Financial Statements of

# HABITAT FOR HUMANITY GREATER TORONTO AREA

And Independent Auditor's Report thereon

Year ended December 31, 2023

**KPMG LLP**
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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 the "Entity"), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of revenue and expenditures for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, 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 auditor's report.

We are independent of the Entity 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 the 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 the Entity'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 the Entity or to cease operations, or has no realistic alternative but to do so.

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

### *Other Matter - Comparative Information*

The financial statements for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on those financial statements on April 25, 2023.

### *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 the financial statements.

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 Entity'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 the Entity'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 the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

May 23, 2024

# HABITAT FOR HUMANITY GREATER TORONTO AREA

Statement of Financial Position

December 31, 2023, with comparative information for 2022

| | | 2023 | | 2022 |
|---|---|---|---|---|
| **Assets** | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | $ | 5,000,068 | $ | 5,098,686 |
| Accounts receivable | | 3,885,266 | | 6,458,116 |
| Prepaid expenses and deposits | | 497,135 | | 479,690 |
| Current portion of mortgages receivable (note 2) | | 1,440,164 | | 1,592,347 |
| | | 10,822,633 | | 13,628,839 |
| Mortgages receivable (note 2) | | 67,366,063 | | 64,896,626 |
| Projects under development (note 3) | | 29,053,088 | | 21,583,831 |
| Capital assets (note 4) | | 5,705,221 | | 5,832,023 |
| | $ | 112,947,005 | $ | 105,941,319 |
| **Liabilities and Net Assets** | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities (notes 5 and 13) | $ | 4,813,492 | $ | 4,526,145 |
| Current portion of long-term debt (notes 6 and 7) | | 4,435,566 | | 2,655,794 |
| Current portion of obligations under capital lease | | – | | 62,196 |
| | | 9,249,058 | | 7,244,135 |
| Deferred contributions (note 8) | | 3,154,747 | | 305,036 |
| Deferred capital contributions (note 9) | | 302,045 | | 195,962 |
| HFHC-CMHC forgivable loan (note 10) | | 5,800,413 | | 5,420,000 |
| Long-term debt (notes 6 and 7) | | 18,778,572 | | 19,476,116 |
| Obligations under capital lease | | – | | 107,462 |
| | | 37,284,835 | | 32,748,711 |
| Net assets: | | | | |
| Invested in projects under development (note 11) | | 68,348,988 | | 63,099,057 |
| Invested in capital assets (note 12) | | 2,747,753 | | 2,587,238 |
| Unrestricted | | 4,565,429 | | 7,506,313 |
| | | 75,662,170 | | 73,192,608 |
| Commitments (note 16) | | | | |
| | $ | 112,947,005 | $ | 105,941,319 |

See accompanying notes to financial statements.

On behalf of the Board:

_______________ Director

_______________ Director

# HABITAT FOR HUMANITY GREATER TORONTO AREA

Statement of Revenue and Expenditures

Year ended December 31, 2023, with comparative information for 2022

| | 2023 | 2022 |
|---|---|---|
| Revenue: | | |
| Donations and fundraising, net (note 14) | $ 4,273,039 | $ 5,989,816 |
| Donations in kind – materials, fees and services | 742,460 | 240,746 |
| Government grants | 15,165 | 203,334 |
| Interest and other (note 18) | 123,168 | 497,170 |
| ReStore revenue (schedule 1) | 9,167,232 | 8,545,490 |
| | 14,321,064 | 15,476,556 |
| Expenditures (note 15): | | |
| Administrative (schedule 2) | (1,914,121) | (1,876,131) |
| Fundraising (schedule 3) | (1,173,917) | (1,141,166) |
| Program (schedule 4) | (4,918,909) | (4,375,628) |
| ReStore expenditures (schedule 1) | (7,687,043) | (7,391,105) |
| | (15,693,990) | (14,784,030) |
| Excess (deficiency) of revenue over expenditures before undernoted | (1,372,926) | 692,526 |
| Home sales and related activities: | | |
| Proceeds from home sales | 11,012,437 | 22,775,589 |
| Development costs of homes sold | (11,188,186) | (19,957,646) |
| Mortgage discount recovery (expense) | (737,368) | 256,419 |
| Imputed interest income on mortgages receivable | 2,732,916 | 2,398,536 |
| Mortgage realization and home sale appreciation | 296,689 | 1,238,333 |
| Donations in kind - land | 1,726,000 | 7,969,456 |
| | 3,842,488 | 14,680,687 |
| Excess of revenue over expenditures | $ 2,469,562 | $ 15,373,213 |

See accompanying notes to financial statements.

