroll wages for additional hours not compensated by the low end of this apartment range value. About 100 hours of service are required in aggregate for apartment accommodation compensation.

Social Security \$25,080 ▲ – This portion of FICA employer tax is 6.2% of gross salaries and wages. All payroll taxes are remitted within 3 business days of each pay date using the Electronic Federal Tax Payment System.

Medicare \$5,870 ▲ – This portion of FICA employer tax is 1.45% of gross salaries and wages.

Health Insurance \$64,670 ▲ – Health insurance is a benefit offered to full time staff, Resident Managers and part time staff regularly scheduled to work 30 hours or more per week. In FY19, all 8 staff positions at David’s House will be eligible for this benefit. Staff have the choice of electing an individual, self and spouse, self and children or family plan through Harvard Pilgrim (brokered by New England Employee Benefits Co.) David’s House pays 80% of the premium and our plan year runs December – November. The forecast for this item includes a 10% premium increase upon our 12/1/18 renewal. David’s House offers staff a \$1,300 (paid on a pro-rated basis) opt-out incentive to staff who obtain their health insurance through an alternate source. This initiative saves David’s House anywhere from \$3,385 to \$13,950 annually, depending on the plan that would have otherwise been selected. For FY19 we are forecasting that 6 staff will elect our health coverage and 2 will elect the opt out benefit.

Health Reimbursement Account (HRA) \$8,800 ▲ – This benefit reimburses covered individuals for deductible costs up to \$4,000 after each person pays the first \$1,000. Currently, the maximum cost exposure to David’s House is \$44,000. We only realize this expense if staff, or their covered dependents, incur deductible costs. Since implementing this benefit in FY2011 our HRA expense experience rating has been about 20% (of max exposure).

Retirement \$19,170 ▲ – David’s House contributes 5% of staff’s gross wages/salary to their 403b retirement account once they reach their 2 year anniversary. In FY19, 7 of 8 staff members will be eligible for this benefit.

Workers Comp \$3,950 ▼ – Staff are assessed at either a “clerical” or “motel” rate. Total cost is forecasted based on projected salaries/wages of staff assigned to each category. A breakdown of how this line item is forecasted follows.

Clerical Staff Estimate	465 (\$273,715 wages @ .17 per \$100)
Motel Staff Estimate	4,344 (\$130,865 wages @ 3.32 per \$100)
Experience Mod Credit	(1,191) (Only 1 claim filed in last 10 years)
Uninsured Subcontractors	332 (\$10,000 in estimated payments @ 3.32 per \$100)

Benefits Administration \$2,000 ● – Here is an itemization of costs in this line item.

Flexible Spending Account (FSA) Annual Compliance	775
Flexible Spending Account (FSA) Administration Fees	400
Health Reimbursement Account (HRA) Annual Compliance	450
Health Reimbursement Account (HRA) Administration Fees	360
PCORI Annual Return Fee (Affordable Care Act Initiative)	15

All staff are eligible to participate in our FSA plan. Group Dynamic administers this benefit.

Life Insurance \$1,000 ▼ – The benefit is \$50,000 for full time staff and \$25,000 for part time staff. Morgan White is our carrier for this benefit.

Employment Readiness \$640 ▲ – Costs included in this category are pre-employment criminal background screenings (\$10/per check), physicals (\$105/person), drug screening (\$55/person) and vaccinations for Hepatitis B (\$300/person, if needed). Although we anticipate being fully staffed by the start of the FY19 budget year, a contingency of 2 new hires is being programmed into this budget.

Unemployment \$120 ▼ – Our current rate has been assessed at .1% of the first \$14,000 earned by each employee. We receive a Tax Rate Determination letter from New Hampshire Employment Security each year in late August which is retroactive to July 1.

Maintenance \$43,610 ▼ – See the House Maintenance Detail schedule for itemized costs forecasted. About 80% of costs in this line item are sub-contracted labor/services. We request certificates of insurance from all of our sub-contractors and furnish/file proper tax forms (form 1099) as required. A non-capital replacement schedule is maintained by the Finance Director and reviewed with the Facility Director when developing the budget.

