



**Habitat for Humanity®**  
**Habitat pour l'humanité®**  
Canada

**Financial Statements**  
For the year ended December 31, 2010

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## Auditors' Report

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

We have audited the accompanying financial statements of Habitat for Humanity Canada Habitat pour l'humanité Canada, which comprise the statement of financial position as at December 31, 2010, the statements of changes in fund balances, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Basis for Qualified Opinion**

In common with many charitable organizations, the organization derives revenue from donations, 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. We were unable to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures, assets and fund balances.



#### Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Habitat for Humanity Canada Habitat pour l'humanité Canada as at December 31, 2010 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  
March 26, 2011

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

**December 31**

**2010**

**2009**

	Designated Fund	Unrestricted Fund	Total	Total
<b>Assets</b>				
<b>Current</b>				
Cash (Note 1)	\$ 896,589	\$ 228,239	\$ 1,124,828	\$ 1,168,639
Temporary investment (Note 2)	504,154	-	504,154	500,000
Accounts receivable (Note 3)	-	574,392	574,392	458,458
Prepaid expenses	-	49,309	49,309	35,801
Due from HFHC Foundation (Note 4)	-	418,570	418,570	-
Due from Unrestricted Fund (Note 5)	302,304	-	302,304	105,823
	<u>1,703,047</u>	<u>1,270,510</u>	<u>2,973,557</u>	<u>2,268,721</u>
<b>Capital assets (Note 6)</b>	-	29,272	29,272	87,374
	<u>\$ 1,703,047</u>	<u>\$ 1,299,782</u>	<u>\$ 3,002,829</u>	<u>\$ 2,356,095</u>
<b>Liabilities and Fund Balances</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	\$ -	\$ 283,767	\$ 283,767	\$ 336,482
Unearned revenue (Note 7)	-	14,000	14,000	76,000
Due to Designated Fund (Note 5)	-	302,304	302,304	105,823
Due to HFHC Foundation (Note 4)	-	-	-	25,276
	<u>-</u>	<u>600,071</u>	<u>600,071</u>	<u>543,581</u>
<b>Contingency (Note 13)</b>				
<b>Fund balances</b>				
Internationally designated (Note 8)	1,703,047	-	1,703,047	1,234,133
Unrestricted	-	699,711	699,711	578,381
	<u>1,703,047</u>	<u>699,711</u>	<u>2,402,758</u>	<u>1,812,514</u>
	<u>\$ 1,703,047</u>	<u>\$ 1,299,782</u>	<u>\$ 3,002,829</u>	<u>\$ 2,356,095</u>

On behalf of the Board: \_\_\_\_\_ Director \_\_\_\_\_ Director

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

**For the year ended December 31**

**2010**

**2009**

	Designated Fund	Unrestricted Fund	Total	Total
<b>Fund balances, beginning of year</b>	<b>\$ 1,234,133</b>	<b>\$ 578,381</b>	<b>\$ 1,812,514</b>	<b>\$ 2,666,529</b>
<b>Transfer to HFHC Foundation</b>	-	-	-	(1,037,423)
<b>Excess of revenue over expenses</b>	<b>468,914</b>	<b>121,330</b>	<b>590,244</b>	<b>183,408</b>
<b>Fund balances, end of year</b>	<b>\$ 1,703,047</b>	<b>\$ 699,711</b>	<b>\$ 2,402,758</b>	<b>\$ 1,812,514</b>

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

**For the year ended December 31**

**2010**

**2009**

	Designated Fund	Unrestricted Fund	Total	Total
<b>Revenue</b>				
Donations (Cash)	\$ 1,322,184	\$ 268,455	\$ 1,590,639	\$ 1,046,996
Donations (Gift-in-Kind)	-	-	-	2,806
Global Village Program (Note 9)	1,732,042	592,059	2,324,101	2,164,120
Government	130,501	13,631	144,132	689,969
Fees (Note 4)	-	2,524,715	2,524,715	2,116,064
Contract services revenue (Note 4)	-	1,497,817	1,497,817	1,382,631
Interest and investment income	-	9,491	9,491	5,637
	<b>3,184,727</b>	<b>4,906,168</b>	<b>8,090,895</b>	<b>7,408,223</b>
<b>Expenses</b>				
Contracted services	-	1,497,817	1,497,817	1,382,594
Programs and services (Note 10)	2,715,813	2,037,586	4,753,399	4,620,236
Finance and administration, governance, marketing, communications and advocacy (Note 11)	-	1,187,100	1,187,100	1,187,554
Amortization	-	38,449	38,449	34,431
Loss on disposal of capital assets	-	23,886	23,886	-
	<b>2,715,813</b>	<b>4,784,838</b>	<b>7,500,651</b>	<b>7,224,815</b>
<b>Excess of revenue over expenses</b>	<b>\$ 468,914</b>	<b>\$ 121,330</b>	<b>\$ 590,244</b>	<b>\$ 183,408</b>

