

**Habitat for Humanity Greater Toronto Area**  
**Financial Statements**  
For the year ended December 31, 2022

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## Independent Auditor's Report

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To the Members of Habitat for Humanity Greater Toronto Area

### Opinion

We have audited the financial statements of Habitat for Humanity Greater Toronto Area ("Habitat") which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Habitat for Humanity Greater Toronto Area as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Habitat in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Habitat's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Habitat or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Habitat's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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## Independent Auditor's Report (continued)

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Habitat's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Habitat's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Habitat to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Oakville, Ontario  
April 25, 2023

## Habitat for Humanity Greater Toronto Area Statement of Financial Position

December 31 2022 2021

### Assets

#### Current assets

Cash and cash equivalents (Note 5)	\$ 5,098,686	\$ 6,839,095
Accounts receivable (Note 13)	6,458,116	611,086
Prepaid expenses	479,690	459,594
Current portion of mortgages receivable (Note 2)	1,592,347	1,480,071
	13,628,839	9,389,846

Mortgages receivable (Note 2)	64,896,626	58,111,287
Projects under development (Note 3)	21,583,831	10,458,650
Asset held for sale	-	4,601,891
Capital assets (Note 4)	5,832,023	5,878,723

**\$105,941,319**    **\$ 88,440,397**

### Liabilities and Net Assets

#### Current liabilities

Accounts payable and accrued liabilities (Notes 6 and 13)	\$ 4,526,144	\$ 2,696,903
Current portion of long-term debt (Note 7)	2,655,794	3,369,043
Current portion of obligations under capital lease (Note 16)	62,196	81,452
	7,244,134	6,147,398


Deferred contributions (Note 8)	94,034	1,097,586
Deferred capital contributions (Note 9)	406,965	387,052
Deferred revenue	-	500,000
CMHC deferred revenue (Note 10)	5,420,000	2,680,000
Long-term debt (Note 7)	19,476,116	19,641,669
Obligations under capital lease (Note 16)	107,462	167,297
	32,748,711	30,621,002

#### Net assets

Invested in projects under development (Note 11)	69,334,559	53,650,793
Invested in capital assets (Note 12)	2,376,235	2,143,316
Unrestricted	1,481,814	2,025,286
	73,192,608	57,819,395

**\$105,941,319**    **\$ 88,440,397**

On behalf of the Board:

  
 \_\_\_\_\_ Director  
 \_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements.

## Habitat for Humanity Greater Toronto Area Statement of Operations

For the year ended December 31	2022	2021
<b>Revenue</b>		
Donations and fundraising	\$ 4,994,457	\$ 3,958,035
Donations in kind - materials, fees and services	240,746	244,280
Government grants	203,334	42,417
Interest and other (Note 18)	500,733	991,893
Recognition of restricted donations, net	995,359	(989,408)
ReStore revenues (Schedule 1)	8,541,927	8,656,559
	<b>15,476,556</b>	<b>12,903,776</b>
<b>Expenditures</b>		
Administrative (Schedule 2)	1,876,131	1,649,528
Fundraising (Schedule 3)	1,141,166	1,060,437
Program (Schedule 4)	4,375,628	3,852,080
ReStore expenses (Schedule 1)	7,391,105	7,142,680
	<b>14,784,030</b>	<b>13,704,725</b>
<b>Excess (deficiency) of revenue over expenditures before undernoted income (expenditures)</b>	<b>692,526</b>	<b>(800,949)</b>
<b>Home sales and related activities</b>		
Proceeds from sales	22,775,589	22,852,513
Development costs of homes sold	(19,957,646)	(15,020,723)
Mortgage discount recovery (expense) (Note 2)	256,419	(3,194,574)
Imputed interest income on mortgages receivable (Note 2)	2,398,536	2,696,768
Mortgage realization and home sale appreciation (Note 2)	1,238,333	856,088
Donations in kind - land	7,969,456	322,000
	<b>14,680,687</b>	<b>8,512,072</b>
<b>Excess of revenue over expenditures</b>	<b>\$ 15,373,213</b>	<b>\$ 7,711,123</b>

The accompanying notes are an integral part of these financial statements.

