

HABITAT FOR HUMANITY THOUSAND ISLANDS

FINANCIAL STATEMENTS

December 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of
HABITAT FOR HUMANITY THOUSAND ISLANDS

Qualified Opinion

We have audited the financial statements of **HABITAT FOR HUMANITY THOUSAND ISLANDS**, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization 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 Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 the Organization 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 qualified 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT (continued)

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. 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 Organization'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 Organization'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 Organization 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.

Napanee, Ontario
June 23, 2022


CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

HABITAT FOR HUMANITY THOUSAND ISLANDS
(Incorporated under the laws of Ontario)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash	\$ 179,842	\$ 153,952
Guaranteed investment certificates - note 4	346,997	345,960
Accounts receivable	9,116	11,064
Accrued interest	241	239
Prepaid expenses	3,507	12,604
HST recoverable	7,481	16,130
Current portion of mortgage receivable	<u>61,959</u>	<u>70,690</u>
	609,143	610,639
MORTGAGE RECEIVABLE - note 5	666,909	924,123
LAND AND HOUSING PROJECTS UNDER DEVELOPMENT - note 6	1,132,647	917,882
PROPERTY AND EQUIPMENT - note 7	<u>84,783</u>	<u>27,732</u>
	<u><u>\$ 2,493,482</u></u>	<u><u>\$ 2,480,376</u></u>

LIABILITIES AND FUND BALANCES

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 61,958	\$ 63,352
Government remittances payable	14,955	11,712
Deposits received	53,666	30,251
Deferred revenue - note 9	<u>57,054</u>	<u>43,985</u>
	187,633	149,300
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS - note 10	-	7,591
SMALL BUSINESS LOANS - note 11	<u>-</u>	<u>30,000</u>
	187,633	186,891
FUND BALANCES		
Investment in housing - note 12	1,750,795	1,838,460
Investment in capital assets	84,783	20,141
Unrestricted	<u>470,271</u>	<u>434,884</u>
	<u>2,305,849</u>	<u>2,293,485</u>
	<u><u>\$ 2,493,482</u></u>	<u><u>\$ 2,480,376</u></u>

Approved by the Board of Directors:



Member



Member

(See accompanying notes)

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HABITAT FOR HUMANITY THOUSAND ISLANDS
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
REVENUES		
ReStore sales	\$ 792,192	\$ 692,329
Contributions from Habitat for Humanity Canada	24,936	6,926
Grants - note 13	30,180	18,065
Amortization of deferred contributions for capital	7,591	7,589
Donations	217,810	136,793
Interest income	1,052	474
Miscellaneous income	-	828
	<u>1,073,761</u>	<u>863,004</u>
EXPENSES		
Advertising and promotion	3,250	6,257
Amortization	24,988	16,269
Insurance	7,346	8,348
Wages	384,394	331,921
Materials	238,129	116,771
Meals and entertainment	2,639	3,086
Office	35,831	34,430
Professional fees	21,030	47,257
Property taxes	4,316	4,036
Rent	157,117	99,295
Repairs and maintenance	8,379	10,600
Habitat Dues	47,293	41,697
Travel and automotive	20,714	35,506
Utilities	18,069	25,222
	<u>973,495</u>	<u>780,695</u>
Excess of revenues over expenses before other items	<u>100,266</u>	<u>82,309</u>
Other expenses (income)		
Gain on sale of property	-	(56,974)
Gain on sale of capital assets	(7,000)	-
Government assistance	(101,288)	(52,234)
Amortization of mortgage discounts	196,190	(94,273)
	<u>87,902</u>	<u>(203,481)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 12,364</u>	<u>\$ 285,790</u>

(See accompanying notes)

HABITAT FOR HUMANITY THOUSAND ISLANDS
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021

