Habitat for Humanity Greater Toronto Area
Financial Statements
For the year ended December 31, 2021

Contents

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Independent Auditor's Report

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, 2021, 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, 2021, 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.

Independent Auditor's Report (continued)

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
Toronto, Ontario
May 20, 2022

Habitat for Humanity Greater Toronto Area
Statement of Financial Position

December 31	2021	2020
Assets		
Current assets		
Cash and cash equivalents	$ **6,839,095**	$ 4,170,005
Accounts receivable	**611,086**	2,120,606
Prepaid expenses	**459,594**	518,272
Current portion of mortgages receivable (Note 2)	**1,480,071**	1,803,675
	9,389,846	8,612,558
Mortgages receivable (Note 2)	**58,111,287**	51,218,951
Projects under development (Note 3a)	**10,458,650**	10,757,181
Asset held for sale (Note 3b)	**4,601,891**	4,601,891
Capital assets (Note 4)	**5,878,723**	6,054,600
	$ **88,440,397**	$ 81,245,181

	2021	2020
Liabilities and Net Assets		
Current liabilities		
Bank indebtedness (Note 5)	$ **-**	$ 200,000
Accounts payable and accrued liabilities (Notes 6 and 13)	**2,696,903**	3,462,633
Current portion of long-term debt (Note 7)	**3,369,043**	2,619,453
Current portion of obligations under capital lease (Note 16)	**81,452**	112,568
	6,147,398	6,394,654
Deferred contributions (Note 8)	**1,097,586**	116,185
Deferred capital contributions (Note 9)	**387,052**	273,114
Deferred revenue (Note 3b)	**500,000**	500,000
CMHC deferred revenue (Note 10)	**2,680,000**	1,840,000
Long-term debt (Note 7)	**19,641,669**	21,795,063
Obligations under capital lease (Note 16)	**167,297**	217,893
	30,621,002	31,136,909
Net assets		
Invested in projects under development (Note 11)	**53,650,793**	47,329,366
Invested in capital assets (Note 12)	**2,143,316**	1,798,842
Unrestricted	**2,025,286**	980,064
	57,819,395	50,108,272
	$ **88,440,397**	$ 81,245,181

On behalf of the Board:

Mark Blake ______________________ 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	2021	2020
Revenue		
Donations and fundraising	**$ 3,958,035**	$ 3,453,143
Donations in kind - materials, fees and services	**244,280**	94,537
Government grants	**42,417**	612,479
Interest and other (Note 18)	**991,893**	810,484
Recognition of restricted donations, net	**(989,408)**	431,637
ReStore revenues (Schedule 1)	**8,656,559**	7,717,405
	12,903,776	13,119,685
Expenditures		
Administrative (Schedule 2)	**1,649,528**	1,464,622
Fundraising (Schedule 3)	**1,060,437**	1,017,402
Program (Schedule 4)	**3,852,080**	3,767,708
ReStore expenses (Schedule 1)	**7,142,680**	6,427,300
	13,704,725	12,677,032
Excess (deficiency) of revenue over expenditures before undernoted income (expenditures)	**(800,949)**	442,653
Home sales and related activities		
Proceeds from sales	**22,852,513**	23,899,624
Development costs of homes sold	**(15,020,723)**	(21,293,992)
Mortgage discount expense (Note 2)	**(3,194,574)**	(5,118,073)
Imputed interest income on mortgages receivable (Note 2)	**2,696,768**	1,661,884
Mortgage realization (Note 2)	**856,088**	162,295
Donations in kind - land	**322,000**	5,931,002
	8,512,072	5,242,740
Excess of revenue over expenditures	**$ 7,711,123**	$ 5,685,393