**Habitat for Humanity Greater Toronto Area**  
**Statement of Changes in Net Assets**

<b>For the year ended December 31</b>	<b>2022</b>		<b>2021</b>	
	<b>Invested in projects under development (Note 11)</b>	<b>Invested in capital assets (Note 12)</b>	<b>Unrestricted</b>	<b>Total</b>
Net assets, beginning of year	\$ 53,650,793	\$ 2,143,316	\$ 2,025,286	\$ 57,819,395
Excess (deficiency) of revenue over expenditures	6,711,231	(291,229)	8,953,211	15,373,213
Investment in projects under development	13,718,958	-	(13,718,958)	-
Purchase of capital assets, net of capital lease advances	-	228,598	(228,598)	-
Mortgage principal received, net	(5,073,918)	-	5,073,918	-
Proceeds from long-term debt	(2,622,093)	-	2,622,093	-
Repayment of long-term debt	3,500,895	208,238	(3,709,133)	-
Amortization of deferred contributions	53,192	-	(53,192)	-
Payment of capital lease obligations	-	91,294	(91,294)	-
Proceeds from disposal of capital assets	-	(3,982)	3,982	-
Home sale appreciation	(604,499)	-	604,499	-
<b>Net assets, end of year</b>	<b>\$ 69,334,559</b>	<b>\$ 2,376,235</b>	<b>\$ 1,481,814</b>	<b>\$ 73,192,608</b>
			<b>\$ 73,192,608</b>	<b>\$ 57,819,395</b>

The accompanying notes are an integral part of these financial statements.

## Habitat for Humanity Greater Toronto Area Statement of Cash Flows

For the year ended December 31	2022	2021
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenditures for the year	\$ 15,373,213	\$ 7,711,123
Adjustments required to reconcile excess of revenue over expenditures with cash provided by operating activities		
Amortization	255,458	277,964
Gifts in kind	(8,210,202)	(566,280)
Deferred contributions	(1,003,552)	981,401
Deferred capital contributions received	30,467	124,150
Amortization of deferred contributions for projects costs and capital assets	(10,554)	(10,212)
Gain on transfer of projects under development	(2,817,943)	(7,831,790)
Imputed interest income on mortgages receivable	(2,398,536)	(2,696,768)
Mortgage realization	(633,833)	(856,088)
Write-down of mortgages receivable to amortized cost	(256,419)	3,194,574
Loss on disposal of capital assets	15,858	10,989
Proceeds on project sales	16,252,299	8,928,793
Changes in non-cash working capital balances		
Accounts receivable	(5,847,030)	1,509,520
Prepaid expenses	(20,096)	58,678
Accounts payable and accrued liabilities	1,829,241	(765,730)
Deferred revenue	(500,000)	-
	12,058,371	10,070,324
<b>Investing activities</b>		
Mortgage discharges and payments received	5,073,918	9,108,891
Expenditures on projects under development	(20,430,189)	(15,551,533)
Purchase of capital assets, net of capital lease advances	(228,598)	(116,324)
Proceeds on disposal of capital assets	3,982	3,248
	(15,580,887)	(6,555,718)
<b>Financing activities</b>		
Proceeds from long-term debt	2,622,093	11,400,000
Repayment of long-term debt	(3,500,895)	(12,803,804)
CMHC deferred revenue	2,740,000	840,000
Repayment of capital lease obligation	(79,091)	(81,712)
Bank indebtedness	-	(200,000)
	1,782,107	(845,516)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(1,740,409)</b>	<b>2,669,090</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>6,839,095</b>	<b>4,170,005</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 5,098,686</b>	<b>\$ 6,839,095</b>
<b>Represented by:</b>		
Cash	\$ 1,230,324	\$ 786,520
Cash equivalents	3,868,362	6,052,575
	<b>\$ 5,098,686</b>	<b>\$ 6,839,095</b>

The accompanying notes are an integral part of these financial statements.