# HABITAT FOR HUMANITY GREATER TORONTO AREA

Statement of Changes in Net Assets

Year ended December 31, 2023, with comparative information for 2022

| | | | | 2023 | 2022 |
|---|---|---|---|---|---|
| | Invested in projects under development (note 11) | Invested in capital assets (note 12) | Unrestricted | Total | Total |
| Net assets, beginning of year | $ 63,099,057 | $ 2,587,238 | $ 7,506,313 | $ 73,192,608 | $ 57,819,395 |
| Excess of revenue over expenditures | 4,584,948 | (238,249) | (1,877,137) | 2,469,562 | 15,373,213 |
| Investment in capital assets | – | 232,196 | (232,196) | – | – |
| Proceeds from disposal of capital assets | – | (5,752) | 5,752 | – | – |
| Payment of capital lease obligations | – | 66,553 | (66,553) | – | – |
| Deferred capital contribution | – | (117,976) | 117,976 | – | – |
| Repayment of long-term debt | 1,609,886 | 223,743 | (1,833,629) | – | – |
| Deferred contributions | (2,849,711) | – | 2,849,711 | – | – |
| Proceeds from long-term debt | (2,915,855) | – | 2,915,855 | – | – |
| HFHC-CMHC forgivable loan | (380,413) | – | 380,413 | – | – |
| Proceeds from home sales | (7,025,904) | – | 7,025,904 | – | – |
| Additions to projects under development | 16,827,225 | – | (16,827,225) | – | – |
| Mortgage receipts | (4,600,245) | – | 4,600,245 | – | – |
| Net assets, end of year | $ 68,348,988 | $ 2,747,753 | $ 4,565,429 | $ 75,662,170 | $ 73,192,608 |

See accompanying notes to financial statements.

# HABITAT FOR HUMANITY GREATER TORONTO AREA

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

| | 2023 | 2022 |
|---|---|---|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Excess of revenue over expenditures | $ 2,469,562 | $ 15,373,213 |
| Adjustments required to reconcile excess of revenue over expenditures: | | |
| Amortization of capital assets | 248,858 | 255,458 |
| Amortization of deferred capital assets contributions | (11,893) | (10,554) |
| Amortization of HFHC-CMHC forgivable loan | (106,667) | – |
| Loss on disposal of capital assets | 1,284 | 15,858 |
| Amortization on deferred contributions | (269,002) | – |
| Change in non-cash operating working capital: | | |
| Accounts receivable | 2,572,850 | (5,847,030) |
| Prepaid expenses and deposits | (17,445) | (20,096) |
| Accounts payable and accrued liabilities | 287,347 | 1,829,241 |
| Deferred contributions | 3,118,713 | (1,003,552) |
| Asset held for sale | – | 4,601,891 |
| Deferred revenue | – | (500,000) |
| Change in non-current operating items relating to housing projects: | | |
| Mortgages receivable | (2,317,254) | (6,897,615) |
| Projects under development | (7,469,257) | (11,125,181) |
| | (1,492,904) | (3,328,367) |
| Financing activities: | | |
| Proceeds from long-term debt | 2,915,855 | 2,622,093 |
| Repayment of long-term debt | (1,833,628) | (3,500,895) |
| HFHC-CMHC forgivable loan received | 487,080 | 2,740,000 |
| Repayment of capital lease obligation | (66,553) | (79,091) |
| | 1,502,754 | 1,782,107 |
| Investing activities: | | |
| Deferred capital contributions received | 117,976 | 30,467 |
| Proceeds on disposal of capital assets | 5,752 | 3,982 |
| Purchase of capital assets, net of capital lease advances | (232,196) | (228,598) |
| | (108,468) | (194,149) |
| Decrease in cash and cash equivalents | (98,618) | (1,740,409) |
| Cash and cash equivalents, beginning of year | 5,098,686 | 6,839,095 |
| Cash and cash equivalents, end of year | $ 5,000,068 | $ 5,098,686 |
| Represented by: | | |
| Cash | $ 3,998,597 | $ 1,230,324 |
| Cash equivalents | 1,001,471 | 3,868,362 |
| | $ 5,000,068 | $ 5,098,686 |

See accompanying notes to financial statements.

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). New letters patent, dated April 1, 2020 were created after the amalgamation with Habitat for Humanity Durham Inc. in fiscal 2020.