Snow Removal \$10,000 ▲ – We use Dartmouth Lawncare for this service. Our contracted rates for services are \$85 per plow, \$85 per salt and \$50 per shovel/snow blow as needed.

Insect/Pest Control \$6,450 ● – David’s House contracts with JP Pest Services for this service. Specific services/treatments include;

Rodent Treatment	\$2,080
Ant Treatment	400
Fly Treatment	970
Bed Bug Treatment	3,000 (2 treatments)

All of these services are fixed annual cost services with the exception of bed bug treatments. While expensive and unpredictable, bed bug treatments must be scheduled as needed to preserve our reputation for comfort and cleanliness.

Mowing \$5,000 ● – Landworks Landscaping is the vendor we use for mowing service. Our mowing budget is based on 20 mows @ \$250/mow. Service is provided as needed.

Landscaping \$5,960 ▲ – Here is an itemization of costs included in this expense category.

Spring & Fall Clean Up (Landworks Landscaping)	1,160
Bark Mulch (for trees/plants)	675
Rubber Mulch (for playground)	675
Tree Pruning (Bartlett Tree Experts)	3,450

Cleaning Service \$5,120 ▲ – 20 days worth of contracted cleaning service is budgeted as a contingency for situations when additional support is needed, particularly during scheduled vacations and unexpected absences.

Electricity \$15,450 ▼ – Our supplier is Liberty Utilities. Our electric consumption is down 7% compared to the prior year. This decrease in demand is consistent with our decrease in occupancy (67% in FY18 through May vs 75% in FY17). Our overall billing rate actually increased by 21% however. Our FY19 budget forecast is based on a 3 year consumption average (110,368 KW) at our current billing rate (.14/KW).

Fuel Oil/Propane \$14,090 ▲ – Our main source of heat is fuel oil which has been provided by Dead River Company for the past 7 years. Although we have not secured fixed pricing as of 5/15/18, we have been quoted a price of \$2.55/gallon which is 41% higher than our 2017-18 rate. Our consumption forecast below is based on 3 year averages.

Heating Oil for House	\$13,375	5,350 gallons @ \$2.50/gal
Heating Oil for Generator	185	75 gallons @ \$2.50/gal
Propane (fire place)	530	200 gallons @ \$2.65/gal

Sewer \$5,740 ▼ – We are billed quarterly by the City of Lebanon. A 2% increase over FY2018 usage is forecasted.

Water \$3,250 ▼ – We are billed quarterly by the City of Lebanon. A 2% increase over FY2018 usage is forecasted.

Trash/Recycling Removal \$3,730 ▲ – David’s House uses Casella Waste Management services for trash/recycling pickup. Recycling is picked up weekly and trash is picked up bi-weekly.

Telephone \$3,580 ▲ – Comcast is our provider for local calling, long distance calling and Internet service. Our phone service includes 3 lines for incoming calls, a dedicated fax line and a dedicated elevator phone line. Our rates are fixed through January 2020.

Cable \$1,360 ▲ – Our monthly service from Comcast is about \$113 per month for a Digital Starter package with 4 outlet access (main level, lower level, Resident Manager apartments).

Alarm Monitoring Service \$780 ▼ – David’s House contracts with Tasco Security for panic and water level alarm monitoring. The annual monitoring agreement is \$530. An additional \$250 is budgeted as a contingency for unplanned maintenance trips. David’s House has 7 panic alarm buttons located strategically throughout the House (2 lower level, 4 main level, 1 upper level) that will alert Tasco Security if engaged.

Guest/Facility Durables \$3,960 ▲ – This line item represents items that generally have a useful life of 1 year or more and are primarily purchased for guest usage. Examples included bedding, linens and alarm clocks. In addition to our estimate for routine purchases, we are adding \$660 to the budget for new guest room furniture for Lion room and \$1,300 to purchase another mechanized bed for guests who have mobility challenges.

Groceries \$5,000 ● – This line item represents the cost of food purchased for the kitchen pantry for David’s House guests. We also have resumed reimbursing Volunteer Cooks upon request for food items purchased for meal preparation. We publish a “Grocery List” on our web site and receive several donations from various groups/individuals who do food drives for us.