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# Habitat for Humanity Greater Toronto Area

## Notes to Financial Statements

December 31, 2022

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### 1. Significant Accounting Policies

#### Nature of Operations

Habitat for Humanity Greater Toronto Area ("Habitat") was created through the amalgamation of three Habitat affiliates and was incorporated without share capital by letters patent, dated April 1, 2014 under the Ontario Corporations Act. Habitat is a registered charitable organization under the Income Tax Act (Canada). A new letters patent, dated April 1, 2020 was created after the amalgamation of Habitat for Humanity Durham Inc. in fiscal 2020.

The Mission of Habitat is to mobilize volunteers and communities to help working, lower income families build strength, stability and self-reliance through affordable home ownership. In order to support administrative and fundraising efforts, Habitat also operates retail stores, which sell donated new and used materials called ReStores.

#### Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months at the date of acquisition.

#### Financial Instruments

Habitat's financial instruments comprise of cash and cash equivalents, accounts receivable, mortgages receivable, bank indebtedness, accounts payable, obligations under capital leases and long-term debt.

Financial instruments obtained in arm's length transactions are initially measured at their fair value and financial assets or liabilities obtained in a related party transactions are measured at their exchange amount. Habitat subsequently measures all of its financial instruments at amortized cost less impairment. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.

Transaction costs incurred on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

#### Projects Under Development

Projects under development, which include land, buildings and building materials, both purchased and donated, are recorded at the lower of cost and net realizable value. Net realizable value is defined as the lower of market value less costs of disposition and the amount of non-forgivable mortgages to be assumed by partner families. Any excess of carrying value over net realizable value is expensed in the year in which the impairment is determined.



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# Habitat for Humanity Greater Toronto Area

## Notes to Financial Statements

December 31, 2022

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### 1. Significant Accounting Policies (continued)

#### Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided over the assets' estimated useful lives as follows:

Building - 155 Bermondsey Road	50 years straight-line
Automotive	30% Declining balance
Machinery and equipment	20% Declining balance
Computers and software	30% Declining balance
Furniture and fixtures	20% Declining balance
Leasehold improvements	straight-line basis over the term of the lease to a maximum of ten years

#### Asset Held for Sale

Asset held for sale is recorded at the lower of carrying amount or fair value less costs to sell.

#### Revenue Recognition

Habitat follows the deferral method of accounting. Unrestricted donations are recognized as revenue when received or receivable. Restricted donations and government grants are recognized as revenue in the year in which the related expenditures are incurred. Deferred contributions represents unspent restricted donations. The amount of any pledges are not recognized as revenue until collection is assured.

Deferred capital contributions arise from funds that have been received that are to be used to fund capital asset purchases. Deferred capital contributions are recognized over the estimated useful life of the corresponding capital asset.

The ReStores sell donated new and used materials. Revenue from ReStores is recognized upon delivery of the goods to the customer.

Revenue from projects is recognized when Habitat has transferred the significant risks and rewards of home ownership to the partner family, in that all significant acts have been completed and Habitat retains no continuing managerial involvement in, or effective control of, the home to a degree usually associated with ownership, and reasonable assurance exists regarding the measurement of consideration. Generally, this occurs upon transfer of property title to the partner family. The proceeds recognized are determined by reference to fair market value of the homes transferred. The proceeds are satisfied by cash received and mortgages issued by Habitat. These mortgages are recorded at amortized cost.

Government assistance received during the year is recorded as income in the year the related expenses are incurred.

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# Habitat for Humanity Greater Toronto Area

## Notes to Financial Statements

December 31, 2022

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### 1. Significant Accounting Policies (continued)

#### Net Assets

Net assets invested in projects under development is equal to the carrying value of the mortgages receivable plus the projects under development less long-term liabilities and deferred contributions related thereto.

Net assets invested in capital assets is equal to the carrying value of capital assets less the long-term liabilities and deferred capital contributions related thereto.

Unrestricted net assets represents the residual net assets of Habitat.

#### Donated Goods and Services

Donated goods are recorded when a fair value can be reasonably estimated and they would otherwise be purchased by Habitat. Donated goods that are received by Habitat from the Habitat for Humanity Canada's ("HFHC") gifts in kind program, are recorded at the fair value estimated by HFHC.