	<u>Investment in housing</u>	<u>Investment in capital assets</u>	<u>Unrestricted</u>	<u>2021 Total</u>	<u>2020 Total</u>
BALANCE, beginning of year					
As previously reported	\$ 1,838,460	\$ 20,141	\$ 438,517	\$ 2,297,118	\$ 2,007,695
Prior period adjustment - note 17	<u>-</u>	<u>-</u>	<u>(3,633)</u>	<u>(3,633)</u>	<u>-</u>
As restated	1,838,460	20,141	434,884	2,293,485	2,007,695
Excess (deficiency) of revenues over expenses	(196,190)	(17,398)	225,952	12,364	285,790
Net change in investment in housing	108,525	-	(108,525)	-	-
Net change in investment in capital assets	<u>-</u>	<u>82,040</u>	<u>(82,040)</u>	<u>-</u>	<u>-</u>
BALANCE, end of year	<u>\$ 1,750,795</u>	<u>\$ 84,783</u>	<u>\$ 470,271</u>	<u>\$ 2,305,849</u>	<u>\$ 2,293,485</u>

(See accompanying notes)

HABITAT FOR HUMANITY THOUSAND ISLANDS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 12,364	\$ 285,790
Adjustments for:		
Amortization	24,988	16,269
Amortization of deferred capital	(7,591)	(7,589)
Amortization of mortgage discounts	196,190	(94,273)
Gain on disposal of housing projects	-	(56,974)
Debt Forgiveness	-	(10,000)
Donation of land	-	(32,000)
Gain on sale of capital asset	<u>(7,000)</u>	<u>-</u>
	218,951	101,223
Change in non-cash working capital components:		
Accounts receivable	1,948	(1,294)
Accrued interest	(2)	747
Prepaid expenses	9,097	(10,526)
HST	8,649	(41,930)
Accounts payable and accrued liabilities	(1,394)	(30,128)
Government remittances payable	3,243	(7,018)
Deposits received	23,415	16,717
Deferred revenue	<u>13,069</u>	<u>26,375</u>
	<u>276,976</u>	<u>54,166</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(346,997)	(345,960)
Proceeds on sale of investments	345,960	101,450
Mortgage receivable issued	-	(245,809)
Mortgage payments received	69,824	398,114
Purchase of property and equipment	(82,040)	(25,966)
Proceeds on disposal of property and equipment	7,000	-
Additions to land and housing projects under development	<u>(214,833)</u>	<u>59,039</u>
	<u>(221,086)</u>	<u>(59,132)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Increase (decrease) in small business loans	<u>(30,000)</u>	<u>40,000</u>
INCREASE IN CASH	25,890	35,034
CASH, beginning of year	<u>153,952</u>	<u>118,918</u>
CASH, end of year	<u>\$ 179,842</u>	<u>\$ 153,952</u>

(See accompanying notes)

HABITAT FOR HUMANITY THOUSAND ISLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

1. NATURE OF OPERATIONS

Habitat for Humanity Thousand Islands was incorporated without share capital under the Corporations Act of Ontario. Habitat for Humanity Thousand Islands is a registered charitable organization and is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met.

The primary objective of the Organization is to provide housing for persons in Leeds and Grenville who do not qualify for a traditional mortgage by constructing homes and providing interest free loans to enable them to purchase such homes.

The Organization operates the "ReStore", a retail operation that accepts donations of and sells new and used hardware, building supplies, furniture and appliances.

The Organization is an affiliate of Habitat for Humanity Canada ("HFHC"). There is an affiliation agreement between HFHC and all Canadian affiliates that sets the general operating principles for every autonomous affiliate. Currently HFHC provides affiliates across the country with administrative and marketing support, training opportunities, funding and gift-in-kind coordination.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

Revenue recognition

The Organization follows the deferral method of accounting for contributions, which include donations and government grants.

Unrestricted contributions are recognized as revenue when received or receivable of the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions which are restricted by the donor for the cost of constructing a home are recognized equal to the principal value of the first mortgages.

Revenue from grants, fundraising, sales at the ReStore and other income are recognized when received or receivable, if collection is reasonably assured.

Unrestricted investment income is recognized as revenue when earned.