Guest/Facility Consumables \$5,000 ● – Included in this category are items that are routinely replaced several times during the year. Examples included laundry detergent, paper cups, paper towels, toilet paper, coffee filters and cleaning solutions. We have had varying degrees of success over the years obtaining these items as donations through our published grocery list. A rough breakdown of items charged to this line item follows.

Paper Products	1,725
Cleaning Supplies	1,280
Health/Beauty Supplies	1,170
Laundry Supplies	575
Kitchen Related Supplies	250

Guest Support \$1,200 ▲ – Here are the specific items charged to this line item.

Memorial Event (September 2018)	650 (refreshments, tent rental, seedlings)
Hotel Stays for Guest Overflow	450 (\$90 x 5 nights)
David’s House Souvenir Write Offs	100 (items given to guests)

Volunteer Program \$1,300 ▼ – Costs forecasted in this plan include;

Volunteer Appreciation Week Event/Other	500
Supplies (name tags, desk/project supplies)	250
Training (Bi-annual procedures/CPR)	250
Background Checks (20 new volunteers)	150
Volunteer Recognition Moments (retirement, milestones)	150

Development Software \$22,310 ▲ – David’s House primarily uses the web based program Raiser’s Edge which has been developed by Blackbaud to manage donor/volunteer records. In December 2015 we began the process of converting to Blackbaud’s newest cloud based platform called Raiser’s Edge NXT. Our current pricing structure is fixed through 12/31/18. We also have an annual subscription to GiveGab to manage our “crowdfunding” events such as Covered Bridges Half Marathon and Tristin’s Run. Here is a breakdown of costs in this line item.

Blackbaud: NXT Platform (donor database management)	10,190
Blackbaud: Wordpress Subscription (web site management)	5,600
Blackbaud: Events Management Module Add-On	4,080
Blackbaud: Phone Support Bundle	2,040
GiveGab: Crowdfunding Platform Access	400

Computer/Telephone Consultants \$3,630 ▲ – Schyler Jones, Founder of Mirador IT Services, is our primary vendor for IT Support. Key Communications is our vendor for phone system/voice mail support. Specific services for FY19 include;

Computer Site Visits/Phone Support (20 hours @ \$90/hr)	1,800
Remote Monitoring Agreement/Anti-Virus Updates	1,430
Telephone System Site Visits (5 hours @ \$80/hr)	<u>400</u>
Total	3,630

Computer Hardware/Software \$1,000 ▼ – The primary items included in this category in are peripherals, software or other computer related components as needed.

Accounting/Audit \$17,290 ▼ – Included is the cost of our annual audit and IRS Form 990 preparation (\$15,200), IRS Form 5500 preparation (\$1,590) and general consultation (\$500). We have solicited bids for audit services twice in the past 10 years, the most recent being Spring of 2015.

Bank Fees \$4,210 ▼ – This item represents fees associated with credit card donation processing. Our average cost for processing fees is about 5%. About 13% of our total support comes to us via the following credit card processing options.

Donation Form on Web Site	7%
Give Gab (Crowd Funding Platform: CBHM, NH Gives, Tristin’s Run)	2%
Holiday Auction Payment Processing (Ready-Pay-Go)	2%
Terminal Swipes (on and off site capacity)	2%

Our FY19 budget forecast is based on the following assumptions;

Total Revenue \$601,250 x 13% credit card option experience x 1% anticipated growth x 5% processing expense rate.

We complete Payment Card Industry (PCI) compliance questionnaires annually for terminal processing.

Legal Fees \$1,000 ▼ – Operating a facility/program that is never closed creates the need to continuously strengthen our operational and management systems to mitigate risk. This line item represents general legal guidance/support solicited by management staff or the Board to achieve that objective. Our liability coverage would support substantial legal/defense fees if a claim were to arise.

Liability Insurance \$8,360 ▲ – Included in this line are property, general liability, abuse and molestation, event liquor liability, volunteer accident and cyber liability coverage. Kinney Pike is the agent who places our coverages with various underwriters. A 5% increase is estimated, primarily to account for the standard 4% annual appreciation of the stated replacement value of our facility, garage, generator and contents which is currently valued at \$4,881,299.