Goods donated to the ReStore outlets are not recorded as assets in the financial statements.

A substantial number of volunteers make significant contributions of time to Habitat's programs and supporting services. The value of this contributed time is not reflected in the financial statements.

#### Allocation of Support Expenses

Salaries and benefits expenses are allocated to various activities based on the time and efforts dedicated by staff to support those activities. Facilities expenses are allocated to various activities based on the space usage of each activity (Note 14).

#### Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates. Significant estimates may include donated items, the recoverability and useful life of capital assets and projects under development.

## Habitat for Humanity Greater Toronto Area Notes to Financial Statements

December 31, 2022

### 2. Mortgages Receivable

	2022		2021	
	Face Value	Amortized Cost	Face Value	Amortized Cost
Non-forgivable first mortgages	\$ 63,943,817	\$ 41,914,673	\$ 69,017,735	\$ 43,810,027
Non-forgivable second mortgages	43,206,762	23,175,217	33,363,032	14,370,420
Non-forgivable third mortgages	5,847,575	1,399,083	5,946,460	1,410,911
	<b>112,998,154</b>	<b>66,488,973</b>	108,327,227	59,591,358
Forgivable second mortgages	6,517,486	-	6,517,486	-
Forgivable third mortgages	6,332,976	-	6,456,780	-
	<b>125,848,616</b>	<b>66,488,973</b>	121,301,493	59,591,358
Less: current portion	3,295,431	1,592,347	3,267,262	1,480,071
	<b>\$122,553,185</b>	<b>\$ 64,896,626</b>	\$118,034,231	\$ 58,111,287

First mortgages bear no interest, are secured by a charge on the specific property and are receivable in monthly payments with a twenty, twenty-five or thirty-five year term. Monthly payments are set annually based on the partner family's income.

Second and third mortgages bear no interest, are secured by a charge on the specific property, and require no monthly payments with terms up to 99 years. Certain second and third mortgages issued by predecessor affiliates include terms for forgiveness. Forgiveness is contingent upon the occurrence of certain future events including the length of occupancy by the homeowner. The forgivable portion of any mortgage is valued at \$Nil as the likelihood of collection is remote considering the forgivable feature. In the year that the forgivable portions are required to be paid, or the right to forgiveness has been forfeited, the previously forgivable portion will be recognized as mortgage realization.

All mortgages are non-interest bearing, however, imputed interest income on mortgages is calculated and recognized in the statement of operations over the life of the mortgage based on the prevailing interest rate in effect at the time of inception of the mortgage. Amortized cost is the present value of the expected cash flows of the financial instrument over the remaining life of the financial instrument, discounted using the effective (or market) interest rate at the time of inception. Mortgages that are repaid earlier than scheduled payments will result in the realization of the amortized cost on the statement of operations.

As a result of the measurement of mortgages at amortized cost, the statement of operations include a mortgage discount recovery (expense) to reflect the discount of new mortgages issued during the year as well as discount or recovery from a revaluation of the portfolio at year end based on any change to the terms of the mortgages, including subsequent payments.

## Habitat for Humanity Greater Toronto Area Notes to Financial Statements

**December 31, 2022**

### 2. Mortgages Receivable (continued)

Mortgages are measured at amortized cost, as follows:

- effective interest rates of 1.80% to 6.40%;
- monthly payment for the subsequent year; and
- mortgage terms to a maximum of 35 years

Since 2016, shared equity mortgages have been issued and any discharges that include an increase for shared equity will be recognized as a mortgage realization.