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

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

For the year ended December 31 — **2021** / 2020

	Invested in projects under development (Note 11)	Invested in capital assets (Note 12)	Unrestricted	Total 2021	Total 2020
Net assets, beginning of year	$ 47,329,366	$ 1,798,842	$ 980,064	$ 50,108,272	$ 41,355,527
Excess (deficiency) of revenue over expenditures	8,190,072	(402,891)	(76,058)	7,711,123	5,685,393
Investment in projects under development	6,180,366	-	(6,180,366)	-	-
Purchase of capital assets, net of capital lease advances	-	116,324	(116,324)	-	-
Mortgage principal received, net	(9,108,891)	-	9,108,891	-	-
Proceeds from long-term debt	(11,400,000)	-	11,400,000	-	-
Repayment of long-term debt	12,279,880	523,924	(12,803,804)	-	-
Amortization of deferred contributions	180,000	-	(180,000)	-	-
Payment of capital lease obligations	-	103,869	(103,869)	-	-
Proceeds from disposal of capital assets	-	3,248	(3,248)	-	-
Acquisition of Habitat for Humanity Durham	-	-	-	-	3,067,352
Net assets, end of year	$ 53,650,793	$ 2,143,316	$ 2,025,286	$ 57,819,395	$ 50,108,272

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		2021		2020
Cash provided by (used in)				
Operating activities				
Excess of revenue over expenditures for the year	**$**	**7,711,123**	$	5,685,393
Adjustments required to reconcile excess of revenue over expenditures with cash provided by operating activities				
Amortization		**277,964**		304,808
Gifts in kind		**(566,280)**		(6,025,539)
Deferred contributions		**981,401**		(215,203)
Deferred capital contributions received		**124,150**		50,508
Amortization of deferred contributions for projects costs and capital assets		**(10,212)**		(6,373)
Gain on transfer of projects under development		**(7,831,790)**		(2,605,632)
Imputed interest income on mortgages receivable		**(2,696,768)**		(1,661,884)
Mortgage realization		**(856,088)**		(162,295)
Write-down of mortgages receivable to amortized cost		**3,194,574**		5,118,073
Loss on disposal of capital assets		**10,989**		12,500
Proceeds on project sales		**8,928,793**		3,191,437
Changes in non-cash working capital balances				
Accounts receivable		**1,509,520**		(493,843)
Prepaid expenses		**58,678**		83,095
Accounts payable and accrued liabilities		**(765,730)**		(18,835)
Deferred revenue		**-**		(213,988)
		10,070,324		3,042,222
Investing activities				
Mortgage payments received		**9,108,891**		4,001,103
Expenditures on projects under development		**(15,551,533)**		(7,931,159)
Purchase of capital assets, net of capital lease advances		**(116,324)**		(107,593)
Proceeds on disposal of capital assets		**3,248**		-
Cash received on amalgamation		**-**		(199,740)
		(6,555,718)		(4,237,389)
Financing activities				
Proceeds from long-term debt		**11,400,000**		2,770,078
Repayment of long-term debt		**(12,803,804)**		(3,411,954)
CMHC deferred revenue		**840,000**		1,840,000
Repayment of capital lease obligation		**(81,712)**		(103,869)
Bank indebtedness		**(200,000)**		-
		(845,516)		1,094,255
Increase (decrease) in cash and cash equivalents		**2,669,090**		(100,912)
Cash and cash equivalents, beginning of year		**4,170,005**		4,270,917
Cash and cash equivalents, end of year	**$**	**6,839,095**	$	4,170,005
Represented by:				
Cash	**$**	**786,520**	$	1,120,005
Cash equivalents		**6,052,575**		3,050,000
	$	**6,839,095**	$	4,170,005

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

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.

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.

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.

