

HABITAT FOR HUMANITY THOUSAND ISLANDS

FINANCIAL STATEMENTS

December 31, 2022

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, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, 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, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for 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, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 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
May 25, 2023


CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

HABITAT FOR HUMANITY THOUSAND ISLANDS
(Incorporated under the laws of Ontario)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022


ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash	\$ 135,202	\$ 179,842
Guaranteed investment certificates - note 4	1,245,256	346,997
Accounts receivable	17,626	9,116
Accrued interest	7,686	241
Prepaid expenses	2,934	3,507
HST recoverable	13,583	7,481
Current portion of mortgages receivable	<u>70,438</u>	<u>61,959</u>
	1,492,725	609,143
MORTGAGES RECEIVABLE - note 5	688,111	666,909
INTANGIBLE ASSETS - note 7	3,240	-
LAND AND HOUSING PROJECTS UNDER DEVELOPMENT - note 8	841,892	1,132,647
PROPERTY AND EQUIPMENT - note 9	<u>70,897</u>	<u>84,783</u>
	<u>\$ 3,096,865</u>	<u>\$ 2,493,482</u>

LIABILITIES AND FUND BALANCES

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 73,185	\$ 61,958
Government remittances payable	13,371	14,955
Deposits received	81,049	53,666
Deferred revenue - note 11	<u>203,200</u>	<u>57,054</u>
	<u>370,805</u>	<u>187,633</u>
CONTINGENCIES - note 6		
FUND BALANCES		
Fund for Humanity - note 12	1,319,432	1,750,795
Investment in capital assets	70,897	84,783
Unrestricted	<u>1,335,731</u>	<u>470,271</u>
	<u>2,726,060</u>	<u>2,305,849</u>
	<u>\$ 3,096,865</u>	<u>\$ 2,493,482</u>

Approved by the Board of Directors:


 _____ Member


 _____ Member

(See accompanying notes)

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Welch LLP

An Independent Member of BKR International

HABITAT FOR HUMANITY THOUSAND ISLANDS
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
REVENUES		
ReStore sales	\$ 1,016,941	\$ 792,192
Contributions from Habitat for Humanity Canada	44,844	24,936
Grants - note 13	23,435	30,180
Land and house sales	740,000	-
Amortization of deferred contributions for capital	-	7,591
Donations	413,272	217,810
Interest income	<u>10,343</u>	<u>1,052</u>
	<u>2,248,835</u>	<u>1,073,761</u>
EXPENSES		
Advertising and promotion	9,452	3,250
Amortization	15,813	24,988
Land and housing project costs	599,467	-
Insurance	7,369	7,346
Wages	447,459	384,394
Materials	455,979	238,129
Meals and entertainment	4,160	2,639
Office	55,062	35,831
Professional fees	16,059	21,030
Property taxes	4,316	4,316
Rent	173,247	157,117
Repairs and maintenance	16,943	8,379
Habitat Dues	55,020	47,293
Travel and automotive	38,919	20,714
Utilities	<u>22,525</u>	<u>18,069</u>
	<u>1,921,790</u>	<u>973,495</u>
Excess of revenues over expenses before other items	<u>327,045</u>	<u>100,266</u>
Other income (expense)		
Gain on sale of capital assets	-	7,000
Government assistance	-	101,288
Amortization of mortgage discounts	<u>93,166</u>	<u>(196,190)</u>
	<u>93,166</u>	<u>(87,902)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 420,211</u>	<u>\$ 12,364</u>

(See accompanying notes)

HABITAT FOR HUMANITY THOUSAND ISLANDS
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022

	<u>Fund for Humanity</u>	<u>Investment in capital assets</u>	<u>Unrestricted</u>	<u>2022 Total</u>	<u>2021 Total</u>
BALANCE, beginning of year					
As previously reported	\$ 1,750,795	\$ 84,783	\$ 470,271	\$ 2,305,849	\$ 2,297,118
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,633)</u>
As restated	1,750,795	84,783	470,271	2,305,849	2,293,485
Excess (deficiency) of revenues over expenses	93,166	(15,813)	342,858	420,211	12,364
Net change in investment in housing	(524,529)	-	524,529	-	-
Net change in investment in capital assets	<u>-</u>	<u>1,927</u>	<u>(1,927)</u>	<u>-</u>	<u>-</u>
BALANCE, end of year	<u>\$ 1,319,432</u>	<u>\$ 70,897</u>	<u>\$ 1,335,731</u>	<u>\$ 2,726,060</u>	<u>\$ 2,305,849</u>

