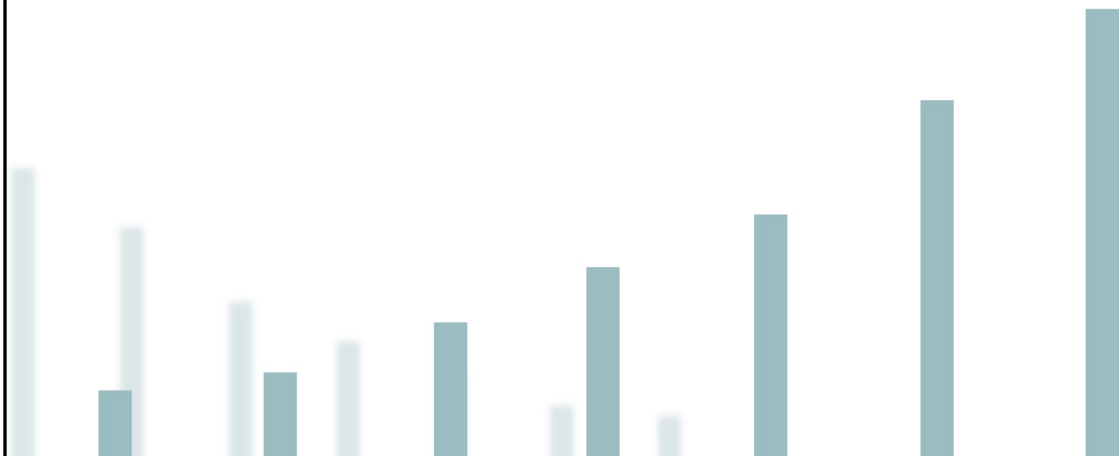


FEBRUARY 2007

Habitat for Humanity

Funding Growth



Habitat for Humanity



“A strong brand is at the center of our fundraising from so many small donors. But the tremendous value of Habitat’s brand name has grown slowly and depended on the organization’s stability.” – Lyn Jensen, Chief Financial Officer

Organization Snapshot

Founding date: 1976

Revenue (2005): \$198 million for the Habitat for Humanity central service organization (Habitat for Humanity International); an estimated \$840 million for affiliates

Structure: Network

NCCS classification: International, foreign affairs—international relief

Services: Works to eliminate substandard housing by providing adequate, affordable shelter

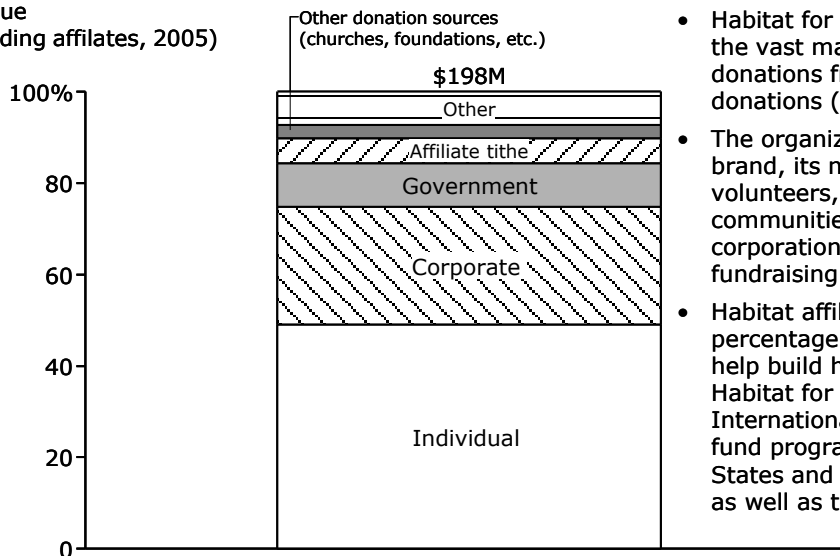
Beneficiaries: Low-income families in the United States and abroad

Leadership (selected): Jonathan Reckford, Chief Executive Officer; Lyn Jensen, Chief Financial Officer

Address: 121 Habitat St., Americus, GA 31709

Website: www.habitat.org

Revenue (excluding affiliates, 2005)



- Habitat for Humanity receives the vast majority of its donations from small individual donations (i.e., less than \$100)
- The organization relies on its brand, its network of volunteers, its connections to communities of faith, and corporations to meet its fundraising goals
- Habitat affiliates contribute a percentage of their revenue to help build homes overseas. Habitat for Humanity International fundraises to help fund programs in the United States and around the world, as well as to meet its own costs

Note: Data includes Habitat headquarters as well as contributions from affiliates.