The Mission of Habitat is to mobilize volunteers and communities to help working families build strength, stability and self-reliance through affordable homeownership. In order to support administrative and fundraising efforts, Habitat also operates retail stores ("ReStore"), which sell donated new and used materials.

## 1. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The accrual basis of accounting is used for reporting all revenue and expenses.

(b) 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.

(c) 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.

## 1. Significant accounting policies (continued):

(d) 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.

Habitat has the policy to capitalize loan interest to the cost of various projects.

(e) Capital assets:

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

| Asset | Basis | Rate |
|---|---|---|
| Building - 155 Bermondsey Road | Straight-line | 50 years |
| Automotive | Declining balance | 30% |
| Machinery and equipment | Declining balance | 20% |
| Computers and software | Declining balance | 30% |
| Furniture and fixtures | Declining balance | 20% |
| Leasehold improvements | Straight line | Over the term of the lease to a maximum of 10 years |

(f) 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 represent unspent restricted donations. The amount of any pledges are not recognized as revenue until collection is assured.

**1. Significant accounting policies (continued):**

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 purchase of the goods by the customer.

Revenue from home sales 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.

Revenue from contracts related to home sales is recognized on the percentage of completion method as work is performed, and when the customer takes ownership and assumes risk of loss, collection of the related receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable. The percentage of completion is determined by the costs incurred. Costs are the most reasonably determinable measure of performance which relate as directly as possible to the activities critical to completion of the contract. Provision is made for the total anticipated loss when the estimates of total costs on a contract indicate a loss.

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

(g) 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.

**1. Significant accounting policies (continued):**

(h) 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.

(i) 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 15).

(j) 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 revenue 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.

**1. Significant accounting policies (continued):**

(k) Mortgages receivable and related items:

(i) Mortgage receivable

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.

(ii) Imputed interest income:

All mortgages are non-interest bearing, however, imputed interest income on mortgages is calculated and recognized in the statement of revenue and expenditures 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.

(iii) Mortgage realization and home sale appreciation:

Mortgages that are repaid earlier than scheduled payments will result in the realization in excess of the amortized cost and will be recognized as mortgage realization on the statement of revenue and expenditures. 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.

## 1. Significant accounting policies (continued):

(iv) Mortgage discount recovery and expenses:

As a result of the measurement of mortgages at amortized cost, the statement of revenue and expenditures includes 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.

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

## 2. Mortgages receivable:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Face Value | Amortized cost | Face value | Amortized cost |
| Non-forgivable: | | | | |
| First mortgages | $ 60,400,926 | $ 40,221,410 | $ 63,943,817 | $ 41,914,673 |
| Second mortgages | 45,157,282 | 27,178,922 | 41,041,761 | 23,175,217 |
| Third mortgages | 5,746,369 | 1,405,895 | 5,847,575 | 1,399,083 |
| | 111,304,577 | 68,806,227 | 110,833,153 | 66,488,973 |
| Forgivable: | | | | |
| Second mortgages | 6,478,473 | – | 6,517,486 | – |
| Third mortgages | 4,790,185 | – | 6,332,976 | – |
| | 122,573,235 | 68,806,227 | 123,683,615 | 66,488,973 |
| Less current portion | 3,064,910 | 1,440,164 | 3,295,431 | 1,592,347 |
| | $ 119,508,325 | $ 67,366,063 | $ 120,388,184 | $ 64,896,626 |

Significant accounting policies for mortgages receivable, imputed interest income, mortgage realization and mortgage discount recovery and expenses are disclosed in note 1.

## 3. Projects under development:

| | 2023 | 2022 |
|---|---|---|
| 383 - 425 Old Weston Road, Toronto | $ 10,048,234 | $ 6,226,407 |
| 485 - 501 Normandy, Oshawa | 9,297,610 | 5,569,033 |
| 355 - 363 Coxwell Ave, Toronto | 3,158,347 | 3,061,240 |
| 25 William Street, Brampton | 2,702,252 | 1,935,939 |
| 1524 Countryside Dr, Brampton | 1,274,506 | 280,408 |
| 253 Markham Road, Toronto | 1,061,496 | 1,044,328 |
| 1926 Lakeshore Blvd W, Toronto | 630,068 | 7,610 |
| 411 Victoria Park, Toronto | 400,732 | 257,967 |
| Various projects and construction inventory | 202,653 | 105,317 |
| 3060 Eglinton Avenue East, Toronto | 111,472 | 107,872 |
| 200 Baseline, Clarington | 165,718 | 120,426 |
| 159 Wellesley St E, Toronto | – | 1,187,732 |
| 12620 Kennedy Rd, Caledon | – | 1,165,209 |
| 2161 Lakeshore Blvd W, Toronto | – | 514,343 |
| | $ 29,053,088 | $ 21,583,831 |

During the year, loan interest of $245,890 (2022 - $51,914) has been capitalized to the cost of various projects.