2. Mortgages Receivable

	2021		2020	
	Face Value	**Amortized Cost**	Face Value	Amortized Cost
Non-forgivable first mortgages	**$ 69,017,735**	**$ 43,810,027**	$ 69,583,858	$ 43,848,730
Non-forgivable second mortgages	**33,363,032**	**14,370,420**	21,756,415	7,778,664
Non-forgivable third mortgages	**5,946,460**	**1,410,911**	6,061,344	1,395,232
	108,327,227	**59,591,358**	97,401,617	53,022,626
Forgivable second mortgages	**6,517,486**	**-**	6,517,486	-
Forgivable third mortgages	**6,456,780**	**-**	6,541,652	-
	121,301,493	**59,591,358**	110,460,755	53,022,626
Less: current portion	**3,267,262**	**1,480,071**	3,368,232	1,803,675
	$118,034,231	**$ 58,111,287**	$107,092,523	$ 51,218,951

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.

Mortgages are measured at amortized cost, as follows:

- effective interest rates of 1.80% to 7.62%;
- monthly payment for the subsequent year; and
- mortgage terms to a maximum of 35 years

3. Projects Under Development and Asset Held for Sale

(a)

	2021	2020
355 - 363 Coxwell Ave	**$ 2,987,531**	$ 2,684,000
Dalton Road	**-**	2,600,894
25 William Street	**1,592,544**	1,480,401
Lakeshore, Toronto - Vita	**1,011,153**	1,008,033
70 - 72 Carlton Street	**-**	775,189
485 - 501 Normandy	**1,415,718**	754,099
Centre Towne - Phase 5	**-**	581,422
253 Markham Road	**905,429**	501,234
1800 St. Clair Ave West/383 - 425 Old Weston Road	**244,866**	184,290
3060 Eglinton Avenue East	**78,078**	78,078
30 Ordnance / Garrison Point	**-**	39,636
159 Wellesley	**307,337**	-
Various projects and construction inventory	**26,868**	69,905
130 River Street	**25,000**	-
1524 Countryside Dr	**256,201**	-
Normandy Phase 1	**1,298,057**	-
Normandy Phase 2	**62,743**	-
Normandy Phase 3	**247,125**	-
	$ 10,458,650	$ 10,757,181

During the year, loan interest of $57,593 (2020 - $62,290) has been capitalized to the cost of various projects.

(b) In 2018, Habitat agreed to sell its interest in the 3385 Dundas Street West project for approximately $5 million. As a result of the transaction, the interest in the property totaling approximately $4.6 million representing the lower of the carrying amount and the fair value less costs to sell, has been classified as asset held for sale and not included in projects under development. As of December 31, 2021, Habitat has received $500,000 (2020 - $500,000) as part of the consideration, which has been, classified as deferred revenue on the statement of financial position and will be recognized on the statement of operations upon the closing of the transaction.

4. Capital Assets

	2021		2020	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land - 155 Bermondsey Rd	**$ 1,788,876**	**$ -**	$ 1,788,876	$ -
Building - 155 Bermondsey Rd	**4,551,299**	**1,000,667**	4,551,299	909,641
Automotive	**982,566**	**706,224**	1,005,403	632,781
Machinery and equipment	**256,296**	**201,091**	256,933	187,435
Computers and software	**298,880**	**223,294**	266,200	196,086
Furniture and fixtures	**176,682**	**112,271**	220,030	130,836
Leasehold improvements	**206,705**	**139,034**	209,948	187,310
	$ 8,261,304	**$ 2,382,581**	$ 8,298,689	$ 2,244,089
Net book value		**$ 5,878,723**		$ 6,054,600

Included in automotive are assets under capital lease of $200,715 (2020 - $286,736).

5. Bank Indebtedness

Habitat has a revolving demand credit facility in the amount of $200,000 (2020 - $200,000). The facility bears interest at the prime rate and is secured by a general security agreement. As at December 31, 2021, $Nil (2020 - $200,000) 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 (2020 - $1,130,000). The credit facility is secured by a general security agreement over all assets other than real property. As at December 31, 2021, Habitat has letters of credit outstanding under the facility in the amount of $821,794 (2020 - $790,694).

6. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances and HST payable of $35,389 (2020 - $697,392).