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

**For the year ended December 31**

**2010**

**2009**

	Designated Fund	Unrestricted Fund	Total	Total
<b>Sources of cash:</b>				
Donations (cash)	\$ 3,184,727	\$ 812,145	\$ 3,996,872	\$ 3,853,083
Sale of investment	500,000	-	500,000	-
Transfer from HFHC Foundation	-	-	-	48,446
Fees, contract services and other	-	3,916,089	3,916,089	3,451,215
	<u>3,684,727</u>	<u>4,728,234</u>	<u>8,412,961</u>	<u>7,352,744</u>
<b>Uses of cash:</b>				
Salaries and benefits	-	(2,274,913)	(2,274,913)	(2,180,571)
Purchase of investments	(504,154)	-	(504,154)	(500,000)
Purchased materials and services	(2,715,813)	(2,498,158)	(5,213,971)	(7,526,247)
Cash transfers to affiliates	-	(15,000)	(15,000)	(17,852)
Transfer to HFHC Foundation	-	(443,846)	(443,846)	-
Purchase of capital assets	-	(4,888)	(4,888)	(10,997)
	<u>(3,219,967)</u>	<u>(5,236,805)</u>	<u>(8,456,772)</u>	<u>(10,235,667)</u>
<b>Decrease in cash</b>	<b>464,760</b>	<b>(508,571)</b>	<b>(43,811)</b>	<b>(2,882,923)</b>
<b>Cash, beginning of year</b>	<b>839,956</b>	<b>328,683</b>	<b>1,168,639</b>	<b>4,051,562</b>
<b>Interfund transfers</b>	<b>(408,127)</b>	<b>408,127</b>	<b>-</b>	<b>-</b>
<b>Cash, end of year</b>	<b>\$ 896,589</b>	<b>\$ 228,239</b>	<b>\$ 1,124,828</b>	<b>\$ 1,168,639</b>

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## **Habitat for Humanity Canada Habitat pour l'humanité Canada**

### **Summary of Significant Accounting Policies**

**December 31, 2010**

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<b>Nature of Business</b>	<p>Habitat for Humanity Canada Habitat pour l'humanité Canada (HFHC) is designated as a registered charitable organization. Incorporated in 1985, its mission is to mobilize volunteers and community partners in building affordable housing and promoting homeownership as a means to breaking the cycle of poverty. Due to its status with the government, the organization is not subject to tax.</p>
<b>Fund Accounting</b>	<p>HFHC follows the restricted fund method of accounting for contributions.</p> <p>The Unrestricted Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted revenues and expenditures.</p> <p>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.</p>
<b>Revenue Recognition</b>	<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>
<b>Gift-in-Kind Donations</b>	<p>Donated materials (GIK) are recorded at fair market value when determinable.</p>
<b>Harmonized Sales Tax</b>	<p>As a registered charity the organization receives the public service bodies' rebate of 50% of GST paid and 82% of the provincial portion of HST paid in Ontario as well as 57% of the provincial portion of HST paid in British Columbia and 50% of the provincial portion of HST paid in Nova Scotia, New Brunswick and Newfoundland.</p>



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## **Habitat for Humanity Canada Habitat pour l'humanité Canada**

### **Summary of Significant Accounting Policies**

**December 31, 2010**

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#### **Capital Assets**

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:

Computer equipment	-	20% straight line basis
Office equipment	-	20% straight line basis
Leasehold improvements	-	20% straight line basis

Amortization is prorated in the year of acquisition and no amortization is provided in the year of disposal.

#### **Use of Estimates**

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.