(See accompanying notes)

HABITAT FOR HUMANITY THOUSAND ISLANDS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 420,211	\$ 12,364
Adjustments for:		
Amortization	15,813	24,988
Amortization of deferred capital	-	(7,591)
Amortization of mortgage discounts	(93,166)	196,190
Gain on sale of capital asset	-	(7,000)
	342,858	218,951
Change in non-cash working capital components:		
Accounts receivable	(8,510)	1,948
Accrued interest	(7,445)	(2)
Prepaid expenses	573	9,097
HST	(6,102)	8,649
Accounts payable and accrued liabilities	11,227	(1,394)
Government remittances payable	(1,584)	3,243
Deposits received	27,383	23,415
Deferred revenue	146,146	13,069
	504,546	276,976
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,793,905)	(346,997)
Proceeds on sale of investments	895,646	345,960
Mortgage payments received	63,486	69,824
Purchase of intangible assets	(3,240)	-
Additions to land and housing projects under development	(274,100)	(214,833)
Land and housing projects sold or disposed	564,854	-
Purchase of property and equipment	(1,927)	(82,040)
Proceeds on disposal of property and equipment	-	7,000
	(549,186)	(221,086)
CASH FLOWS FROM FINANCING ACTIVITY		
Decrease in small business loans	-	(30,000)
INCREASE (DECREASE) IN CASH	(44,640)	25,890
CASH, beginning of year	179,842	153,952
CASH, end of year	\$ 135,202	\$ 179,842

(See accompanying notes)

HABITAT FOR HUMANITY THOUSAND ISLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

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, 2022

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 \$93,166 (2021 - (\$196,190)). The rate used to discount the mortgages was 5.00% (2021 - 5.00%). During the year \$Nil (2021 - \$Nil) was permanently forgiven.

Intangible assets

Intangible assets are recorded at cost. The Organization provides for amortization using the straight-line method at rates designed to amortize the cost of the intangible assets over their estimated useful lives.

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 2022 or the 2021 fiscal years.

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.

HABITAT FOR HUMANITY THOUSAND ISLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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, 2022 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, 2022

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 96% (2021 - 84%) of total accounts receivable as at December 31, 2022. 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, 2022

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 (2021 - 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>2022</u>	<u>2021</u>
1.5% Kawartha Credit Union GIC, matures July 12, 2023	\$ 697,164	\$ -
1.5% Kawartha Credit Union GIC, matures July 12, 2023	348,092	-
2.0% Kawartha Credit Union GIC, matures December 14, 2023	200,000	-
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	-	158,473
	<u>\$ 1,245,256</u>	<u>\$ 346,997</u>

HABITAT FOR HUMANITY THOUSAND ISLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

5. MORTGAGES RECEIVABLE

	<u>2022</u>	<u>2021</u>
Secured by a charge on property in Newboro, with monthly principal payments of \$537 (2021 - \$537) and maturing in 2036.	\$ 37,581	\$ 42,019
Secured by a charge on property in Prescott, with monthly principal payments of \$687 (2021 - \$687) and maturing in 2036.	83,620	83,620
Secured by a charge on property in Prescott, with monthly principal payments of \$250 (2021 - \$250) and maturing in 2036.	52,178	52,559
Secured by a charge on property in Prescott, with monthly principal payments of \$250 (2021 - \$250) and maturing in 2036.	52,924	53,404
Secured by a charge on property in Lansdowne, with bi-weekly principal payments of \$297 (2021 - \$291) and maturing in 2036.	57,335	52,380
Secured by a charge on property in Lansdowne, with bi-weekly principal payments of \$392 (2021 - \$315) and maturing in 2036.	52,595	56,247
Secured by a charge on property in Oxford Mills, with monthly principal payments of \$929 (2021 - \$807) and maturing in 2030.	75,838	79,973
Secured by a charge on property in Brockville, with monthly principal payments of \$982 (2021 - \$809) and maturing in 2039.	117,496	113,814
Secured by a charge on property in Brockville, with monthly principal payments of \$805 (2021 - \$791) and maturing in 2037.	99,526	102,542
Secured by a charge on property in Cardinal, with monthly principle payments of \$741 (2021 - \$426) and maturing in 2040.	<u>129,456</u>	<u>92,310</u>
	758,549	728,868
	<u>70,438</u>	<u>61,959</u>
Less current portion		
	<u>\$ 688,111</u>	<u>\$ 666,909</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 5.0% (2021: 5.0%) 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, 2022