Source: Internal data from organization

OVERVIEW

Habitat for Humanity builds and rehabilitates houses in partnership with volunteers and families in need. Since 1976, Habitat has been using donated building materials, professional services, and the labor of countless volunteers to help more than 200,000 low-income families realize the dream of home ownership.

The organization is now a global network of more than 2,300 local affiliates, each responsible for operations and fundraising in its service area. Habitat for Humanity International (HFHI) is the central service organization that coordinates national and international fundraising efforts and grants, as well as provides training, information, and management services to its affiliates. Families are selected by local affiliates based on need and are required to participate in the construction process. Habitat sells the houses to the families at cost, with no-profit mortgages. Mortgage payments go into a recycling fund that helps to build even more Habitat homes in the local community.

Habitat is a Christian ministry that welcomes to its work all people dedicated to the cause of eliminating substandard housing. The organization relies on its brand, its network of volunteers, its connections to communities of faith, and corporations to meet its fundraising goals. It receives the vast majority of its donations from small individual donations (i.e., less than \$100) and markets heavily to corporations for funding as well as in-kind support of labor and materials. The organization traditionally has accepted government funding for land and infrastructure, and its affiliates can accept limited government funding for house construction. Habitat also receives government funding for AmeriCorps staff stipends and activities such as capacity-building projects.

This profile depicts funding information for HFHI. While HFHI does not publish audited financial statements for its entire network, it estimated affiliate revenues to be \$840 million in 2005. The average Habitat for Humanity affiliate relies even more heavily on individual donations than does HFHI. Affiliates also derive significant funding from the sale of houses, accounting collectively for just over a third of their total revenue.

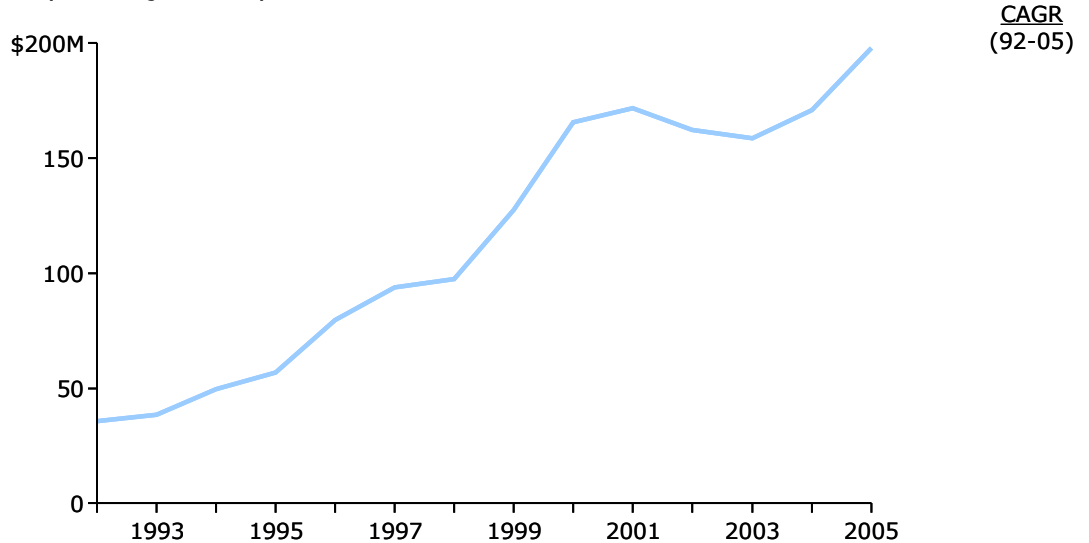
GROWTH STORY

- **1965** – Millard and Linda Fuller move to Koinonia Farm in southern Georgia. Along with Clarence Jordan, Koinonia’s founder, they hatch the idea for partnership housing.
- **1968** – The Fullers establish a rotating Fund for Humanity for house development. The first houses in the Habitat for Humanity model are built on the Koinonia property.
- **1973 - 1976** – The Fullers implement their model in Zaire.
- **1976** – Habitat for Humanity International is launched during a meeting in Koinonia.
- **1976 - 1984** – Habitat expands its operations in the United States and refines its model. It also creates an affiliate network.
- **1984** – The first Habitat for Humanity Jimmy Carter Work Project sparks nationwide interest in the organization.
- **Mid-1980s - mid-1990s** – Habitat experiences very rapid growth. Its brand becomes one of the most trusted in America.
- **2001** – 9/11 relief absorbs individual donations and creates a funding crunch for Habitat.
- **2005** – Millard Fuller steps down as Chief Executive Officer. A new CEO, Jonathan Reckford, with private sector experience is named.

