



Habitat for Humanity®
Habitat pour l'humanité®
Canada

Financial Statements
For the year ended December 31, 2009

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Auditors' Report

To the Directors of
Habitat for Humanity Canada
Habitat pour l'humanité Canada

We have audited the statement of financial position of Habitat for Humanity Canada Habitat pour l'humanité Canada as at December 31, 2009 and the statements of changes in fund balances, operations and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the organization derives revenue from donations and donated gifts-in-kind, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures, assets and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Cambridge, Ontario
February 26, 2010

Habitat for Humanity Canada
Habitat pour l'humanité Canada
Statement of Financial Position

December 31

2009

2008

	Designated Fund	Unrestricted Fund	Total	Total
Assets				
Current				
Cash (Note 1)	\$ 839,956	\$ 328,683	\$ 1,168,639	\$ 4,051,562
Temporary investment (Note 2)	500,000	-	500,000	-
Accounts receivable (Note 3)	-	458,458	458,458	402,533
Inventory	-	-	-	7,550
Prepaid expenses	-	35,801	35,801	62,843
Due from HFHC Foundation	-	-	-	23,170
Due from Designated Fund (Note 4)	-	105,823	105,823	1,107,390
	<u>1,339,956</u>	<u>928,765</u>	<u>2,268,721</u>	<u>5,655,048</u>
Capital assets (Note 5)	-	87,374	87,374	110,808
	<u>\$ 1,339,956</u>	<u>\$ 1,016,139</u>	<u>\$ 2,356,095</u>	<u>\$ 5,765,856</u>
Liabilities and Fund Balances				
Current				
Accounts payable and accrued liabilities	\$ -	\$ 336,482	\$ 336,482	\$ 1,867,937
Unearned revenue (Note 6)	-	76,000	76,000	124,000
Due to Unrestricted Fund (Note 4)	105,823	-	105,823	1,107,390
Due to HFHC Foundation (Note 7)	-	25,276	25,276	-
	<u>105,823</u>	<u>437,758</u>	<u>543,581</u>	<u>3,099,327</u>
Contingency (Note 15)				
Fund balances				
Nationally designated (Note 8)	-	-	-	1,037,423
Internationally designated (Note 9)	1,234,133	-	1,234,133	1,242,137
Unrestricted	-	578,381	578,381	386,969
	<u>1,234,133</u>	<u>578,381</u>	<u>1,812,514</u>	<u>2,666,529</u>
	<u>\$ 1,339,956</u>	<u>\$ 1,016,139</u>	<u>\$ 2,356,095</u>	<u>\$ 5,765,856</u>

On behalf of the Board: _____ Director _____ Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Habitat for Humanity Canada
Habitat pour l'humanité Canada
Statement of Changes in Fund Balances**

For the year ended December 31

2009

2008

	Designated Fund	Unrestricted Fund	Total	Total
Fund balances, beginning of year	\$ 2,279,560	\$ 386,969	\$ 2,666,529	\$ 2,398,615
Transfer to HFHC Foundation (Note 8)	(1,037,423)	-	(1,037,423)	-
Excess (deficiency) of revenue over expenses	(8,004)	191,412	183,408	267,914
Fund balances, end of year	\$ 1,234,133	\$ 578,381	\$ 1,812,514	\$ 2,666,529

**Habitat for Humanity Canada
Habitat pour l'humanité Canada
Statement of Operations**

For the year ended December 31

2009

2008

	Designated Fund	Unrestricted Fund	Total	Total
Revenue				
Donations (Cash)	\$ 292,985	\$ 798,075	\$ 1,091,060	\$ 6,579,770
Donations (Gift-in-Kind)	-	2,806	2,806	3,749,454
Global Village Program (Note 10)	1,684,383	435,673	2,120,056	1,749,904
Government	624,972	64,997	689,969	787,664
Fees (Note 7)	-	2,116,064	2,116,064	1,923,074
Contract services revenue (Note 7)	-	1,382,631	1,382,631	-
Interest and investment income	-	5,637	5,637	33,754
	2,602,340	4,805,883	7,408,223	14,823,620
Expenses				
Contracted services (formerly development) Programs and services (Note 11)	-	1,382,594	1,382,594	2,140,654
Finance and administration, governance, marketing, communications and advocacy (Note 12)	2,610,344	2,009,892	4,620,236	11,191,643
Amortization	-	1,187,554	1,187,554	1,179,357
	-	34,431	34,431	44,052
	2,610,344	4,614,471	7,224,815	14,555,706
Excess (deficiency) of revenue over expenses	\$ (8,004)	\$ 191,412	\$ 183,408	\$ 267,914