Directors and Officers Insurance \$5,260 ● – This policy provides \$5 million worth of Directors and Officers (D&O) and Employment Practices liability coverage. We have renewed our coverage for another 3 year term with Mount Vernon Insurance Company (A++ rating) beginning in FY19. Our Insurance agent, Kinney Pike, shops our various coverages around every year and provides us with a “marketing recap”.

Umbrella Insurance \$4,050 ▲ – This item represents our umbrella policy which renews annually on July 1. We are adding \$1 million of coverage this year to give us \$5 million worth of extended coverage over our general liability policy. Hanover Insurance is our underwriter.

Office Supplies \$2,500 ▼ – Office supplies are primarily purchased through the Staples Rewards program.

Equipment Lease \$460 (NEW) – We are leasing a postage meter from Pitney Bowes. We have entered into a 2 year agreement which goes through October 2018.

Copier Maintenance \$1,500 ● – This item represents our copier maintenance agreement with New London Copier Service to service 2 copiers. Our maintenance agreement cost is .01 per black/white copy and .06 per color copy which covers toner, waste tanks and routine maintenance.

Dues/Subscriptions/Leases \$3,190 ▼ – Here are the items included in this line item and primary functional benefit (admin/program/fundraising).

Guest Registration Program (<i>Hospitality Housekeeper</i>)	2,400 (program)
Fundraising Application/Registration Fees (CFC & NH Gives)	370 (fundraising)
Valley News (1 year subscription)	240 (program)
Fire Permit – tent setup @ events	80 (program)
State of NH Annual Report Filing	75 (admin)
Domain Registration - davids-house.org	25 (admin)

Staff Recruitment \$1,500 ● – We expect to be fully staffed by the start of the 2019 fiscal year. A 4 year average provides the basis for this budgeted contingency should we need to recruit for any unplanned vacancies during the coming year. Our primary sources for recruitment in recent history have been Indeed, the NH Center for Non Profits and the Valley News (depending on the position we are recruiting for).

Postage \$2,370 ▼ – An estimated breakdown of our postage expense by function follows;

Fundraising	1,800 (Annual Appeal, Event Notices, Donor Acknowledgement)
General/Admin	360 (Vendor Payments, Regulatory Mailings)
Program	210 (Guest Mail Forwarding, Return Items)

By metering the majority of our mail, we save 4% on first class letter rates.

Newsletter \$11,810 ▲ – David’s House produces corporate newsletters bi-annually. Our production distribution plan for FY19 is as follows.

Fall Edition (late September)

- 3,000 copies printed and mailed
- 250 copies printed and distributed at the House and/or at outreach events

Spring Edition (late March)

- 3,000 copies printed and mailed
- 500 copies printed and distributed at the House and/or at outreach events

The cost to design, print and distribute our newsletter is about \$1.75 per copy. We also distribute our newsletter to over 1,000 people electronically.

Printing \$2,530 ▲ - Following are the specific items included in this category.

Business Envelopes	760
Address Labels	690
Letterhead	580
Donation Envelopes	300
Guest Room Payment Envelopes	100
Business Cards/Other	100

Board/Governance Expense \$1,000 ▼ – This line item includes funds earmarked for the following Board activities/initiatives.

Meeting Expense (Refreshments/Conference Call)	490 (\$70/mtg x 7 mtgs)
Board Member Conference/Workshop Expense	300
Committees Expense (Conference, Resources)	210 (\$30/mtg x 7 mtgs)

Staff Development \$3,500 ● – This cost represents seminar, training, travel and/or consultant fees associated with staff growth opportunities. Here is a breakdown of anticipated costs in FY19.