## 4. Capital assets:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Cost | Accumulated amortization | Cost | Accumulated amortization |
| Land - 155 Bermondsey Rd. | $ 1,788,876 | $ – | $ 1,788,876 | $ – |
| Building - 155 Bermondsey Rd. | 4,551,299 | 1,182,719 | 4,551,299 | 1,091,693 |
| Automotive | 490,809 | 406,044 | 960,638 | 755,364 |
| Machinery and equipment | 301,811 | 219,393 | 263,200 | 205,966 |
| Computers and software | 361,062 | 252,613 | 348,657 | 242,033 |
| Furniture and fixtures | 264,877 | 123,732 | 214,443 | 99,576 |
| Leasehold improvements | 251,141 | 120,153 | 215,393 | 115,851 |
| | $ 8,009,875 | $ 2,304,654 | $ 8,342,506 | $ 2,510,483 |
| Net book value | | $ 5,705,221 | | $ 5,832,023 |

Included in automotive are assets under capital lease of nil (2022 - $140,500).

## 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances and HST payable of nil (2022 - $69,021).

## 6. Credit facilities:

Habitat has access to letters of credit/letters of guarantee bearing a fee of 1%, to a combined maximum of $1,304,081 (2022 - $1,130,000). The credit facility is secured by a general security agreement over all assets other than real property. As at December 31, 2023, Habitat has letters of credit outstanding under the facility in the amount of $1,304,081 (2022 - $1,096,170).

Habitat has a revolving demand credit facility in the amount of $200,000 (2022 - $200,000). The facility bears interest at the prime rate and is secured by a general security agreement. As at December 31, 2023, nil (2022 - nil) was utilized.

## 7. Long-term debt:

| | 2023 | 2022 |
|---|---|---|
| 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 | $ 7,174,661 | $ 7,703,342 |
| Term loan - multiple draw downs, bearing interest at 2.48% to 6.46%, secured by a general security agreement, requires blended monthly payments of $43,538 based on 15-year amortization, matures October 2028 to November 2033 | 3,389,968 | 4,014,765 |
| 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 | 3,032,708 | 1,016,853 |
| 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 of $26,774 based on 20-year amortization, maturing March 2031 to November 2036 | 2,655,423 | 2,871,798 |
| 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 | 2,061,760 | 2,124,890 |
| 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 | 1,879,221 | 1,927,691 |
| 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 discharged upon transfer of property and security to partner family | 1,600,240 | 1,600,240 |
| Carried forward | 21,793,981 | 21,259,579 |

## 7. Long-term debt (continued):

| | 2023 | 2022 |
|---|---|---|
| Brought forward | 21,793,981 | 21,259,579 |
| Term revolving loan - multiple draw downs, bearing interest at 2.63% to 3.33%, secured by a general security agreement, requires blended monthly payments of $17,021 based on a 15-year amortization, matures August 2028 to August 2038 | 1,420,157 | 864,964 |
| 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 |
| | 23,214,138 | 22,131,910 |
| Less current portion | 4,435,566 | 2,655,794 |
| | $ 18,778,572 | $ 19,476,116 |

Total interest for the year was $680,198 (2022 - $592,877). Of that amount, $245,890 (2022 - $51,914) was capitalized to projects (note 3), $104,912 (2022 - $113,050) is included with facilities expense and $329,396 (2022 - $407,208) was included as interest expense (schedule 4).

As at December 31, 2023, Habitat was in breach of a financial covenant. The lender provided Habitat with a waiver letter with respect to the covenant violation.