### 3. Projects Under Development

	2022	2021
355 - 363 Coxwell Ave	\$ 3,061,240	\$ 2,987,531
25 William Street, Brampton	1,935,939	1,592,544
Lakeshore, Toronto - Vita	514,343	1,011,153
485 - 501 Normandy, Oshawa	5,569,033	3,023,643
253 Markham Road	1,044,328	905,429
1800 St. Clair Ave West/383 - 425 Old Weston Road	6,226,407	244,866
3060 Eglinton Avenue East	107,872	78,078
159 Wellesley	1,187,732	307,337
Various projects and construction inventory	87,927	16,258
130 River Street	25,000	25,000
1524 Countryside Dr	280,408	256,201
200 Baseline, Clarington	120,426	6,285
411 Victoria Park, Toronto	257,967	4,325
12620 Kennedy	1,165,209	-
	\$ 21,583,831	\$ 10,458,650

During the year, loan interest of \$51,914 (2021 - \$57,593) has been capitalized to the cost of various projects.

## Habitat for Humanity Greater Toronto Area Notes to Financial Statements

**December 31, 2022**

### 4. Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land - 155 Bermondsey Rd	\$ 1,788,876	\$ -	\$ 1,788,876	\$ -
Building - 155 Bermondsey Rd	4,551,299	1,091,693	4,551,299	1,000,667
Automotive	960,638	755,364	982,566	706,224
Machinery and equipment	263,200	205,966	256,296	201,091
Computers and software	348,657	242,033	298,880	223,294
Furniture and fixtures	214,443	99,576	176,682	112,271
Leasehold improvements	215,393	115,851	206,705	139,034
	<b>\$ 8,342,506</b>	<b>\$ 2,510,483</b>	<b>\$ 8,261,304</b>	<b>\$ 2,382,581</b>
Net book value		<b>\$ 5,832,023</b>		<b>\$ 5,878,723</b>

Included in automotive are assets under capital lease of \$140,500 (2021 - \$200,715).

### 5. Bank Indebtedness

Habitat has a revolving demand credit facility in the amount of \$200,000 (2021 - \$200,000). The facility bears interest at the prime rate and is secured by a general security agreement. As at December 31, 2022, \$Nil (2021 - \$Nil) was utilized.

Habitat has access to letters of credit/letters of guarantee bearing a fee of 1%, to a combined maximum of \$1,130,000 (2021 - \$1,130,000). The credit facility is secured by a general security agreement over all assets other than real property. As at December 31, 2022, Habitat has letters of credit outstanding under the facility in the amount of \$1,096,170 (2021 - \$821,794).

### 6. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances and HST payable of \$69,021 (2021 - \$35,389).

## Habitat for Humanity Greater Toronto Area Notes to Financial Statements

**December 31, 2022**

### 7. Long-term Debt

	2022	2021
155 Bermondsey Road Mortgage - multiple tranches, bearing interest at 3.74% to 3.84%, secured by the property and a general security agreement, requires blended monthly payments ranging from \$6,031 to \$14,324 based on 20-year amortization, maturing March 2031 to November 2036	\$ 2,871,798	\$ 3,080,036
Term loan - multiple draw downs, bearing interest at 2.48% to 6.46%, secured by a general security agreement, requires blended monthly payments ranging from \$1,895 to \$22,138 based on 10-year to 15-year amortization, matures October 2023 to November 2033.	4,014,765	4,826,781
Term revolving loan - multiple draw downs, bearing interest at 2.63% to 3.33%, secured by a general security agreement, requires monthly principal payments ranging from \$3,891 to \$9,241 based on a 15-year amortization, matures August 2028 to March 2029.	864,964	993,269
Term loan - multiple tranches, bearing interest at a rate equal to the greater of the prime lending rate of TD Bank plus 0.50% or 3.50%, secured by assignment of mortgage receivable from 136 Pinery Trail project, requires monthly principal payments of \$6,250, based on 20-year amortization, matured and settled during the year	-	1,203,750
Equipment loan - bearing interest at a rate of 3.84%, secured by vehicles financed, due August 2023, requires blended monthly payments of \$1,069	7,367	19,570
Balance to carry forward	\$ 7,758,894	\$ 10,123,406