**Habitat for Humanity Canada
Habitat pour l'humanité Canada
Statement of Cash Flows**

For the year ended December 31

2009

2008

	Designated Fund	Unrestricted Fund	Total	Total
Sources of cash:				
Donations (cash)	\$ 2,602,340	\$ 1,250,743	\$ 3,853,083	\$ 9,061,337
Due to HFHC Foundation	-	48,446	48,446	-
Fees, contract services and other	-	3,451,215	3,451,215	1,814,520
	2,602,340	4,750,404	7,352,744	10,875,857
Uses of cash:				
Salaries and benefits	-	(2,180,571)	(2,180,571)	(2,060,000)
Purchased materials and services	(3,647,767)	(3,878,480)	(7,526,247)	(4,455,573)
Cash transfers to affiliates	-	(17,852)	(17,852)	(3,444,943)
Due from HFHC Foundation	-	-	-	(23,170)
Purchase of capital assets	-	(10,997)	(10,997)	(11,463)
	(3,647,767)	(6,087,900)	(9,735,667)	(9,995,149)
Increase (decrease) in cash	(1,045,427)	(1,337,496)	(2,382,923)	880,708
Cash, beginning of year	3,386,950	664,612	4,051,562	3,170,854
Interfund transfers	(1,001,567)	1,001,567	-	-
Cash and temporary investment, end of year	\$ 1,339,956	\$ 328,683	\$ 1,668,639	\$ 4,051,562

**Habitat for Humanity Canada
Habitat pour l'humanité Canada
Summary of Significant Accounting Policies**

December 31, 2009

Nature of Business

Habitat for Humanity Canada Habitat pour l'humanité Canada was incorporated without share capital by letters patent under the Canada Corporations Act on September 23, 1985. The organization is a registered charity. Due to its status with the government, the organization is not subject to tax.

The organization's mission is to mobilize volunteers and community partners in building affordable housing and promoting homeownership as a means to breaking the cycle of poverty.

The organization developed new bylaws in June 2007. These bylaws require all affiliates to pay membership fees to support the organization.

Fund Accounting

Habitat for Humanity Canada Habitat pour l'humanité Canada follows the restricted fund method of accounting for contributions.

The Unrestricted Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted revenues and expenditures.

The Designated Fund reports the assets, liabilities, revenue and expenditures related to each designation. The designation of a contribution to a specific designated fund has been either externally imposed by the donor or internally imposed by the organization.

Habitat for Humanity Canada
Habitat pour l'humanité Canada
Summary of Significant Accounting Policies

December 31, 2009

Revenue Recognition	<p>Contributions related to specific projects performed by the organization and/or affiliates are recorded in the designated fund when received.</p> <p>Unrestricted donations are recognized as revenue of the unrestricted fund in the period received.</p> <p>Investment income earned on designated fund resources is recognized as revenue of the unrestricted fund when earned.</p> <p>Pledges and tithes related to special projects are reported on the cash basis due to uncertainty of collection.</p> <p>Fee revenue is recognized in the unrestricted fund when due according to the governing bylaws.</p>
Gift-in-Kind Donations	<p>Donated materials ("GIK") are recorded at fair market value when determinable.</p>
Goods and Services Tax	<p>The organization can recover the public service body rebate for charities of 50% of the GST paid.</p>
Capital Assets	<p>Capital assets are stated at cost if purchased or estimated fair value if donated. Amortization based on the estimated useful life of the asset is calculated as follows:</p> <ul style="list-style-type: none">Computer equipment - 20% straight line basisOffice equipment - 20% straight line basisLeasehold improvements - 20% straight line basis <p>Amortization is prorated in the year of acquisition and no amortization is provided in the year of disposal.</p>
Use of Estimates	<p>The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.</p>

**Habitat for Humanity Canada
Habitat pour l'humanité Canada
Summary of Significant Accounting Policies**

December 31, 2009

Financial Instruments

The organization utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from its financial instruments.

All transactions related to financial instruments are recorded on a trade-date basis. Transaction costs are expensed as incurred.

The organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The organization's accounting policy for each category is as follows:

Held-for-trading

This category is comprised of cash. It is carried on the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

Loans and receivables

This category is comprised of accounts receivable. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Other financial liabilities

Other financial liabilities includes accounts payable and accrued liabilities and unearned revenue. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method.

**Habitat for Humanity Canada
Habitat pour l'humanité Canada
Notes to Financial Statements**

December 31, 2009

1. Cash

The organization's bank accounts are held at one chartered bank. They earn interest at a nominal rate. Cash consists of bank balances net of outstanding cheques and deposits.

The organization has unused credit capacity of \$100,000 under an operating line and \$15,000 under a visa sub-credit facility as at December 31, 2009. The operating line of credit bears interest at prime plus 0.5% and is secured by a general security agreement.

2. Temporary Investment

The organization holds a guaranteed investment certificate earning interest at 0.5%, due June 25, 2010.