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

| | |
|---|---|
| 2024 | $ 4,435,566 |
| 2025 | 1,442,263 |
| 2026 | 1,481,739 |
| 2027 | 1,520,186 |
| 2028 | 1,461,868 |
| Thereafter | 12,872,516 |
| | $ 23,214,138 |

## 8. Deferred contributions:

| | 2023 | 2022 |
|---|---:|---:|
| Deferred ReStore revenue | $ 3,547 | $ 4,034 |
| Deferred contributions designated for projects | 3,151,200 | 301,002 |
| | $ 3,154,747 | $ 305,036 |

## 9. Deferred capital contributions:

| | 2023 | 2022 |
|---|---:|---:|
| Balance, beginning of year | $ 195,962 | $ 201,321 |
| Contributions received | 117,976 | – |
| Amortization | (11,893) | (5,359) |
| Balance, end of year | $ 302,045 | $ 195,962 |

## 10. HFHC-CMHC forgivable loan:

| | 2023 | 2022 |
|---|---:|---:|
| Balance, beginning of year | $ 5,420,000 | $ 2,680,000 |
| Received during the year | 487,080 | 2,740,000 |
| Recognized in revenue | (106,667) | – |
| Balance, end of year | $ 5,800,413 | $ 5,420,000 |

In 2023, Habitat received $487,080 (2022 - $2,740,000) of forgivable loans from HFHC, which will be forgiven over a period of 20 years.

## 11. Invested in projects under development:

Funds invested in projects under development consists of the following:

| | 2023 | 2022 |
|---|---|---|
| Projects under development (note 3) | $ 29,053,088 | $ 21,583,831 |
| Mortgages receivable (note 2) | 68,806,227 | 66,488,973 |
| Less: | | |
| Deferred contributions – designated for projects | (3,151,200) | (301,002) |
| HFHC-CMHC forgivable loan | (5,800,413) | (5,420,000) |
| Long-term debt less capital asset debt | (20,558,714) | (19,252,745) |
| | $ 68,348,988 | $ 63,099,057 |

Excess of revenue over expenditure:

| | 2023 |
|---|---|
| Donations in kind – materials, fees and services | $ 742,460 |
| Proceeds from sales | 11,012,437 |
| Development costs of homes sold | (11,188,186) |
| Mortgage discount recovery (expense) | (737,368) |
| Imputed interest income on mortgages receivable | 2,732,916 |
| Mortgage realization and home sale appreciation | 296,689 |
| Donations in kind – land | 1,726,000 |
| | $ 4,584,948 |

155 Bermondsey Road mortgage is part of capital assets and has been presented in invested in capital assets (note 12).

## 12. Invested in capital assets:

Invested in capital assets consists of the following:

| | 2023 | 2022 |
|---|---|---|
| Capital assets (note 4) | $ 5,705,221 | $ 5,832,023 |
| Less: | | |
| Deferred capital contributions (note 9) | (302,045) | (195,962) |
| Long-term debt for capital assets | (2,655,423) | (2,871,798) |
| Obligations under capital lease | – | (169,658) |
| Equipment loan | – | (7,367) |
| | $ 2,747,753 | $ 2,587,238 |

Excess of revenue over expenditure:

| | 2023 |
|---|---|
| Amortization | $ (248,858) |
| Loss of disposal of capital assets | (1,284) |
| Amortization of deferred contributions | 11,893 |
| | $ (238,249) |

## 13. Habitat for Humanity Canada:

Habitat is an affiliate of Habitat for Humanity Canada ("HFHC"). There is an 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 $122,677 (2022 - $73,054) and is included in accounts payable and accrued liabilities.

In 2022, fundraising was performed on a group basis, a cost sharing agreement was based on revenue received by each organization. Amounts due to Habitat from HFHC under this agreement but not yet paid is nil (2022 - $142,582). These arrangements have been terminated for 2023.

Affiliate fees in the amount of $774,025 (2022 - $729,308) were recorded in the current year (note 15).

## 14. Donations and fundraising, net:

| | 2023 | 2022 |
|---|---|---|
| Donations and fundraising on a cash basis | $ 7,429,252 | $ 4,994,457 |
| Deferred Revenue | (3,156,213) | 995,359 |
| Donations and fundraising revenue recognized | $ 4,273,039 | $ 5,989,816 |

## 15. 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 | 2023 | 2022 |
|---|---|---|---|---|---|
| Administrative | $ 1,344,276 | $ 89,177 | $ 145,711 | $ 1,579,164 | $ 1,535,851 |
| Fundraising | 1,006,381 | – | – | 1,006,381 | 905,859 |
| Program | 2,843,725 | 118,705 | 628,314 | 3,590,744 | 3,399,405 |
| | $ 5,194,382 | $ 207,882 | $ 774,025 | $ 6,176,289 | $ 5,841,115 |

Facility 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.

