

Habitat for Humanity Canada / Habitat pour l'humanité Canada
Financial Statements
For the year ended December 31, 2025

Habitat for Humanity Canada / Habitat pour l'humanité Canada
Financial Statements
For the year ended December 31, 2025

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Fund Balances	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 18



Independent Auditor's Report

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

Qualified Opinion

We have audited the financial statements of Habitat for Humanity Canada / Habitat pour l'humanité Canada (the "Organization"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, changes in fund balances 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, 2025, 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 donations and 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 revenue from donations and fundraising activities, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2025, current assets as at December 31, 2025, and fund balances as at January 1, 2025 and December 31, 2025. The predecessor auditor's audit opinion on the financial statements for the year ended December 31, 2024 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 audit opinion.

Other Matters

The financial statements for the year ended December 31, 2024 were audited by another auditor who expressed a qualified opinion on those financial statements on April 2, 2025 for the reasons described in the *Basis for Qualified Opinion* section.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
April 2, 2026

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

December 31	2025	2024
Assets		
Current		
Cash	\$ 5,864,240	\$ 4,249,447
Restricted cash - CMHC (Note 10 and 11)	640,000	2,136,790
Investments (Note 2)	228,612	221,224
Accounts receivable (Note 3)	2,142,481	3,023,888
Loans receivable (Note 4)	-	6,598,826
Prepaid expenses	294,557	289,517
Current portion of mortgages receivable (Note 5)	758	23,789
	9,170,648	16,543,481
Capital assets (Note 6)	46,826	56,621
Mortgage receivable (Note 5)	104,681	172,752
Properties transferred from Habitat for Humanity Wood Buffalo (Note 9)	159,800	530,800
	\$ 9,481,955	\$ 17,303,654

Liabilities and Fund Balances

Current		
Accounts payable and accrued liabilities	\$ 2,171,996	\$ 2,045,952
CMHC contributions payable (Note 10)	640,000	640,000
Deferred contributions (Note 7)	4,851,500	4,385,107
Deferred contribution - CMHC Affordable Housing Innovation Fund (Note 11)	-	1,475,396
Loans payable (Note 8)	-	6,643,826
	7,663,496	15,190,281
Fund balances		
Unrestricted	1,729,026	1,758,373
Crisis management fund (internally restricted)	89,433	355,000
	1,818,459	2,113,373
	\$ 9,481,955	\$ 17,303,654

On behalf of the Board:



Director



Director

The accompanying notes are an integral part of these financial statements.

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

For the year ended December 31	2025	2024
Revenue		
Affiliation fess	\$ 6,379,953	\$ 6,472,978
Fundraising revenue		
Donations	10,183,058	9,298,850
Build gift-in-kind	1,257,037	1,418,605
International program revenue		
International programs	558,234	433,472
Global Village and gift-in-kind service	339,614	206,247
Restore gift-in-kind	10,532,636	10,360,748
Office space and services gift-in-kind	729,768	712,768
CMHC contribution - Co-investment and Black Families Funding Agreement (Note 10)	8,758,243	7,602,997
Liquidation purchase products (Note 12)	334,003	75,139
Other income	448,377	508,392
	39,520,923	37,090,196
Expenses		
Program expenses (Note 15)		
Affiliate support and governance	1,054,338	1,069,393
ReStore and product development	2,068,729	1,769,284
Global Village and international programs	246,036	211,140
Government relations and indigenous housing program	1,059,281	1,304,383
Marketing and communications	1,657,883	1,578,879
Program funds and gift-in-kind distribution		
International programs (Note 7)	1,066,901	625,991
Affiliates - other (Note 7)	20,001,563	18,930,664
Affiliates - CMHC disbursements (Note 10)	8,758,243	7,602,997
	35,912,974	33,092,731
Non-program expenses (Note 15)		
Administration	1,374,579	1,375,403
Governance	41,159	81,713
Fundraising	2,309,555	2,767,456
	3,725,293	4,224,572
	39,638,267	37,317,303
Deficiency of revenue over expenses before other items	(117,344)	(227,107)
Other items		
Loss on sale of properties and transfer of mortgages and properties from Habitat for Humanity Wood Buffalo (Note 9)	(177,570)	(133,956)
Allowance for doubtful accounts	-	(200,000)
CMHC contribution - Affordable Housing Innovation Fund (Note 11)	927,085	274,604
CMHC expenses - Affordable Housing Innovation Fund (Note 11)	(927,085)	(274,604)
Deficiency of revenue over expenses	\$ (294,914)	\$ (561,063)

The accompanying 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

	Unrestricted	Crisis management fund (internally restricted)	2025	2024
Fund balance , beginning of year	\$ 1,758,373	\$ 355,000	\$ 2,113,373	\$ 2,674,436
Deficiency of revenue over expenses	(294,914)	-	(294,914)	(561,063)
Fund transfers in	(145,000)	145,000	-	-
Fund transfers out (Note 9)	410,567	(410,567)	-	-
Fund balance , end of year	\$ 1,729,026	\$ 89,433	\$ 1,818,459	\$ 2,113,373

The accompanying notes are an integral part of these financial statements.