## Habitat for Humanity Greater Toronto Area Notes to Financial Statements

**December 31, 2022**

### 7. Long-term Debt (continued)

Balance carried forward	\$ 7,758,894	\$ 10,123,406
423 Old Weston, City of Toronto mortgage - non-interest bearing, secured by a second mortgage on the property, no payments required until maturity, interest and principal will be forgiven upon transfer of property to partner family	1,600,240	-
Term loan - bears interest at 3.30%, secured by assignment of mortgages receivable on 140 Pinery project, requires blended monthly payments of \$11,025, maturing November 2025	2,124,890	2,186,064
Construction demand loan - bears interest at the prime lending rate + 1.5%, secured by a \$4,700,000 collateral mortgage on 51 Ed Clark Gardens, Toronto, due on November 2024	1,016,853	-
Term loan - bears interest at 4.39%, secured by assignment of mortgages receivable from the McLaughlin project, requires blended monthly payments of \$10,947, matures May 2031	1,927,691	1,974,478
Coxwell property vendor take back loan - non-interest bearing, secured by a second mortgage on the property, no payments required until property is sold. If the property is sold for over \$2.3 million, half the of proceeds are payable to the lender, fully paid during the year	-	500,000
Promissory note - bears interest at 1.00%, secured by assignment of mortgages on related property, requires monthly payments of \$50,274, maturing on August 2031	7,703,342	8,226,764
	<b>22,131,910</b>	<b>23,010,712</b>
Less: current portion	2,655,794	3,369,043
	<b>\$ 19,476,116</b>	<b>\$ 19,641,669</b>

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## Habitat for Humanity Greater Toronto Area

### Notes to Financial Statements

December 31, 2022

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#### 7. Long-term Debt (continued)

Habitat's facility at 155 Bermondsey Road has financing consisting of a mortgage payable secured by collateral mortgage. Interest on these loans amounting to \$113,589 (2021 - \$130,492) is included with facilities expense.

Total interest for the year was \$592,877 (2021 - \$917,488). Of that amount, \$51,914 (2021 - \$57,593) was capitalized to projects (Note 3), \$113,050 (2021 - \$130,011) is included with facilities expense and \$427,913 (2021 - \$734,394) was included as interest expense.

Regular principal payments required over the next five years and thereafter are as follows:

2023	\$ 2,655,794
2024	3,015,533
2025	3,381,502
2026	1,420,440
2027	1,453,345
Thereafter	<u>10,205,295</u>
	<u>\$ 22,131,910</u>

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#### 8. Deferred Contributions

	<u>2022</u>	<u>2021</u>
Deferred ReStore revenue	\$ 4,034	\$ 7,586
Deferred contributions designated for projects	<u>90,000</u>	<u>1,090,000</u>
	<u>\$ 94,034</u>	<u>\$ 1,097,586</u>

Deferred contributions designated for projects includes \$Nil (2021 - \$1,000,000) related to an estate gift received.

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#### 9. Deferred Capital Contributions

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 387,052	\$ 273,114
Contributions received	30,467	124,150
Amortization	<u>(10,554)</u>	<u>(10,212)</u>
Balance, end of year	<u>\$ 406,965</u>	<u>\$ 387,052</u>



## Habitat for Humanity Greater Toronto Area Notes to Financial Statements

**December 31, 2022**

### 10. CMHC Deferred Revenue

In 2022, Habitat received \$2,740,000 (2021 - \$840,000) of forgivable loans from CMHC, which will be amortized over the mortgage period of 20 years.

### 11. Invested in Projects Under Development

Funds invested in projects under development consists of the following:

	2022	2021
Projects under development	\$ 21,583,831	\$ 10,458,650
Asset held for sale	-	4,601,891
Home sale appreciation	604,499	-
Mortgages receivable	66,488,973	59,591,358
Less:		
Deferred contributions	(90,000)	(1,090,000)
Long-term debt less 155 Bermondsey Road mortgage	(19,252,744)	(19,911,106)
	\$ 69,334,559	\$ 53,650,793

### 12. Invested in Capital Assets

Invested in capital assets consists of the following:

	2022	2021
Capital assets	\$ 5,832,023	\$ 5,878,723
Less:		
Deferred capital contributions	(406,965)	(387,052)
Long-term debt for 155 Bermondsey Road mortgage	(2,871,798)	(3,080,036)
Obligations under capital lease	(169,658)	(248,749)
Equipment loan	(7,367)	(19,570)
	\$ 2,376,235	\$ 2,143,316