HABITAT FOR HUMANITY THOUSAND ISLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are recorded at cost, less accumulated amortization which is determined on a straight-line basis over the estimated useful lives of the capital assets as follows:

Automotive	6 to 10 years straight-line
Computer equipment	2 years straight-line
Leasehold improvements	5 years straight-line
Signs	5 years straight-line
Build tools	5 years straight-line

Mortgages receivable

Mortgages receivable from sales of homes are interest free and repayable over periods of time generally ranging from twenty to thirty years.

The Organization also holds second mortgages on certain properties. These second mortgages are not recognized in the Financial Statements and represent a contingent asset to the Organization.

The mortgages receivable were adjusted to amortized cost due to the fact that the mortgages are non-interest bearing; resulting in income (expense) of \$(196,190) (2020 - \$94,273). The rate used to discount the mortgages was 5.00% (2020 - 2.50%). During the year \$Nil (2020 - \$Nil) was permanently forgiven.

Land and housing projects under development

Land and housing projects under development are recorded at the lower of cost and realizable value. They do not include the value of volunteer labour.

There were no donations of land during the year (2020: 1 lot valued at \$32,000).

Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Organization's trucks. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

Contributed materials and services

Contributions of materials and services are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations, and would otherwise have been purchased.

The value of contributed volunteer services is not recognized in the financial statements.

HABITAT FOR HUMANITY THOUSAND ISLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Government assistance

Government assistance for operating expenses received are recorded as deferred revenue and is amortized to income as eligible expenditures are incurred. Government assistance related to interest free loans is recorded as revenue over the interest free period based on the present value of the loan. Government assistance related to loan forgiveness is recorded as revenue in the period that it is determined the forgivable portion of the loan will be forgiven.

Due to Covid-19 the Government of Canada implemented the Covid-19 Economic Response Plan. Under the plan, the Company was eligible for the Canada Emergency Wage Subsidy ("CEWS") in which Canadian businesses impacted by Covid-19 may be eligible for wage subsidies. The Company continues to monitor its eligibility for the subsidy and other government assistance as programs become available.

All government assistance received to December 31, 2021 has been applied to eligible expenses and accordingly there is no deferred government assistance at year end.

Accounting 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instruments. All financial instruments are initially recorded at their fair value.

The Organization subsequently measures its financial assets and liabilities at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

HABITAT FOR HUMANITY THOUSAND ISLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of excess in the year the reversal occurs.

3. FINANCIAL INSTRUMENTS

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization manages its liquidity requirements by its cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

Concentration risk

Accounts receivable from Habitat for Humanity Canada ("HFHC") represents 84% (2020 - 71%) of total accounts receivable as at December 31, 2021. The Organization believes that there is minimal risk associated with the collection of this amount. Habitat for Humanity Thousand Islands, being an affiliate of HFHC, there is virtually no risk of collection from its parent organization. Therefore, the credit risk exposure is assessed as \$Nil.

HABITAT FOR HUMANITY THOUSAND ISLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

3. FINANCIAL INSTRUMENTS (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk with respect to its accounts receivable and its mortgages receivable with ten (2020 - ten) homeowners. The Organization 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.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Currency risk is relevant when changes in foreign exchange rates affect the value of cash flows of a financial instrument after translating to home currency. Interest rate risk becomes a concern when changes in prevalent rates affect the cash flows of a financial instrument. Price risk applies when changes in commodity prices affects an organization's ability to provide its products or services. Management has assessed its exposure to these risks at low.