7. Long-term Debt

		2021		2020
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 $5,888 to $17,403 based on 20-year amortization, maturing March 2031 to November 2036	**$**	**3,080,036**	$	3,620,944
Term loan - multiple draw downs, bearing interest at 2.48% to 3.85%, secured by a general security agreement, requires blended monthly payments ranging from $1,829 to $19,272 based on 10-year to 15-year amortization, matures October 2022 to November 2033.		**4,826,781**		6,301,779
Term revolving loan - multiple draw downs, bearing interest at 2.90% to 3.13%, secured by a general security agreement, requires monthly principal payments ranging from $434 to $13,894 based on a 15-year amortization, matures August 2028 to April 2030.		**993,269**		2,515,955
Term loan - bearing interest at 2.98%, secured by an assignment of mortgages from the McLevin project, requires blended monthly payments of $7,157, based on a 20-year amortization, due September 2021		**-**		1,079,938
Term loan - bearing interest of 4.92%, secured by assignment of mortgages recoverable at 357 - 373 Birchmount Road, requires monthly blended payments of $6,380 and matures November 2022		**-**		1,038,161
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 ranging from $1,667 to $2,500, based on 20-year amortization, maturing October 2022		**1,203,750**		1,316,250
Term loan - multiple tranches, bearing interest at a rate of 4.375% secured by the mortgage receivable from Kennedy Road and Phase 2 of Pinery Trail, requires blended monthly payments ranging from $2,112 to $3,169, based on 20 year amortization, maturing October 2023		**-**		1,249,136
Equipment loan - bearing interest at a rate of 3.84%, secured by vehicles financed, due August 2023, requires blended monthly payments of $1,069		**19,570**		31,239
Balance to carry forward	**$**	**10,123,406**	$	17,153,402

7. Long-term Debt (continued)

Balance carried forward	**$ 10,123,406**	$ 17,153,402
Term loan - multiple tranches, bearing interest at a rate equal to 4.20% secured by the mortgage receivable from 12600 Kennedy Road and Phase 2 Block A of the Pinery Trail projects, requires blended monthly payments ranging from $2,067 to $3,100, based on 20 year amortization, maturing July to October 2023	**-**	1,247,671
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	**2,186,064**	2,245,078
Term loan - bears interest at 4.60%, secured by assignment of mortgages receivable on the Tobram project, requires monthly payments of $10,108 based on a 25 year amortization, maturing on February 2024	**-**	1,743,365
Term loan - bears interest at 4.39%, secured by assignment of mortgages receivable from the McLaughlin project, requires blended monthly payments of $10,947, maturing on May 2031	**1,974,478**	1,000,000
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 lendor, due November 2022	**500,000**	500,000
Promissory note - interest only at a rate of 4.5%, secured by assignment of mortgages on 25 Williams Street project, requires monthly payments of $1,033	**-**	525,000
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	**8,226,764**	-
	23,010,712	24,414,516
Less: current portion	**3,369,043**	2,619,453
	$ 19,641,669	$ 21,795,063

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 $130,492 (2020 - $139,350) is included with facilities expense.

Total interest for the year was $917,488 (2020 - $936,033). Of that amount, $57,593 (2020 - $62,290) was capitalized to projects (Note 3), $130,011 (2020 - $139,350) is included with facilities expense and $729,884 (2020 - $734,394) was included as interest expense.

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

2022	$ 3,369,043
2023	1,624,092
2024	1,398,493
2025	3,363,892
2026	1,400,973
Thereafter	11,854,219
	$ 23,010,712

8. Deferred Contributions

	2021	2020
Deferred ReStore revenue	**$ 7,586**	$ 26,185
Deferred contributions designated for projects	**1,090,000**	90,000
	$ 1,097,586	$ 116,185

Deferred contributions designated for projects includes $1,000,000 (2020 - $Nil) related to an estate gift received.