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

For the year ended December 31	2025	2024
Cash flows from operating activities		
Deficiency of revenue over expenses for the year	\$ (294,914)	\$ (561,063)
Adjustments to reconcile deficiency of revenue over expenses to net cash provided by (used in) operating activities		
Amortization of capital assets	32,254	39,127
Loss on sale of properties transferred from Habitat for Humanity Wood Buffalo	177,570	133,956
Changes in non-cash working capital balances		
Accounts receivable	881,407	(202,223)
Prepaid expenses	(5,040)	(49,214)
Accounts payable and accrued liabilities	126,044	(138,144)
CMHC contributions payable	-	640,000
Deferred contributions	466,393	(256,622)
Deferred contributions - CMHC Affordable Housing Innovation Fund (Note 11)	(1,475,396)	1,475,396
	(91,682)	1,081,213
Cash flows from investing activities		
Purchases of investments (net)	(7,388)	137,143
Loans receivable (net)	6,598,826	(4,099,019)
Mortgages receivable	91,102	22,379
Purchase of capital assets	(22,459)	(29,416)
Proceeds on sale of properties transferred from Habitat for Humanity Wood Buffalo	193,430	789,339
	6,853,511	(3,179,574)
Cash flows from financing activity		
Loans payable (net)	(6,643,826)	3,894,019
Increase in cash and restricted cash during the year	118,003	1,795,658
Cash and restricted cash, beginning of year	6,386,237	4,590,579
Cash and restricted cash, end of year	\$ 6,504,240	\$ 6,386,237
Represented by		
Cash	\$ 5,864,240	\$ 4,249,447
Restricted cash - CMHC	640,000	2,136,790
	\$ 6,504,240	\$ 6,386,237

The accompanying notes are an integral part of these financial statements.

Habitat for Humanity Canada / Habitat pour l'humanité Canada

Notes to Financial Statements

December 31, 2025

1. Significant Accounting Policies

Nature of Business

Habitat for Humanity Canada/ Habitat pour l'humanité Canada (the "Organization") brings communities together to help families build strength, stability and independence through affordable home ownership. The Organization was incorporated in 1985 and has continued under the Canada Not-for-profit Corporations Act. It is registered by Canada Revenue Agency ("CRA") as a charitable organization and is not subject to income tax.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

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

Restricted contributions are recognized in revenue in the year in which the related expenses are incurred, and the restriction is fulfilled. Based on the bylaws of the Organization, it is required to transfer all contributions received, other than contributions restricted for International activities, to its Affiliates. As such, all contributions are restricted. The Organization has a policy of allocating 20% of these contributions to support administrative and development activities.

Occasionally, Canada Mortgage and Housing Corporation ("CMHC") contributions related to the Co-Investments and Black Families Funds Agreement (Note 10) received and disbursed to an Affiliate by the Organization, may be returned by an Affiliate. When returned, these amounts, upon approval of CMHC, are available to be redispersed and accordingly, are recorded as restricted cash and contributions payable. When redispersed, the related restricted cash and contributions payable are reduced.

Pledges and tithes are reported on a cash basis due to the uncertainty of collection.

Affiliation fees are recognized when received or receivable and collection is reasonably assured.

Liquidation purchase products revenue (Note 12) is recognized upon shipment of goods to the affiliate.

Donated Goods and Services

Donated goods are recorded when fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

A substantial number of volunteers make significant contributions of their time to the Organization's programs and supporting services. The value of this contributed time is not reflected in these financial statements as the fair value of this time cannot be reasonably estimated.

Habitat for Humanity Canada / Habitat pour l'humanité Canada

Notes to Financial Statements

December 31, 2025

1. Significant Accounting Policies (Continued)

Capital Assets

Capital assets are stated at cost if purchased or estimated fair value if donated and fair value can be reasonably estimated. Amortization is based on the estimated useful life of the asset and is calculated as follows:

Computer equipment	- 20% straight line basis
Office equipment	- 20% straight line basis
Vehicle	- 30% straight line basis
Leasehold improvements	- Over the term of the lease

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

Capital assets are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing the net carrying value to their fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of operations. Any impairment recognized is not reversed.