#### **New Accounting Pronouncement**

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the organization, are as follows:

##### **Accounting Standards for Not-for-Profit Organizations**

The Accounting Standards Board has recently approved generally accepted accounting principles (GAAP) for Not-for-Profit Organizations. Not-for-Profit Organizations will have the choice of adopting either International Financial Reporting Standards (IFRS) or GAAP for Not-for-Profit Organizations for year ends beginning on or after January 1, 2012. For organizations choosing to adopt GAAP for Not-for-Profit Organizations they would be allowed to early adopt for years ending on or after December 31, 2010. Until GAAP for Not-for-Profit Organizations is adopted, Not-for-Profit Organizations will continue to follow the current Canadian Institute of Chartered Accountants Handbook - Accounting.

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## Habitat for Humanity Canada Habitat pour l'humanité Canada

### Summary of Significant Accounting Policies

December 31, 2010

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#### 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.

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## Habitat for Humanity Canada Habitat pour l'humanité Canada

### Notes to Financial Statements

**December 31, 2010**

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#### **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, 2010. The operating line of credit bears interest at prime plus 0.5% and is secured by a general security agreement.

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#### **2. Temporary Investment**

The organization holds a guaranteed investment certificate earning interest at 0.85%, due November 15, 2011.

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#### **3. Accounts Receivable**

	<b>2010</b>	<b>2009</b>
Due from affiliates	\$ <b>457,696</b>	\$ 411,355
HST refund	<b>104,727</b>	25,500
Other	<b>11,969</b>	21,603
	<b>\$ 574,392</b>	<b>\$ 458,458</b>

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## Habitat for Humanity Canada Habitat pour l'humanité Canada

### Notes to Financial Statements

**December 31, 2010**

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#### 4. Due to/from HFHC Foundation

During the year, HFHC provided management and administrative services to HFHCF. Contract services revenue is \$1,497,817, which was charged to HFHCF for these services. Licence fees charged to HFHCF totaling \$647,549 are included in fees revenue.

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#### 5. Interfund Balances

The organization's unrestricted fund owed \$302,304 to the designated fund at year end. There was sufficient cash in HFHC and HFHCF to pay the amount owing to the designated fund at year end. Subsequent to year end the balance was paid.

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#### 6. Capital Assets

	2010		2009	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 39,480	\$ 25,620	\$ 174,327	\$ 147,464
Office equipment	106,173	92,895	152,427	113,716
Leasehold improvements	52,405	50,271	90,739	68,939
	<b>\$ 198,058</b>	<b>\$ 168,786</b>	<b>\$ 417,493</b>	<b>\$ 330,119</b>
Net book value		<b>\$ 29,272</b>		<b>\$ 87,374</b>

During the year, capital assets with an original cost of \$212,458 and accumulated amortization of \$188,572 were written off. A loss on disposal of capital assets of \$23,886 has been recorded in the Statement of Operations.

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#### 7. Unearned revenue

Unearned revenue consists of affiliate build fees that were deferred by the Board of Directors until May, 2011.

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## Habitat for Humanity Canada Habitat pour l'humanité Canada

### Notes to Financial Statements

**December 31, 2010**

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#### 8. Internationally Designated

	Opening Balance	Donations	Transfers	Ending Balance
Afghanistan	\$ 250	\$ -	\$ 250	\$ -
Argentina	250	19,475	17,364	2,361
Armenia	3,201	(2,201)	1,000	-
Bangladesh	-	20,924	20,924	-
Bolivia	2,900	92,239	86,364	8,774
Botswana	30	4,450	15	4,465
Brazil	1,016	(1,016)	-	-
Cambodia	8,486	37,570	33,416	12,640
Chile	37,689	267,072	291,187	13,573
Columbia	-	8,400	-	8,400
Costa Rica	13,391	94,979	70,757	37,612
Dominican Republic	61,334	9,461	68,795	2,000
Egypt	8,784	20,000	28,784	-
El Salvador	118,167	244,386	242,544	120,010
Ethiopia	986	51,154	43,000	9,140
Fiji	1,225	(1,225)	-	-
Ghana	6,690	14,170	20,592	268
Guatemala	118,224	128,937	220,189	26,971
Guyana	60	330	360	30
Haiti	2,700	671,555	932	673,323
Honduras	37,627	22,702	42,239	18,090
Hungary	4,072	4,169	8,040	200
India	20,969	41,863	54,677	8,155
Jordan	20,535	23,744	42,665	1,613
Kenya	37,819	114,513	109,047	43,284
Kyrgyzstan	3,205	14,295	7,500	10,000
Lesotho	64,506	43,660	100,800	7,366
Malawi	23,070	(5,209)	17,861	-
Macedonia	4,915	43,484	47,022	1,378
Mexico	3,557	84,333	76,000	11,890
Mongolia	2,557	9,512	12,069	-
Mozambique	-	38,803	34,678	4,124