9. Deferred Capital Contributions

	2021	2020
Balance, beginning of year	**$ 273,114**	$ 228,979
Contributions received	**124,150**	50,508
Amortization	**(10,212)**	(6,373)
Balance, end of year	**$ 387,052**	$ 273,114

10. CMHC Deferred Revenue

In 2021, Habitat recieved $840,000 (2020 - $1,840,000) 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:

	2021	2020
Projects under development	**$ 10,458,650**	$ 10,757,181
Asset held for sale	**4,601,891**	4,601,891
Mortgages receivable	**59,591,358**	53,022,626
Less:		
Bank indebtedness	**-**	(200,000)
Deferred contributions	**(1,090,000)**	(90,000)
Long-term debt less 155 Bermondsey Road mortgage	**(19,911,106)**	(20,762,332)
	$ 53,650,793	$ 47,329,366

12. Invested in Capital Assets

Invested in capital assets consists of the following:

	2021	2020
Capital assets	**$ 5,878,723**	$ 6,054,600
Less:		
Deferred capital contributions	**(387,052)**	(273,114)
Long-term debt for 155 Bermondsey Road mortgage	**(3,080,036)**	(3,620,944)
Obligations under capital lease	**(248,749)**	(330,461)
Equipment loan	**(19,570)**	(31,239)
	$ 2,143,316	$ 1,798,842

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 $85,005 (2020 - $84,272) 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 was to allocate 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. Amounts due to Habitat from HFHC under this agreement but not yet paid is $148,549 (2020 - $319,873) and is included in accounts receivable. The arrangement is continuing in 2022 and the allocation of revenues and expenses has been amended.

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**	**2021**	2020
Administrative	**$ 1,203,722**	**$ 94,130**	**$ 95,264**	**$ 1,393,116**	$ 1,220,561
Fundraising	**945,757**	**-**	**-**	**945,757**	915,738
Program	**2,075,687**	**152,880**	**420,477**	**2,649,044**	2,559,690
Total	**$ 4,225,166**	**$ 247,010**	**$ 515,741**	**$ 4,987,917**	$ 4,695,989

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.

15. Lease Commitments

Minimum annual payments due under lease agreements for the 12 ReStore locations and the office for the next five years are as follows:

2022	$ 2,675,901
2023	2,087,996
2024	1,969,215
2025	1,349,699
2026	348,300
	$ 8,431,111

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 3.85% - 11.35% expiring in 2021 - 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:

2022	$ 97,151
2023	79,157
2024	55,267
2025	47,780
2026	19,675
	299,030
Less: imputed interest	(50,281)
	248,749
Less: current portion	(81,452)
	$ 167,297

During the year, Habitat paid interest on the capital leases of $27,797 (2020 - $26,017).

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.

18. Government Subsidies

Habitat received the Canada Emergency Wage Subsidy ("CEWS") from the Government of Canada during the year. The total amount of government assistance received was $1,351,704 (2020 - 1,531,711) of which $717,932 (2020 - $771,541) was allocated to ReStore revenue and $633,772 (2020 - $760,170) 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 during the year. The total amount of government assistance received was $1,029,711 (2020 - $Nil) of which $970,498 (2020 - $Nil) was allocated to ReStore revenue and $59,213 (2020 - $Nil) was allocated to interest and other revenues on the statement of operations.

19. Other Matters

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus ("COVID-19") a pandemic. Habitat's construction projects are considered essential and continued to operate throughout the pandemic. As the impacts of the COVID-19 outbreak continue, there could be further impact on Habitat and its revenue sources. The Board of Directors is actively monitoring the effect on its financial condition, liquidity, operations, suppliers and its workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, Habitat is not fully able to estimate the future effects of the COVID-19 outbreak on its operations, financial condition, or liquidity at this time.