## Habitat for Humanity Greater Toronto Area Notes to Financial Statements

December 31, 2022

### 13. Habitat for Humanity Canada

Habitat is an affiliate of Habitat for Humanity Canada (HFHC). There is a covenant agreement between HFHC and all Canadian affiliates whereby HFHC provides administrative and marketing support, training opportunities and gifts in kind coordination. Pursuant to the by-laws of HFHC which were updated effective March 10, 2015, Habitat pays an affiliation fee consisting of \$50,000 per annum, 20% on all nationally procured gifts in kind used for homebuilding, 15% on nationally procured gifts in kind sold through the ReStores, 20% on nationally raised donations, and quarterly, a range of 2.5% to 4% of gross ReStore sales. Amounts due to HFHC under these various agreements but not yet paid, amounted to \$73,054 (2021 - \$85,005) and is included in accounts payable and accrued liabilities.

On May 1, 2020, Habitat entered into a pilot revenue sharing agreement with HFHC where fundraising is performed on a group level. The initial agreement which was in force throughout 2020 and extended to include 2021. The agreement allocated 31% of combined revenues raised to Habitat. In addition, Habitat received 15% of HFHC Distributions. Build gift-in-kind donations were allocated by usage and not by percentage allocation. In 2022, the agreement was amended to a cost sharing agreement based on revenue received by each organization. Amounts due to Habitat from HFHC under this agreement but not yet paid is \$142,582 (2021 - \$148,549) and is included in accounts receivable. These arrangements have been terminated for 2023.

### 14. Allocation of Support Expenses

Salaries, benefits, facility expenses and affiliation fees were allocated to various activities in Schedules 2, 3 and 4 as follows:

	Salaries and benefits	Facility	Affiliation fees	2022	2021
Administrative	\$ 1,303,607	\$ 94,382	\$ 137,862	\$ 1,535,851	\$ 1,393,116
Fundraising	905,859	-	-	905,859	945,757
Program	2,651,127	156,832	591,446	3,399,405	2,649,044
<b>Total</b>	<b>\$ 4,860,593</b>	<b>\$ 251,214</b>	<b>\$ 729,308</b>	<b>\$ 5,841,115</b>	<b>\$ 4,987,917</b>

Facilities expense includes rent, loan interest, realty taxes, utilities, insurance, amortization, maintenance and communication costs relating to Habitat's building located at 155 Bermondsey Road in Toronto.

Affiliation fees paid to HFHC relate to the agreement described in Note 13.

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## Habitat for Humanity Greater Toronto Area Notes to Financial Statements

December 31, 2022

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### 15. Lease Commitments

Minimum annual payments due under lease agreements for the 11 ReStore and office locations for the next four years are as follows:

2023	\$ 2,269,157
2024	2,232,364
2025	1,583,336
2026	<u>352,543</u>
	<u>\$ 6,437,400</u>

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### 16. Obligations Under Capital Lease

Habitat has entered into lease agreements for vehicles which requires monthly payments of principal and interest. The leases have interest rates ranging from 7.16% - 11.35% expiring in 2023 - 2026, at which time there is an option to purchase the assets. The lease is secured by the underlying assets.

The future minimum lease payments are as follows:

2023	\$ 76,283
2024	56,564
2025	49,077
2026	<u>15,506</u>
	197,430
Less: imputed interest	<u>(27,772)</u>
	169,658
Less: current portion	<u>(62,196)</u>
	<u>\$ 107,462</u>

During the year, Habitat paid interest on the capital leases of \$20,356 (2021 - \$27,797).