# Habitat for Humanity Canada Habitat pour l'humanité Canada

## Notes to Financial Statements

**December 31, 2010**

### 8. Internationally Designated (continued)

	Opening Balance	Donations	Transfers	Ending Balance
Nepal	114,006	125,741	309,659	(69,912)
New Zealand	-	25,158	18,548	6,610
Pakistan	2,690	1,508	2,691	1,507
Paraguay	4,767	25,189	24,566	5,390
Phillipines	-	26,710	-	26,710
Poland	8,967	2,644	13,386	(1,775)
Portugal	6,228	55,676	59,404	2,500
Romania	2,863	36,849	38,692	1,020
South Africa	-	100	100	-
Sri Lanka	30	360	360	30
Tajikistan	70,515	165,223	193,734	42,003
Thailand	56,849	36,314	82,072	11,091
Uganda	8,113	9,161	8,173	9,101
USA	-	68,253	42,942	25,311
Vietnam	2,545	42,867	37,585	7,827
Zambia	2,535	3,274	5,759	50
International Disaster Response Fund	1,445	4,125	-	5,570
International Undesignated	247,454	125,596	10,000	363,050
USA (Operation Home Delivery)	70,376	100,717	169,069	2,024
GVC Surplus Fundraising	12,585	36,444	-	49,029
GVC Surplus Expense Funds	-	78,316	-	78,316
GVC Program Fund	7,198	(7,198)	-	-
GVC Bursary Fund	900	-	-	900
GVC Canadian Projects	431	(431)	-	-
GVC Contingency Fund	-	82,721	-	82,721
GVC Holding Account	5,423	22,884	-	28,308
	<b>\$ 1,234,133</b>	<b>\$ 3,184,727</b>	<b>\$ 2,715,813</b>	<b>\$ 1,703,047</b>

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## Habitat for Humanity Canada Habitat pour l'humanité Canada

### Notes to Financial Statements

**December 31, 2010**

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#### 9. Global Village

Included in Global Village revenue is GIK airfare contributions of \$927,780, net of airfare reimbursements of \$927,780.

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#### 10. Programs and Services

	Designated Fund	Unrestricted Fund	2010 Total	2009 Total
International transfers	\$ 981,957	\$ -	\$ 981,957	\$ 1,095,178
International transfers, Global Village Program	1,733,856	15,550	1,749,406	1,521,537
Affiliate services	-	1,332,875	1,332,875	1,349,320
International programs	-	154,208	154,208	183,488
Global Village Program	-	534,953	534,953	470,713
	<b>\$ 2,715,813</b>	<b>\$ 2,037,586</b>	<b>\$ 4,753,399</b>	<b>\$ 4,620,236</b>

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#### 11. Finance and Administration, Governance, Marketing, Communications and Advocacy

	2010	2009
Finance and administration	\$ 293,835	\$ 307,099
Governance	239,321	446,862
Marketing, communications and advocacy	653,944	433,593
	<b>\$ 1,187,100</b>	<b>\$ 1,187,554</b>

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## Habitat for Humanity Canada Habitat pour l'humanité Canada

### Notes to Financial Statements

**December 31, 2010**

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#### **12. Commitments**

The company has an operating lease for its Waterloo premises that expires in June 2014. The annual lease payment is a nominal amount.

The company entered into an operating lease for its Toronto premises expiring in May 2014 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
2011	\$ 47,601
2012	43,995
2013	40,389
2014	19,603
	<hr/>
	\$ 151,588

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#### **13. Contingency**

A notice of claim in the amount of \$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.

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#### **14. Significant Influence**

HFHC exercises significant influence over HFHCF by virtue of a Contract for Service with HFHCF for raising and distributing funds. HFHC is governed by a Board of Directors at arm's length from HFHCF.



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## **Habitat for Humanity Canada Habitat pour l'humanité Canada**

### **Notes to Financial Statements**

**December 31, 2010**

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#### **15. 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.

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#### **16. Comparative Amounts**

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