Properties Transferred from Habitat for Humanity Wood Buffalo

The properties transferred from Habitat for Humanity Wood Buffalo are recorded at the lower of cost and net realizable value.

Controlled Not-for-profit Organization

Controlled not-for-profit organizations are not consolidated in the financial statements, but a summary of their financial information is disclosed in the notes to the financial statements (Note 9).

Fund Balances

The Organization has unrestricted funds and an internally restricted fund for crisis management purposes. The crisis management fund represents amounts internally restricted by the Board of Directors for use during crisis situations as deemed necessary.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Significant estimates may include donated items and the recoverability and useful life of capital assets.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equity instruments that are quoted in an active market are reported at fair value, with any unrealized gains and losses reported in revenue. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issues of financial instruments are expensed for those items re-measured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

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

December 31, 2025

1. Significant Accounting Policies (Continued)

Allocation of Support Expenses

Salaries and benefits expenses are allocated to various activities based on the time and efforts dedicated by staff to support those activities. Facilities and IT expenses are allocated based on estimated usage by each department, which is determined based on the percentage of employees within each department or by space usage (Note 15).

2. Investments

The investments comprise guaranteed investment certificates (GIC's) which earn interest at 2.70% (2024 - 3.80%), maturing on August 2026 (2024 - August 2025).

A GIC of \$200,000 is pledged as collateral for the business credit card account. This GIC renews each year on maturity.

3. Accounts Receivable

	<u>2025</u>	<u>2024</u>
Due from Affiliates	\$ 1,745,143	\$ 2,399,811
HST refund	273,862	287,110
Other	123,476	336,967
	<u>2,142,481</u>	<u>\$ 3,023,888</u>

4. Loans Receivable

The Organization has outstanding demand loans receivable of \$nil (2024 - \$705,000) from Affiliates. The loans bear interest at 1% per annum, payable quarterly, with the balance due in October 2025. Funds must be used for the sole purpose as outlined in each loan agreement, primarily related to opening or repairing ReStore facilities. These funds were made available from the financing provided to the Organization through the Charities Aid Foundation (Note 8).

The Organization has outstanding non-revolving, floating rate demand construction loans of \$nil (2024 - \$5,416,906) Affiliate. The loan require monthly interest payments at the VCIB prime rate plus 0.50% per annum. These funds were made available from the financing provided to the Organization through VCIB (Note 8).

The Organization also has an outstanding demand operating loan of \$nil (2024 - \$476,920) from Affiliate. The loan bears interest at the VCIB prime rate plus 0.50% per annum. These funds were made available from the financing provided to the Organization through VCIB (Note 8).

As at December 31, 2025, all outstanding loans receivable were received.

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

December 31, 2025

4. Loans Receivable (Continued)

Loan receivable balance by affiliate

	2025	2024
<i>Demand loans receivable</i>		
Habitat for Humanity Kingston	\$ -	\$ 200,000
Habitat for Humanity Greater Ottawa	-	195,000
Habitat for Humanity Hamilton	-	100,000
Habitat for Humanity Victoria	-	60,000
Habitat for Humanity Southeast BC	-	150,000
	\$ -	\$ 705,000
<i>Demand construction loans receivable</i>		
Habitat for Humanity Greater Ottawa	\$ -	\$ 1,073,953
Habitat for Humanity Greater Toronto Area	-	2,687,999
Habitat for Humanity Peterborough	-	1,654,954
	\$ -	\$ 5,416,906
<i>Demand operating loans receivable</i>		
Habitat for Humanity Quebec	\$ -	\$ 476,920
	\$ -	\$ 476,920
Total loans receivable as at December 31	\$ -	\$ 6,598,826

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

December 31, 2025

5. Mortgages Receivable

	2025		2024	
	Face value	Accumulated Cost	Face value	Accumulated Cost
Mortgages receivable	288,139	105,439	406,744	196,541
Less: current portion	13,080	758	37,990	23,789
	\$ 275,059	\$ 104,681	\$ 368,754	\$ 172,752

Estimated principal repayments on mortgages receivable at face value are as follows:

2026	\$ 8,350
2027	8,350
2028	8,350
2029	8,350
2030	8,350
Thereafter	<u>246,389</u>
	\$ 288,139

The mortgage is non-interest bearing, receivable in monthly instalments, and secured by a charge on specific property.