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## Habitat for Humanity Greater Toronto Area Notes to Financial Statements

December 31, 2022

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### 17. Financial Instruments Risks

#### *Credit risk*

Credit risk is the risk that one party to a financial instruments will cause a financial loss for the other party by failing to discharge and obligation. Habitat is exposed to credit risk arising from its accounts receivable. Habitat is also exposed to credit risk arising in the event of non-payment of mortgages by the partner families. Management believes that the credit risk from non-collection of mortgages is minimal as the carrying value of the mortgages is substantially less than the value of the underlying homes. This risk has not changed from the prior year.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Habitat is exposed to interest rate risk on its fixed and variable interest rate financial instruments. The variable rate revolving demand credit facility exposes Habitat to a cash flow risk, while the fixed rate long-term debt subjects Habitat to a fair value risk. This risk has not changed from the prior year.

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### 18. Government Subsidies

Habitat received the Canada Emergency Wage Subsidy ("CEWS") from the Government of Canada. The total amount of government assistance received was \$84,978 (2021 - \$1,351,704) of which \$41,044 (2021 - \$717,932) was allocated to ReStore revenue and \$43,934 (2021 - \$633,772) was allocated to interest and other revenues on the statement of operations.

Habitat received the Canada Emergency Rent Subsidy ("CERS") from the Government of Canada. The total amount of government assistance received was \$Nil (2021 - \$1,029,711) of which \$Nil (2021 - \$970,498) was allocated to ReStore revenue and \$Nil (2021 - \$59,213) was allocated to interest and other revenues on the statement of operations.

**Habitat for Humanity Greater Toronto Area**  
**Schedule 1 - ReStore**

<b>For the year ended December 31</b>	<b>2022</b>	<b>2021</b>
<b>Revenues</b>		
ReStore revenue	\$ 8,500,883	\$ 6,968,129
Government subsidies (Note 18)	41,044	1,688,430
	<u>8,541,927</u>	<u>8,656,559</u>
<b>ReStore expenses</b>		
Advertising	62,024	32,270
Amortization	149,654	177,369
Cleaning and disposal	76,917	93,441
Computer	36,260	28,386
Credit card commission	109,636	109,195
Facility	136,633	123,035
Insurance	8,761	9,271
Loss on disposal of capital assets	16,389	10,989
Office/Store	232,029	163,585
Other	240,720	273,015
Rent and utilities	2,464,484	2,514,813
Salaries and benefits	3,634,506	3,441,185
Training, health and safety	3,900	331
Truck and salvage	219,192	165,795
	<u>7,391,105</u>	<u>7,142,680</u>
<b>Net contribution</b>	<u>\$ 1,150,822</u>	<u>\$ 1,513,879</u>

**Habitat for Humanity Greater Toronto Area**  
**Schedules 2, 3, 4**

**For the year ended December 31**

**2022**

**2021**

**Schedule 2 - Administrative Expenditures**

Affiliation fees (Note 13)	\$ 137,862	\$ 95,264
Amortization	27,308	27,308
Computer service	58,521	45,271
Facility	94,382	94,130
Insurance	11,390	11,241
Office and general	139,074	93,916
Professional fees	103,987	78,676
Salaries and benefits	1,303,607	1,203,722
	<u>1,876,131</u>	<u>1,649,528</u>
Total	<u>\$ 1,876,131</u>	<u>\$ 1,649,528</u>

**Schedule 3 - Fundraising Expenditures**

Communications	102,882	19,724
Computer service	46,032	40,561
Donor recognition	43,706	18,916
Office and general	39,569	35,479
Professional fees	3,118	-
Salaries and benefits	905,859	945,757
	<u>905,859</u>	<u>945,757</u>
Total	<u>\$ 1,141,166</u>	<u>\$ 1,060,437</u>

**Schedule 4 - Program Expenditures**

Affiliation fees (Note 13)	\$ 591,446	\$ 420,477
Amortization	78,497	73,573
Communications	61,087	82,730
Computer service	74,807	52,447
Facility	156,832	152,880
Insurance	16,880	18,398
Interest	407,208	702,210
Office and general	220,572	204,677
Professional fees	97,471	48,030
Salaries and benefits	2,651,127	2,075,687
Warranty	19,701	20,971
	<u>2,651,127</u>	<u>2,075,687</u>
Total	<u>\$ 4,375,628</u>	<u>\$ 3,852,080</u>