6. CONTINGENCIES

Prior to May 2010, when Habitat for Humanity Canada changed its national mortgage policy, the proceeds for the sale of homes included a forgivable second mortgage which reflected the difference between fair market value and the costs of land and construction.

As at December 31, 2022, non-interest bearing forgivable second mortgages in the amount of \$29,750 have not been reflected in the Organization's accounts. From this amount, \$4,250 is forgiven annually as long as the terms of the first mortgage continues to be met. The forgiveness schedule is expected to continue until 2029 when at such time the second mortgage is fully forgiven.

7. INTANGIBLE ASSETS

The Organization has invested in a standard set of blue prints or plans intended for use on future projects. Amortization is recognized at such time management determines the plans to no longer have value to the organization.

	2022		2021	
	Cost	Accumulated amortization	Net	Net
Building plans	\$ 3,240	\$ -	\$ 3,240	\$ -

8. LAND AND HOUSING PROJECTS UNDER DEVELOPMENT

	2022	2021
Land	\$ 636,883	\$ 636,815
Construction in progress	205,009	495,832
	\$ 841,892	\$ 1,132,647

HABITAT FOR HUMANITY THOUSAND ISLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

9. PROPERTY AND EQUIPMENT

	2022		2021	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Automotive	\$ 106,906	\$ 39,790	\$ 106,906	\$ 31,948
Computer equipment	10,623	8,398	10,888	7,929
Leasehold improvements	19,780	19,780	19,780	13,846
Signs	2,722	1,166	1,553	621
Build tools	3,594	3,594	3,594	3,594
	143,625	72,728	142,721	57,938
Net book value	\$ 70,897		\$ 84,783	

10. 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 7.20% (2021 - 2.95%)) and has an authorized limit of \$722,000.

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

11. DEFERRED REVENUE

Deferred revenue consists of donations directed towards specific builds.

	2022	2021
Build donations	\$ 203,200	\$ 57,054

HABITAT FOR HUMANITY THOUSAND ISLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

12. FUND FOR HUMANITY

Investment in housing is calculated as follows

	<u>2022</u>	<u>2021</u>
Land and housing projects under development	\$ 841,892	\$ 1,132,647
Mortgages receivable	758,549	728,868
Intangible assets	3,240	-
Deposits for house sale	(81,049)	(53,666)
Deferred donations for builds	<u>(203,200)</u>	<u>(57,054)</u>
	<u>\$ 1,319,432</u>	<u>\$ 1,750,795</u>

13. GRANTS

	<u>2022</u>	<u>2021</u>
Employment and Social Development Canada	\$ 7,498	\$ 8,509
Ministry of Advanced Education and Skills Development	15,751	21,671
Workplace Safety and Insurance Board	<u>186</u>	<u>-</u>
	<u>\$ 23,435</u>	<u>\$ 30,180</u>

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.

2023	\$ 142,560
2024	133,650
2025	124,740
2026	124,740
2027	124,740
Subsequent years	<u>62,370</u>
	<u>\$ 712,800</u>

HABITAT FOR HUMANITY THOUSAND ISLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

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 (2021 - \$12,500). The Organization also pays a quarterly affiliation fee based on a percentage of gross ReStore sales which during the year, amounted to \$40,020 (2021 - \$31,793).

During the year, HFHC provided \$44,844 (2021 - \$24,936) of funds to the Organization. Payments to HFHC for products and services amounted to \$57,524 (2021 - \$28,675).

Included in accounts receivables are amounts due from HFHC totaling \$16,937 (2021 - \$7,700). Amounts due to HFHC amounted to \$17,923 (2021 - \$9,948) and are included in accounts payable and accrued liabilities. The above transactions are measured at the exchange amount agreed upon between parties.

16. 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.