6. Capital Assets

	2025		2024	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	287,293	247,183	264,834	223,984
Office equipment	266,498	260,659	266,498	252,481
Vehicles	24,973	24,096	24,973	23,219
Leasehold improvements	130,050	130,050	130,050	130,050
	\$ 708,814	\$ 661,988	\$ 686,355	\$ 629,734
Net book value		\$ 46,826		\$ 56,621

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

December 31, 2025

7. Deferred Contributions

Deferred contributions represent externally restricted contributions for Affiliates and international programs (including the Global Village program) not yet disbursed as of year end.

	2025	2024
Balance, beginning of year	\$ 4,385,107	\$ 4,641,729
Contributions received during the year		
Affiliates	10,327,778	8,639,396
International programs	1,041,289	708,406
Less: disbursements made during the year and amounts recognized as revenue		
Affiliates	(9,835,773)	(8,978,433)
International programs	(1,066,901)	(625,991)
Balance, end of year	\$ 4,851,500	4,385,107

8. Loans Payable

	2025	2024
VCIB construction loan (\$30,000,000 demand loan bearing interest at VCIB prime rate plus 0.5% per annum, subject to a floor of 2.95%)	\$ -	\$ 5,416,906
VCIB operating loan (\$2,000,000 demand loan bearing interest at VCIB prime rate plus 0.5% per annum)	-	476,920
Charities Aid Foundation operating loan (\$1,500,000 loan bearing interest at 1% per annum)	-	750,000
	\$ -	6,643,826
Less: current portion	-	\$ 6,643,826
Long-term portion	\$ -	\$ -

As at December 31, 2025, the Organization has paid the VCIB construction loan, VCIB operating loan and Charities Aid Foundation loan.

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

December 31, 2025

9. Habitat for Humanity Wood Buffalo

During the year ended December 31, 2022, Habitat for Humanity Wood Buffalo Society's ("HFHWB") members passed a special resolution to appoint certain individuals of the Organization's senior management team as directors of HFHWB. The individuals appointed were approved by the Board of Directors of the Organization to assume this role. With the passing of this resolution, all previous Directors of HFHWB resigned and were no longer members of HFHWB, giving the Organization control of HFHWB.

All properties and mortgages of HFHWB were transferred to the Organization in 2023. These assets were transferred at their carrying amount except in cases where the carrying amount was in excess of the net realizable value of the assets transferred, in which case the assets were recorded at their impaired value. The outstanding receivable from HFHWB at the time of transfer was in settlement of the assets transferred which resulted in the Organization recording a net loss of \$99,041.

Some of the properties were sold during 2025, which resulted in the Organization recording a net loss of \$177,570 (2024 - \$133,956). Accumulated net loss as at December 31, 2025 amounts to \$410,567.

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

December 31, 2025

10. CMHC Funding - Co-Investment and Black Families Funding Agreement

On December 9, 2021, the Organization entered into an agreement with CMHC under the National Housing Co-Investment Fund to assist with the financing of 200 new homes for Black Canadians. Under the agreement, funding of up to \$20,000,000 will be available in the form of a forgivable loan for eligible affiliate projects commenced in the years 2021 to 2025.

The Organization has entered into separate forgivable loan agreements with each affiliate participating in these programs.

As forgivable loans, the amounts received are considered contributions for accounting purposes as it has been determined by the Organization that it is more likely than not that the amounts will ultimately be forgiven. In addition, as the amounts are received for a specific purpose, the amounts are only recognized as income to the extent the related expenses are incurred. For the Organization, this occurs when the funds are disbursed to the affiliates as it has been determined that it is more likely than not that these amounts will also be forgiven.

This has resulted in the following activity during the year.

	2025	2024
Balance, beginning of the year	\$ 640,000	\$ -
Funds received during the year	8,758,243	7,602,997
Less: disbursements made during the year and amounts recognized as revenue	(8,758,243)	(7,602,997)
Less: disbursements returned during the year	-	640,000
	\$ 640,000	\$ 640,000
Remaining funds to be disbursed	\$ 640,000	\$ 640,000

In case of default, amounts repayable would bear interest at 5% per annum and would be payable on the first day of the month following the month in which such declaration of the loan default is made by CMHC. While management has determined that it is more likely than not that the amounts received from CHMC will be forgiven, amounts will formally be forgiven over the term of the agreement or 20 years. As of December 31, 2025, funding of \$1,986,056 (2024 - \$1,324,037) has been formally forgiven by CMHC.