4. GUARANTEED INVESTMENT CERTIFICATES

	<u>2021</u>	<u>2020</u>
0.3% Kawartha Credit Union GIC, matures September 23, 2021	\$ -	\$ 100,000
0.3% Kawartha Credit Union GIC, matures October 13, 2021	-	87,960
0.3% Kawartha Credit Union GIC, matures October 16, 2021	-	158,000
0.3% Kawartha Credit Union GIC, matures September 23, 2022	100,300	-
0.3% Kawartha Credit Union GIC, matures October 13, 2022	88,224	-
0.3% Kawartha Credit Union GIC, matures October 16, 2022	<u>158,473</u>	<u>-</u>
	<u>\$ 346,997</u>	<u>\$ 345,960</u>

HABITAT FOR HUMANITY THOUSAND ISLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

5. MORTGAGE RECEIVABLE

	<u>2021</u>	<u>2020</u>
Secured by a charge on property in Newboro, with monthly principal payments of \$537 (2020 - \$387) and maturing in 2036.	\$ 42,019	\$ 48,044
Secured by a charge on property in Prescott, with monthly principal payments of \$687 (2020 - \$985) and maturing in 2036.	83,620	106,774
Secured by a charge on property in Prescott, with monthly principal payments of \$250 (2020 - \$331) and maturing in 2036.	52,559	88,371
Secured by a charge on property in Prescott, with monthly principal payments of \$250 (2020 - \$250) and maturing in 2036.	53,404	81,239
Secured by a charge on property in Lansdowne, with monthly principal payments of \$291 (2020 - \$356) and maturing in 2036.	52,380	79,051
Secured by a charge on property in Lansdowne, with monthly principal payments of \$315 (2020 - \$315) and maturing in 2036.	56,247	78,753
Secured by a charge on property in Oxford Mills, with monthly principal payments of \$807 (2020 - \$981) and maturing in 2030.	79,973	101,759
Secured by a charge on property in Brockville, with monthly principal payments of \$809 (2020 - \$1277) and maturing in 2039.	113,814	135,006
Secured by a charge on property in Brockville, with monthly principal payments of \$791 (2020 - \$629) and maturing in 2037.	102,542	141,426
Secured by a charge on property in Cardinal, with monthly principle payments of \$426 (2020 - \$380) and maturing in 2040.	<u>92,310</u>	<u>134,390</u>
	728,868	994,813
Less current portion	<u>61,959</u>	<u>70,690</u>
	<u>\$ 666,909</u>	<u>\$ 924,123</u>

The mortgages are all non-interest bearing and are presented at amortized cost. As the Organization intends to use the cash flow from the repayment of these mortgages for future construction of homes, the rate of inflation is considered to be an appropriate discount rate. A discount rate of 5% (2020: 2.5%) has been applied for these mortgages, being Management's estimate of future long-term inflation rates.

HABITAT FOR HUMANITY THOUSAND ISLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

6. LAND AND HOUSING PROJECTS UNDER DEVELOPMENT

	2021	2020
Land	\$ 636,815	\$ 636,883
Construction in progress	495,832	280,999
	\$ 1,132,647	\$ 917,882

7. PROPERTY AND EQUIPMENT

	2021		2020	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Automotive	\$ 106,906	\$ 31,948	\$ 85,434	\$ 78,442
Computer equipment	10,888	7,929	9,359	5,945
Leasehold improvements	19,780	13,846	19,780	3,956
Signs	1,553	621	1,553	311
Build tools	3,594	3,594	3,594	3,334
	142,721	57,938	119,720	91,988
Net book value	\$ 84,783		\$ 27,732	

8. BANK INDEBTEDNESS

The Organization was approved for a Line of Credit (LOC) in June 2021. The LOC is secured by a general security agreement creating a first ranking securing interest over the Organization's property, assets and undertakings. The LOC bears interest at the lender's prime rate + 0% (currently 2.95%) and has an authorized limit of \$722,000.

The company has utilized \$Nil of the available amount.

9. DEFERRED REVENUE

Deferred revenue consists of donations directed towards specific builds.