REVENUE TRENDS

Revenue growth: Habitat's revenue has increased steadily over the past several years, save a slowing in 2001 when 9/11 relief diverted some individual donations.

Revenue (excluding affiliates)

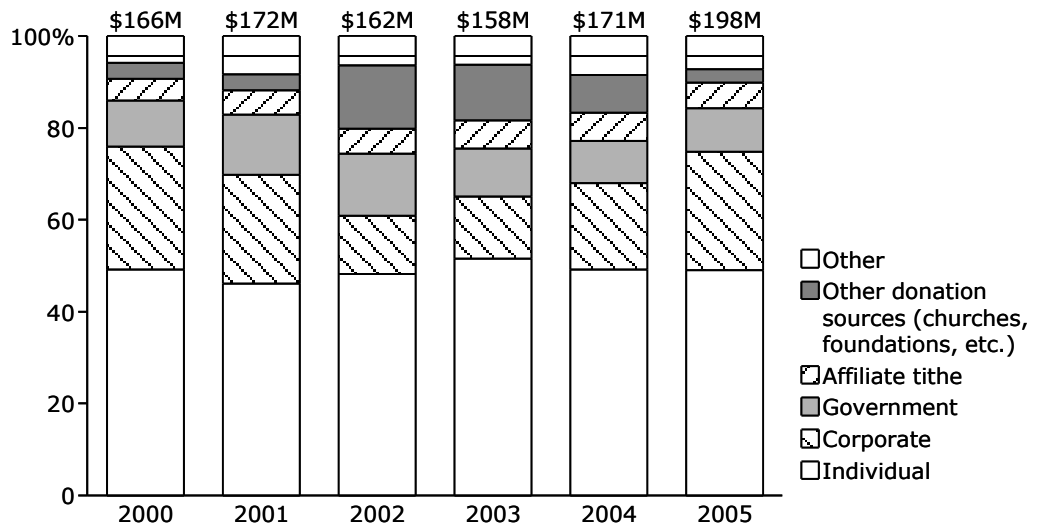


Note: "CAGR" stands for compound annual growth rate; 1998 revenue adjusted to account for switch from calendar to June 30th fiscal year reporting.

Source: Internal data from organization

Funding mix: Habitat's mix of funding sources has remained fairly consistent, with individuals providing the organization with the bulk of its revenue.

Revenue (excluding affiliates)



Source: Internal data from organization

ACTIONS THAT HELPED PROPEL GROWTH IN FUNDING

- **Used a network model to connect with individual donors.** Habitat's network model has allowed it to grow while remaining close to the grassroots. Accessing communities of faith and engaging volunteers facilitates the community engagement that is essential to successful mass fundraising.
- **Developed a strong brand.** Habitat for Humanity developed its brand by using high-profile people (such as Jimmy Carter) to communicate an easy-to-understand and appealing message. According to a study by Interbrand, the Habitat for Humanity brand is worth nearly \$2 billion and is recognized by more than 90 percent of the public, placing it in the range of corporations such as Starbucks and FedEx.
- **Used participatory events to cultivate loyal donors.** The ability to directly experience Habitat's brand and value-addition, and the feeling of fulfilling a social mission through participation in 'builds' are central to Habitat's ability to retain volunteers and convert them into regular donors.
- **Avoided off-mission funding.** From its founding, Habitat has limited its pursuit of government funding to sources that do not interfere with its ability to pursue its Christian mission.

FUNDING CHALLENGES

- **Building cash reserves.** Building cash reserves has been difficult for Habitat given its continued focus on funding programs.
- **Outgrowing the capabilities of volunteer staff.** Habitat has gradually outgrown the capacity of volunteer staff members, necessitating extensive investments in central office staff members.