3. Accounts Receivable

	<u>2009</u>	<u>2008</u>
Due from affiliates	\$ 411,355	\$ 335,290
GST refund	25,500	38,688
Other	<u>21,603</u>	<u>28,555</u>
	<u>\$ 458,458</u>	<u>\$ 402,533</u>

4. Interfund Balances

During the year, the organization used unrestricted funds to pay for specific projects of the Designated Fund.

**Habitat for Humanity Canada
Habitat pour l'humanité Canada
Notes to Financial Statements**

December 31, 2009

5. Capital Assets

	2009		2008	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 174,327	\$ 147,464	\$ 176,872	\$ 146,393
Office equipment	152,427	113,716	152,427	97,488
Leasehold improvements	90,739	68,939	87,180	61,790
	\$ 417,493	\$ 330,119	\$ 416,479	\$ 305,671
Net book value		\$ 87,374		\$ 110,808

6. Unearned revenue

Unearned revenue consists of affiliate build fees that were deferred by the Board of Directors until May, 2010.

**Habitat for Humanity Canada
Habitat pour l'humanité Canada
Notes to Financial Statements**

December 31, 2009

7. Due to HFHC Foundation

On January 1, 2008, the organization was divided into two separate legal charitable organizations – Habitat for Humanity Canada Habitat pour l'humanité Canada ("HFHC") and Habitat for Humanity Canada Foundation Fondation Habitat pour l'humanité Canada ("HFHCF"). This was done in order to implement a new funding model for HFHC and its affiliates. Funds raised by HFHCF will be transferred to affiliates and the national office to support charitable programs and services. Affiliates in turn will support the operations of the national office through a fee structure adopted by the membership in June 2007 (amended May 2009).

HFHCF was incorporated on December 6, 2007 and received charitable status on July 16, 2008 effective February 25, 2008. As a result, the HFHCF Board decided to commence operations on January 1, 2009.

During the year, HFHC provided management and administrative services to HFHCF. Contract services revenue is \$1,382,631, which was charged to HFHCF for these services. Licence fees charged to HFHCF totaling \$527,988 are included in fees revenue.

HFHC Board of Directors authorized the transfer of \$300,000 to HFHCF for distribution to affiliates from the Unrestricted Fund. This transfer is reflected in the figures presented in the financial statements.

8. Nationally Designated

All Nationally designated fund balances were transferred to HFHCF effective January 1, 2009.

Habitat for Humanity Canada
Habitat pour l'humanité Canada
Notes to Financial Statements

December 31, 2009

9. Internationally Designated

	Opening Balance	Donations	Transfers	Ending Balance
Afghanistan	\$ -	\$ 250	\$ -	\$ 250
Argentina	-	18,155	17,905	250
Armenia	-	7,947	4,746	3,201
Bangladesh	40	-	40	-
Bolivia	-	2,900	-	2,900
Botswana	766	23,276	24,012	30
Brazil	1,270	28,571	28,825	1,016
Cambodia	15,065	38,211	44,790	8,486
Chile	28,106	66,423	56,840	37,689
Costa Rica	48,072	32,930	67,611	13,391
Dominican Republic	19,133	79,362	37,161	61,334
Ecuador	(73)	73	-	-
Egypt	-	8,934	150	8,784
El Salvador	77,241	241,892	200,966	118,167
Ethiopia	1,000	13,637	13,651	986
Fiji	2,829	-	1,604	1,225
Ghana	9,090	17,437	19,837	6,690
Guatemala	63,784	321,885	267,445	118,224
Guyana	240	360	540	60
Haiti	1,100	4,850	3,250	2,700
Honduras	60,874	171,488	194,735	37,627
Hungary	8,308	15,138	19,374	4,072
India	18,358	23,012	20,401	20,969
Ivory Coast	20	-	20	-
Jordan	-	36,525	15,990	20,535
Kenya	1,245	53,638	17,064	37,819
Kyrgyzstan	-	19,833	16,628	3,205
Lesotho	153,499	77,313	166,306	64,506
Malawi	1,319	23,320	1,569	23,070
Macedonia	-	25,813	20,898	4,915
Mexico	11,371	35,672	43,486	3,557
Mongolia	4,735	14,093	16,271	2,557
Nepal	152,401	93,852	132,247	114,006
New Zealand	952	(952)	-	-
Nicaragua	100	-	100	-
Pakistan	107,462	341,160	445,932	2,690
Paraguay	1,383	31,334	27,950	4,767
Phillipines	70	5,220	5,290	-

Habitat for Humanity Canada
Habitat pour l'humanité Canada
Notes to Financial Statements