- Healthcare Hospitality Network Conference 10/18: Jaye Olmstead 1,790
- Leadership Upper Valley: Jill Ross (1,425 tuition less 500 scholarship) 925
- Other (Compliance, Safety, Fundraising etc) 785

Memberships \$2,240 ▲ – This expense category includes annual membership fees to professional, industry and local organizations. Anticipated memberships this coming year include;

NH Center for Non Profits	570 (admin)
Healthcare Hospitality Network	510 (program)
Association of Fundraising Professionals	290 (fundraising)
Hanover Chamber of Commerce	190 (admin)
Lebanon Chamber of Commerce	145 (admin)
Annual CFC Listing Fee	125 (fundraising)
Grant Station	125 (fundraising)
NH/VT Council of Charitable Gift Planners	100 (fundraising)
Amazon Prime (supply ordering)	100 (program)
BJs Wholesale Club (2 staff members)	50 (program)
NH Association of Volunteer Administrators	35 (program)

Mileage/Travel \$1,640 ▲ – David’s House reimburses staff who use their own vehicle for business related travel at the standard rate established by the Internal Revenue Service. Currently that rate is .545/mile. Staff are encouraged to use the David’s House van whenever possible to capitalize on the fixed costs incurred by having it. An estimated breakdown of this cost by function follows. It is estimated that David’s House staff travel about 3,000 miles per year for company business. At this level, it is more cost effective to reimburse staff for mileage traveled than maintain a company vehicle. We are therefore recommending we dispose of our 2011 Dodge Caravan which will impact the following 4 line items.

Vehicle Insurance \$0 ▼ – Reflects vehicle disposal.

Vehicle Fuel \$0 ▼ - Reflects vehicle disposal.

Vehicle Repairs \$0 ▼ - Reflects vehicle disposal.

Vehicle Registration \$0 ▼ - Reflects vehicle disposal.

Public Relations/Marketing \$500 ▼ – Souvenir give-aways (write offs) and other promotional opportunities are the specific items included in this category. We will continue to capitalize on our social media platform(s) which is a low cost/high impact method of increasing visibility.

Cost of Souvenirs Sold \$420 ▼ – Generally, items with our logo used to raise funds at various events are marked up 15%. As of 4/30/18, the value of souvenir inventory on hand is \$5,419.

Fundraising Event Expense \$6,000 ▲ – Here is a breakdown of specific costs in this category.

CBHM Registration Fees	4,750 (50 participants @ \$95)
CBHM Other (gifts/promotion)	1,000
Other Event Expense	250

Donor Appreciation \$500 ▼ – Here is a breakdown of specific costs in this category.

Donor Appreciation Gift	250 (typically David's House souvenir)
Donor Meetings	250 (travel, lunch/coffee w/ donor)

David's House

Approved Capital Budget: 7/18 - 6/19

<u>Items on Replacement Schedule (FY19)</u>	<u>Date Acquired</u>	<u>Original Cost</u>	<u>Replacement Cost (FY19)</u>	<u>Action/Notes</u>
Keyless Entry System	04/29/06	\$38,112	\$0	project on hold - revisit in FY20
Exterior Painting - Trim	09/30/07	\$4,865	\$0	pass - revisit in FY20
Emergency Lights - Convert to LED	6/94	unknown	\$0	remove from list, replace as needed
Exterior Doors	6/94	unknown	\$0	remove from list, replace as needed
Computer: Dell 790 Optiplex (Facility Dir)	01/31/08	\$967	\$1,000	replace in FY19
Outdoor Tables & Chairs for Events	06/30/07	\$3,700	\$0	pass - revisit in FY20
Bathroom Fixtures - Apartments	6/94	unknown	\$9,100	replace in FY19
Sidewalk Reconstruction	6/94	unknown	\$6,750	
<u>Items on Replacement Schedule (FY20)</u>				
Keyless Entry System	4/30/2010	\$42,685	\$0	Revisit in FY20
Exterior White Trim Painting	10/1/2011	\$4,865	\$15,000	Add in addition, Rot/Damage Allowance
Phone System	3/24/2011	\$6,849	\$0	Revisit in FY20
Water Heaters	1/31/2001	\$5,355	\$0	Revisit in FY20
Playground	8/31/1997	\$22,453	\$0	Revisit in FY22
Kitchen Cabinets	6/94	unknown	\$0	Revisit in FY22
<u>New Capital Items</u>				
Fencing			\$5,000	Fence off 3 A/C mechanical areas
Total FY18 Capital Budget			\$36,850	