## 16. Commitments:

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

| | |
|---|---|
| 2024 | $ 2,617,219 |
| 2025 | 2,070,023 |
| 2026 | 898,729 |
| 2027 | 526,825 |
| 2028 | 356,235 |
| | $ 6,469,031 |

## 17. Financial instrument risks:

(a) 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 receivable 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.

(b) 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 construction credit facilities 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.

(c) Liquidity risk:

Liquidity risk is the risk that the Habitat will encounter difficulty in meeting obligations associated with financial liabilities. Habitat is exposed to this risk mainly in respect of its long-term debt, forgivable loan and accounts payable. Habitat expects to meet these obligations as they come due by generating sufficient cash flow from operations. There has been no change in the risk assessment from the prior year.

## 18. Government subsidies:

Habitat received the Canada Emergency Wage Subsidy from the Government of Canada. The total amount of government assistance received was nil (2022 - $84,978) of which nil (2022 - $41,044) was allocated to Restore revenue and nil (2022 - $43,934) was allocated to interest and other revenue on the statement of revenue and expenditures.

## 19. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

# HABITAT FOR HUMANITY GREATER TORONTO AREA

Schedule 1 - ReStore

Year ended December 31, 2023, with comparative information for 2022

| | 2023 | 2022 |
|---|---|---|
| Revenue: | | |
| ReStore | $ 8,926,970 | $ 8,500,883 |
| Recognition of deferred donation/grant | 232,068 | – |
| Other (note 18) | 8,194 | 44,607 |
| | 9,167,232 | 8,545,490 |
| ReStore expenses: | | |
| Salaries and benefits | 3,940,484 | 3,634,506 |
| Rent and utilities | 2,677,288 | 2,631,490 |
| Office/Store | 187,069 | 170,857 |
| Other | 168,594 | 197,025 |
| Truck and salvage | 161,084 | 195,108 |
| Amortization | 122,048 | 153,936 |
| Credit card commission | 114,290 | 109,636 |
| Cleaning and disposal | 95,236 | 84,366 |
| Computer | 94,508 | 70,727 |
| Advertising | 72,473 | 74,496 |
| Insurance | 40,229 | 40,698 |
| Training, health and safety | 12,456 | 12,402 |
| Loss on disposal of capital assets | 1,284 | 15,858 |
| | 7,687,043 | 7,391,105 |
| Net contribution | $ 1,480,189 | $ 1,154,385 |

# HABITAT FOR HUMANITY GREATER TORONTO AREA

Schedule 2 - Administrative Expenditures

Year ended December 31, 2023, with comparative information for 2022

| | 2023 | 2022 |
|---|---|---|
| Salaries and benefits | $ 1,344,276 | $ 1,303,607 |
| Affiliation fees (note 13) | 145,711 | 137,862 |
| Office and general | 138,916 | 139,074 |
| Professional fees | 101,194 | 103,987 |
| Facility | 89,177 | 94,382 |
| Computer service | 49,259 | 58,521 |
| Amortization | 27,308 | 27,308 |
| Insurance | 18,280 | 11,390 |
| | $ 1,914,121 | $ 1,876,131 |

Schedule 3 - Fundraising Expenditures

Year ended December 31, 2023, with comparative information for 2022

| | 2023 | 2022 |
|---|---|---|
| Salaries and benefits | $ 1,006,381 | $ 905,859 |
| Communications | 40,198 | 102,882 |
| Computer service | 38,888 | 46,032 |
| Donor recognition | 38,645 | 43,706 |
| Office and general | 38,579 | 39,569 |
| Professional fees | 11,226 | 3,118 |
| | $ 1,173,917 | $ 1,141,166 |

Schedule 4 - Program Expenditures

Year ended December 31, 2023, with comparative information for 2022

| | 2023 | 2022 |
|---|---|---|
| Salaries and benefits | $ 2,843,725 | $ 2,651,127 |
| Affiliation fees (note 13) | 628,314 | 591,446 |
| Interest | 329,396 | 407,208 |
| Office and general | 248,045 | 220,572 |
| Warranty and project investigation | 233,440 | 19,701 |
| Professional fees | 223,677 | 97,471 |
| Facility | 118,705 | 156,832 |
| Amortization | 100,714 | 78,497 |
| Computer service | 90,242 | 74,807 |
| Communications | 85,016 | 61,087 |
| Insurance | 17,635 | 16,880 |
| | $ 4,918,909 | $ 4,375,628 |