Habitat for Humanity Greater Toronto Area
Schedule 1 - ReStore

For the year ended December 31	2021	2020
Revenues		
ReStore revenue	**$ 6,968,129**	$ 6,397,180
Government subsidies (Note 18)	**1,688,430**	1,320,225
	8,656,559	7,717,405
ReStore expenses		
Advertising	**32,270**	10,727
Amortization	**177,369**	191,651
Cleaning and disposal	**93,441**	64,342
Computer	**28,386**	36,602
Credit card commission	**109,195**	84,949
Facility	**123,035**	80,733
Insurance	**9,271**	9,737
Loss (gain) on disposal of capital assets	**10,989**	12,500
Office/Store	**163,585**	168,964
Other	**273,015**	243,824
Professional fees	**-**	2,624
Rent and utilities	**2,514,813**	2,352,413
Salaries and benefits	**3,441,185**	3,026,300
Training, health and safety	**331**	5,725
Truck and salvage	**165,795**	136,209
	7,142,680	6,427,300
Net contribution	**$ 1,513,879**	$ 1,290,105

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

For the year ended December 31	2021	2020
Schedule 2 - Administrative Expenditures		
Affiliation fees (Note 13)	**$ 95,264**	$ 87,311
Amortization	**27,308**	27,308
Computer service	**45,271**	49,406
Facility	**94,130**	98,192
Insurance	**11,241**	11,267
Office and general	**93,916**	105,295
Professional fees	**78,676**	50,785
Salaries and benefits	**1,203,722**	1,035,058
Total	**$ 1,649,528**	$ 1,464,622
Schedule 3 - Fundraising Expenditures		
Communications	**19,724**	15,680
Computer service	**40,561**	33,274
Donor recognition	**18,916**	10,137
Office and general	**35,479**	42,573
Salaries and benefits	**945,757**	915,738
Total	**$ 1,060,437**	$ 1,017,402
Schedule 4 - Program Expenditures		
Affiliation fees (Note 13)	**$ 420,477**	$ 457,553
Amortization	**73,573**	85,849
Communications	**82,730**	38,555
Computer service	**52,447**	64,801
Facility	**152,880**	217,897
Insurance	**18,398**	17,201
Interest	**702,210**	710,183
Office and general	**204,677**	154,139
Professional fees	**48,030**	69,905
Salaries and benefits	**2,075,687**	1,884,240
Warranty	**20,971**	67,385
Total	**$ 3,852,080**	$ 3,767,708

Habitat for Humanity Greater Toronto Area
Statement of Financial Position

December 31	2021	2020
Assets		
Current assets		
Cash and cash equivalents	$ 6,839,095	$ 4,170,005
Accounts receivable	611,086	2,120,606
Prepaid expenses	459,594	518,272
Current portion of mortgages receivable (Note 2)	1,480,071	1,803,675
	9,389,846	8,612,558
Mortgages receivable (Note 2)	58,111,287	51,218,951
Projects under development (Note 3a)	10,458,650	10,757,181
Asset held for sale (Note 3b)	4,601,891	4,601,891
Capital assets (Note 4)	5,878,723	6,054,600
	$ 88,440,397	$ 81,245,181

	2021	2020
Liabilities and Net Assets		
Current liabilities		
Bank indebtedness (Note 5)	$ -	$ 200,000
Accounts payable and accrued liabilities (Notes 6 and 13)	2,696,903	3,462,633
Current portion of long-term debt (Note 7)	3,369,043	2,619,453
Current portion of obligations under capital lease (Note 16)	81,452	112,568
	6,147,398	6,394,654
Deferred contributions (Note 8)	1,097,586	116,185
Deferred capital contributions (Note 9)	387,052	273,114
Deferred revenue (Note 3b)	500,000	500,000
CMHC deferred revenue (Note 10)	2,680,000	1,840,000
Long-term debt (Note 7)	19,641,669	21,795,063
Obligations under capital lease (Note 16)	167,297	217,893
	30,621,002	31,136,909
Net assets		
Invested in projects under development (Note 11)	53,650,793	47,329,366
Invested in capital assets (Note 12)	2,143,316	1,798,842
Unrestricted	2,025,286	980,064
	57,819,395	50,108,272
	$ 88,440,397	$ 81,245,181

On behalf of the Board:

Mark Blake Director

Director

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