Schedule Change From First Draft of FY19 Budget

David's House					
FY19 Maintenance Detail Schedule					
		FY18	FY19	FY19 Budget	
		Forecast	Budget	Over/(Under)	
Description	Primary Vendor(s)			Forecast	FY19 Budget Notes
Window Cleaning/Repairs	Aslan	0	2,500	2,500	1,500 for windows 1,000 for gazebo screen repairs
Sprinkler Systems	Hampshire Fire	650	660	10	2% increase forecasted
Fire Systems (panel, lights, smoke det)	Hampshire Fire	2,456	1,330	(1,126)	service agreement 805 + unscheduled service 525
Fire Systems (smoke detector replacements)	Hampshire Fire	1,242	2,480	1,238	replace main & lower level units FY19
Alarm Response Fee	City of Lebanon	550	250	(300)	Exceeded 3 false alarm allowance in FY18
Elevator Maintenance	Stanley Elevator	1,458	1,810	352	service agreement 1490 + 320 fire inspection
Ongoing Minor Painting/Prep Work	Healey Painting	0	1,000	1,000	touch ups, accidental damage
Main Level Interior Painting	Healey Painting	0	5,000	5,000	project deferred to FY19 after security cameras
Wallpaper Removal - Guest Rooms	Paperworks, LLC	798	800	2	Space Room
Painting - Guest Rooms	Healey Painting	695	1,390	695	Lion & Space Rooms
Heating/Cooling Systems	ARC Mechanical	2,339	3,500	1,161	last 4 yrs average - 3,481
Plumbing	ARC Mechanical	1,934	1,250	(684)	4 yr avg-1,238
Generator Maintenance/Service	Brookfield Service	569	1,110	541	service agreement 604 + unscheduled service 506
Contractual Maintenance/Repairs	Green's/Morrison Clark	906	1,500	594	last 4 yrs average - 1,348
Kitchen Area Repairs	Dead River	1,074	1,500	426	last 4 yrs average - 1,388
Disposable Supplies - 1 yr life	WalMart/1000 Bulbs	1,240	1,500	260	last 4 yrs average - 1,371
Durable Supplies - 1+ yr life	Home Depot/LaValleys	2,340	1,250	(1,090)	4 yr avg-1,201; 2 shower doors replaced in FY18
Electrical Systems	Royal Electric	2,447	1,500	(947)	4 yr avg-1,377; security camera outlet in FY18
Central Air Service Contract	New England Air Systems	1,311	1,340	29	2% increase
Housekeeper Shirts	TK Sportswear	137	150	13	2 Staff
AirCare Service Program	State Chemical	1,720	1,750	30	2% increase forecasted
Vacuum Cleaners Parts/Maintenance	Aerus/eVacuum Store	1,049	750	(299)	hoses/canisters/motor repair
Resident Mgr Apartments	Home Depot/Royal Electric	2,267	500	(1,767)	4 yr average-585; ceiling fans installed in FY18
RM Apartment Fire Alarm Hard Wire	Royal Electric	1,256	0	(1,256)	FY18 budgeted project completed 11/17
Staff Washing & Laundry Machines	Sears	0	1,070	1,070	To replace 10 year old machines
Laundry Machines Maintenance	Green's Appliance	561	750	189	last 4 yrs avg - 636
Dryer Vents Cleaning	New England Air Systems	615	630	15	2% increase
Flooring - Common Areas	NE Carpet King & Tile	1,565	1,500	(65)	stair case (hardwood) maintenance: sand & stain
Flooring - Guest Rooms	NE Carpet King & Tile	0	3,590	3,590	Lion & Space Rooms - carpet
Outdoor Equipment/Ext Maintenance	Tractor Supply	990	500	(490)	garage, shed, grill; entrance sign lighting in FY18
Keyless Entry Locks Maintenance	Campus Communication Systems	460	750	290	batteries
		32,629	43,610	10,981	