December 31, 2009

9. Internationally Designated (continued)

	<u>Opening Balance</u>	<u>Donations</u>	<u>Transfers</u>	<u>Ending Balance</u>
Poland	25	35,324	26,382	8,967
Portugal	100	52,294	46,166	6,228
Romania	2,863	7,565	7,565	2,863
Sri Lanka	-	30	-	30
Tajikistan	60,666	203,410	193,561	70,515
Tanzania	170	-	170	-
Thailand	5,318	122,319	70,790	56,847
Uganda	10,945	8,213	11,045	8,113
USA	-	15,134	15,134	-
Vietnam	-	18,451	15,906	2,545
Zambia	24,175	91,918	113,558	2,535
International Disaster Response Fund	925	520	-	1,445
International Undesignated	277,592	(30,138)	-	247,454
USA (Operation Home Delivery)	59,525	178,170	167,319	70,376
GVC Surplus Fundraising	-	12,585	-	12,585
GVC Program Fund	7,622	(424)	-	7,198
GVC Bursary Fund	900	-	-	900
GVC Canadian Projects	-	8,394	7,963	431
GVC Holding Account	1,550	5,023	1,150	5,423
	<u>\$1,242,137</u>	<u>\$2,602,340</u>	<u>\$2,610,344</u>	<u>\$1,234,133</u>

10. Global Village

Included in Global Village revenue is cash and GIK airfare contributions of \$482,786 and \$265,361, respectively, net of airfare reimbursements of \$746,750.

Habitat for Humanity Canada
Habitat pour l'humanité Canada
Notes to Financial Statements

December 31, 2009

11. Programs and Services

	Designated Fund	Unrestricted Fund	2009 Total	2008 Total
Cash transfers	\$ -	\$ -	\$ -	\$ 2,772,545
Gifts-in-kind to affiliates	-	-	-	3,741,904
International transfers	1,095,178	-	1,095,178	927,690
International transfers, Global Village Program	1,515,166	6,371	1,521,537	1,367,508
Affiliate services	-	1,349,320	1,349,320	1,754,695
Strategic and international partnerships	-	183,488	183,488	178,498
Global Village Program	-	470,713	470,713	448,803
	\$ 2,610,344	\$ 2,009,892	\$ 4,620,236	\$11,191,643

12. Finance and Administration, Governance, Marketing, Communications and Advocacy

	2009	2008
Finance and administration	\$ 307,099	\$ 370,756
Governance	446,862	199,522
Marketing, communications and advocacy	433,593	609,079
	\$ 1,187,554	\$ 1,179,357

**Habitat for Humanity Canada
Habitat pour l'humanité Canada
Notes to Financial Statements**

December 31, 2009

13. Commitments

The company has an operating lease for its Waterloo premises that expires in June 2011. The annual lease payment is a nominal amount.

The company entered into an operating lease for its Toronto premises expiring in March 2010 and operating leases for its equipment expiring in 2012 and 2014. The minimum annual lease payments under these operating leases are as follows:

Year	Amount
2010	\$ 18,619
2011	13,869
2012	10,263
2013	6,657
2014	<u>5,548</u>
	<u>\$ 54,956</u>

14. Contributed Services

As a result of partnership agreements, the organization received significant contributions from a few corporate sponsors which have not been reflected in the financial statements. These contributions include copywriting, legal, marketing and communications, consulting services, rent, and program support which the donors have estimated the fair market value to be \$2,400, \$179,700, \$217,000, \$25,000, \$89,400, and \$300,000, respectively. These donated amounts have not been included in the financial statements since the organization could not obtain independent verification of the fair market value.

15. Contingency

A notice of claim in the amount \$475,000 has been filed jointly against the organization and an affiliate organization. In the opinion of management, the claim is without merit and the amount of the loss is not reasonably determinable. \$225,000 of the claim could be potentially covered by insurance. Should any remaining loss result from the resolution of this action, it will be charged to operations in the period of resolution.

**Habitat for Humanity Canada
Habitat pour l'humanité Canada
Notes to Financial Statements**

December 31, 2009

16. Significant Influence

HFHC exercises significant influence over HFHCF by virtue of its participation in policy-making processes through the interchange of management personnel. HFHCF was established to raise funds for the use of HFHC national affiliates. HFHCF is incorporated without share capital under the Canada Corporations Act and is a registered charity under the Income Tax Act.

17. Capital Fund

Pursuant to an amendment of Section 4400 of the CICA Handbook, the organization is no longer required to treat net assets invested in capital assets as a separate component of net assets. As at January 1, 2009, the organization has elected to included net assets invested in capital assets in the Unrestricted Fund.

18. Capital Disclosure

The organization considers its capital to be its fund balances, designated and unrestricted. Its designated fund balances consist of amounts for designation to international programs and projects. The organization's objectives when managing capital are to safeguard its ability to continue as a going concern so it can continue to provide services to its affiliates and HFHCF. Annual budgets are developed and monitored to ensure the organization's capital is maintained at an appropriate level.

19. Comparative Amounts

Certain of the comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.