	2021	2020
Build donations	\$ 57,054	\$ 43,985

HABITAT FOR HUMANITY THOUSAND ISLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

10. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent contributions received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2021	2020
Balance, beginning of year	\$ 7,591	\$ 15,180
Less amounts amortized to revenue	(7,591)	(7,589)
Balance, end of year	\$ -	\$ 7,591

11. SMALL BUSINESS LOANS

	2021	2020
Canada Emergency Business Account (CEBA) from Kawartha Credit Union, interest at 0% during initial term, initial term ending December 31, 2022, interest owing at 5% during extended term ending on December 31, 2025, first interest payment date is January 31, 2023, \$10,000 is forgivable if 75% repaid before initial term date.	\$ -	\$ 30,000

12. INVESTMENT IN HOUSING

Investment in housing is calculated as follows

	2021	2020
Land and housing projects under development	\$ 1,132,647	\$ 917,882
Mortgages receivable	728,868	994,814
Deposits for house sale	(53,666)	(30,251)
Deferred donations for builds	(57,054)	(43,985)
	\$ 1,750,795	\$ 1,838,460

HABITAT FOR HUMANITY THOUSAND ISLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

13. GRANTS

	2021	2020
CSE Consulting	\$ -	\$ 2,615
Employment and Social Development Canada	8,509	4,330
Ministry of Advanced Education and Skills Development	21,671	11,120
	\$ 30,180	\$ 18,065

14. COMMITMENTS

The Organization leases two buildings for the Brockville ReStore operations and one building for the Kemptville ReStore operation. Both Brockville buildings are leased under long-term lease that expires at the end of June 2028. The Kemptville contracts for the Kemptville building are on an annual renewable basis.

2022	\$ 124,740
2023	142,560
2024	133,650
2025	124,740
2026	124,740
Subsequent years	187,110
	\$ 837,540

15. HABITAT FOR HUMANITY CANADA

The Organization is an affiliate of Habitat for Humanity Canada ("HFHC"). HFHC provides administrative, marketing and training support to the individual affiliates across the country. HFHC also coordinates gifts in kind to affiliates and makes contributions to the affiliate for each home constructed. In exchange for these services and support, the Organization pays a base affiliation fee of \$12,500 (2020 - \$12,500). The Organization also pays a quarterly affiliation fee based on a percentage of gross ReStore sales which during the year, amounted to \$31,793 (2020 - \$29,197).

During the year, HFHC provided \$24,936 (2020 - \$29,031) of funds to the Organization. Payments to HFHC for products and services amounted to \$28,675 (2020 - \$23,074).

Included in accounts receivables are amounts due from HFHC totaling \$7,700 (2020 - \$7,883). Amounts due to HFHC amounted to \$9,948 (2020 - \$19,329) and are included in accounts payable and accrued liabilities. The above transactions are measured at the exchange amount agreed upon between parties.

HABITAT FOR HUMANITY THOUSAND ISLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

16. UNCERTAINTY DUE TO THE ECONOMIC CONSEQUENCES OF THE CORONAVIRUS DISEASE (COVID-19) OUTBREAK

In early 2020, there was a global outbreak of a novel coronavirus ("COVID-19"), which is having a significant impact on businesses in Canada through the restrictions put in place by the Canadian and U.S. governments regarding travel, business operations and isolation or quarantine orders. The extent of the future impact that the COVID-19 pandemic may have on the Organization will depend on future developments that are highly uncertain, and it cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, the duration of the outbreak, including the length of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are, or may, be put in place by Canada, U.S. or other countries to fight the virus.

As at December 31, 2021, the Organization was entitled to \$61,288 under the Canada Emergency Wage Subsidy (CEWS) and had received \$40,000 in Small Business Support Grants from the Province of Ontario. There are no unfulfilled conditions attached to these funds, and as such the Organization has recorded the full amount of \$101,288 as other income.

17. PRIOR PERIOD ADJUSTMENT

The comparative figures have been retroactively restated to reflect a correction to the rebate rate used to calculate the Organization's HST Public Service Body rebates. In applying the rate change expenses incurred for the period ending December 31, 2020 increased by \$3,633. As a result, excess of revenues over expenses as at December 31, 2020 decreased by \$3,633 which reduced the net asset balance - end of year by the same amount.

In addition, the company has decreased previously reported HST recoverable by \$3,633 as December 31, 2020.

18. COMPARATIVE AMOUNTS

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.