Annual Events Detail									
7/18 - 6/19			FY18	FY18		FY19 Budget			
		FY15 -FY17	Income	Expense	Net		Direct		
* Annual Events Detail	Timing - Description	Average	Forecast	Forecast	Forecast	Income	Expenses	Net	
Bear Ridge Speedway	Jul - car race event	1,764	1,355	0	1,355	1,500	0	1,500	
Chester Norman Thomas (CNT) Ride	Aug - motorcycle ride	1,485	1,500	0	1,500	1,500	0	1,500	
Lindsey Frank Memorial Ride (RETIRE)	Aug - motorcycle ride	31,566	4,940	0	4,940	0	0	0	
Tristin's Run	Sept - memorial run	3,163	1,605	0	1,605	3,000	0	3,000	
Karaoke	Oct - karaoke contest	2,526	2,245	0	2,245	2,500	0	2,500	
Lend a Helping Can Radio Auction	Dec - radio auction	11,114	15,350	4	15,346	15,000	0	15,000	
Mitchell's Magical Christmas	Dec - lights show	1,880	2,200	0	2,200	2,000	0	2,000	
Evans Expressmart Coffee Day	Jan - coffee sales promo	1,150	1,500	0	1,500	1,500	0	1,500	
Dartmouth College Tennis Clinic	Jan - tennis clinic	1,205	1,720	0	1,720	1,500	0	1,500	
<i>Mike McDonald & Friends *NEW*</i>	Feb - comedy show	0	0	0	0	3,050	0	3,050	*
Eastman	Feb - winter activity	1,359	1,017	0	1,017	1,000	0	1,000	
<i>Vermont Police Assoc Raffle *NEW*</i>	Mar - Bingo Event	0	0	0	0	2,000	0	2,000	**
Mount Sunapee Sled Race	Apr - cardboard sled race	439	330	0	330	350	0	350	
American School of Gymnastics	May - gymnastics show	1,727	1,630	0	1,630	1,700	0	1,700	
Mag-a-Palooza Event	Jun - Music Festival	655	500	0	500	500	0	500	
Covered Bridges Half Marathon	Jun - 5k run	32,523	22,940	3,955	18,985	29,750	5,750	24,000	
Lindsey Frank Memorial Golf (RETIRE)	Jun - golf tournament	13,650	0	0	0	0	0	0	
Winni-Walk (Alton Central School)	Jun - student walk	624	800	0	800	750	0	750	
		117,851	59,632	3,959	55,673	67,600	5,750	61,850	
* Event averaged 3,050 in FY17 & FY18 when classified as a Misc Event									
** Event average 2,000 in FY17 & FY18 when classified as a Misc Event									

David's House Long Term Investment Portfolio Forecast

Inputs:	
Return Rate	5.50%
Inflation	2.00%
Fees	0.60%
Max Spend Rate to Maintain Principal	2.90%
Est annual increase in expense draw	5.00%

Reserve Overview: Estimated Spend Rate	FY19	FY20	FY21
Beginning Market Value (12 quarter avg)	9,169,692	9,379,897	9,551,632
Return Rate 5.5%	504,333	515,894	525,340
Fees (.6%)	-55,018	-56,279	-57,310
Withdrawals for Operations	-202,260	-212,373	-222,992
Withdrawals for Capital Exp	-36,850	-75,507	-23,755
Deposits	0	0	0
Ending Market Value	9,379,897	9,551,632	9,772,916
Spending Rate	2.55%	3.01%	2.52%
Portfolio Maintaining Spending Power?	Yes	No	Yes

Reserve Overview: Available Spending	FY19	FY20	FY21
Beginning Market Value (12 quarter avg)	9,169,692	9,379,897	9,551,632
Return Rate 5.5%	504,333	515,894	525,340
Fees (.6%)	-55,018	-56,279	-57,310
Ending Market Value	9,619,007	9,839,512	10,019,662
Max Dollars Available (at 2.9% target)	278,951	285,346	290,570
Withdrawals for Operations	-202,260	-212,373	-222,992
Withdrawals for Capital Exp	-36,850	-75,507	-23,755
Re-Investment	39,841	-2,534	43,824
Needs Met Based on Current Spending Rate?	Yes	No	Yes