The forgivable loan agreements stipulate special covenants on Affordability, Accessibility and Energy Efficiency that must be met for the loans to be forgiven. Affordability must be maintained for 20 years and the Organization must fulfil the covenant on affordability, with either the original units or by substitution for a period of 20 years.

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

December 31, 2025

11. CMHC Funding - Affordable Housing Innovation Fund

On April 30, 2024, the Organization entered into an agreement with CMHC under the Affordable Housing Innovation Fund to provide funding to help increase the supply of affordable and attainable housing across Canada. Under the agreement, funding of up to \$20,000,000 will be available to the Organization to create a national affordable housing development corporation. During 2024, CMHC provided the Organization a forgivable loan of \$1,750,000 for the first phase of the project. Terms for the remaining \$18,250,000 in funding are yet to be determined.

As a forgivable loan, the amount received is considered a contribution for accounting purposes as it has been determined by the Organization that it is more likely than not that the amount will ultimately be forgiven. In addition, as the amounts are received for a specific purpose, the amounts are only recognized as income to the extent the related expenses are incurred. For the Organization, this occurs when the funds are used for the intended purpose.

In case of default, amounts repayable would bear interest at 5% per annum and would be payable on the first day of the month following the month in which such declaration of the loan default is made by CMHC.

This has resulted in the following activity during the year.

	2025	2024
Balance, beginning of the year	\$ 1,475,396	\$ -
Funds received during the year	-	\$ 1,750,000
Less: expenses incurred and revenue recognized during the year	(927,085)	(274,604)
Less: amounts repaid to CMHC	\$ (548,311)	\$ -
Balance, end of year	\$ -	\$ 1,475,396

As at December 31, 2025, the Organization has repaid total unused balance to CMHC.

12. Liquidation Purchase Products

The Organization purchases products from liquidators at less than fair market value and then subsequently transfers the purchased products to Affiliates for selling in ReStores or use in the construction of houses. The Affiliates are all registered charities operating as separate legal entities. During the year, the Organization transferred to Affiliates product purchased for \$291,716 (2024 - \$113,717) for which the Organization received affiliate fees of \$334,003 (2024 - \$75,139). The Organization charges each Affiliate a nominal fee for products shipped during the year.

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

December 31, 2025

13. Commitments

The Organization has operating leases for its Mississauga and Toronto premises. The Organization also has operating leases for its equipment. The minimum annual lease payment, excluding taxes, under these operating leases for the next five years and thereafter are as follows:

2026	\$	324,150
2027		346,687
2028		359,607
2029		372,527
2030		385,447
Thereafter		64,600
		\$ 1,853,018

14. Contingencies

The Organization from time to time, is subject to various legal proceedings and claims. Management is of the view that these will not have a material adverse effect on the Organization and its results of operations.

15. Allocation of Support Expenses

During the year ended December 31, 2025, common expenses consisting of salaries, benefits, facilities and information technology (IT) were allocated to various program areas as follows:

	Salaries and Benefits	Facilities and IT	2025	2024
Affiliate support and governance	43,162	119,985	163,147	186,788
Restore and product development	86,324	504,342	590,666	579,696
Government relations and indigenous housing program	57,549	157,630	215,179	246,839
Marketing and communications	50,355	138,795	189,150	216,810
Administration	35,968	145,893	181,861	274,945
Fundraising	86,324	239,921	326,245	373,564
	\$ 359,682	\$ 1,306,566	\$ 1,666,248	\$ 1,878,642

Habitat for Humanity Canada / Habitat pour l'humanité Canada

Notes to Financial Statements

December 31, 2025

16. Financial Instruments

Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they come due. The Organization manages its liquidity risk by monitoring its operating requirements and maintaining available credit facilities. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. This risk has not changed from the prior year.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Organization is exposed to this risk through its interest bearing investments. Interest rate risk is managed by the Organization through construction of a portfolio of fixed yield investments with varying maturity and interest rates. Additionally, the Organization's policy is to hold the fixed yield investments until maturity in order to realize the coupon value of the instrument. This risk has not changed from the prior year.

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's most significant exposure to credit risk is its accounts receivable. This risk has not changed from the prior year.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization holds cash denominated in U.S. dollars of \$148,939 (2024 - \$139,951). The carrying value of cash may change due to fluctuations in foreign exchange rates.

17. Comparative Figures

The comparative information presented in the financial statements has been reclassified to conform to the current year's presentation.