

**HABITAT FOR HUMANITY SOUTH EAST BRITISH COLUMBIA
SOCIETY**

**FINANCIAL STATEMENTS
(Unaudited - See Independent Practitioners' Review Engagement Report)**

December 31, 2022

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CHILDS CHANTON

CHARTERED PROFESSIONAL ACCOUNTANTS*

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INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Members of Habitat for Humanity South East British Columbia Society

We have reviewed the accompanying financial statements of Habitat for Humanity South East British Columbia Society (the Society) that comprise the statement of financial position as at December 31, 2022 and the statements of revenues and expenditures, changes in net assets 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 Accounting Standards for not-for-profit organizations (ASNPO), 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Habitat for Humanity South East British Columbia Society as at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.



CHILDS CHANTON
CHARTERED PROFESSIONAL ACCOUNTANTS
Castlegar, British Columbia

April 27, 2023

HABITAT FOR HUMANITY SOUTH EAST BRITISH COLUMBIA SOCIETY
STATEMENT OF FINANCIAL POSITION
(Unaudited - See Review Engagement Report)
As at December 31, 2022

	Administration 2022	Programs 2022	ReStores 2022	2022	2021
ASSETS					
Current					
Cash	\$ 196,173	\$ 114,153	\$ 20,628	\$ 330,954	\$ 755,549
Accounts receivable (Note 5)	14,046	-	-	14,046	35,835
Goods and services tax receivable	957	14,264	825	16,046	1,263
Prepaid expenses	1,399	6,953	2,492	10,844	10,496
Other receivables (Note 9)	-	117,442	-	117,442	60,107
Property Inventory (Note 8)	-	1,653,216	-	1,653,216	589,544
Current portion of mortgages receivable (Note 11)	-	164,029	-	164,029	62,343
	212,575	2,070,057	23,945	2,306,577	1,515,137
Tangible capital assets (Note 10)	-	52,174	22,488	74,662	34,793
Mortgages receivable (Note 11)	-	1,144,297	-	1,144,297	1,231,463
Restricted cash (Note 12)	-	140,589	-	140,589	357,955
	\$ 212,575	\$ 3,407,117	\$ 46,433	\$ 3,666,125	\$ 3,139,348
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable and accruals	\$ 4,685	\$ 69,390	59,824	\$ 133,899	\$ 19,131
Due to related parties (Note 5)	-	1,356	19,827	21,183	21,850
Wages payable	5,805	5,128	3,305	14,238	5,879
Employee deductions payable	42	5,516	4,989	10,547	11,567
Provincial sales tax payable	-	1,760	-	1,760	2,824
Mortgage prepayments	-	-	-	-	6,320
Deferred contributions (Note 14)	-	-	-	-	10,500
Bank indebtedness (Note 13)	-	40,000	-	40,000	-
	10,532	123,150	87,945	221,627	78,071
Long term debt (Note 5 , 13)	-	150,000	-	150,000	40,000
Deferred contributions (Note 14)	-	299,107	-	299,107	120,727
	10,532	572,257	87,945	670,734	238,798
NET ASSETS					
Internally restricted (Note 15)	-	140,589	-	140,589	357,955
Unrestricted	202,043	2,694,271	(41,512)	2,854,802	2,542,595
	202,043	2,834,860	(41,512)	2,995,391	2,900,550
	\$ 212,575	\$ 3,407,117	\$ 46,433	\$ 3,666,125	\$ 3,139,348

Contingent Liability (Note 9)
Lease Commitments (Note 16)
Subsequent Event (Note 19)

Approved on behalf of the board :



Neil Coburn

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

HABITAT FOR HUMANITY SOUTH EAST BRITISH COLUMBIA SOCIETY
STATEMENT OF OPERATIONS
(Unaudited - See Review Engagement Report)
For the Year Ended December 31, 2022

	Administration 2022	Programs 2022	ReStores 2022	2022	2021
Revenues					
ReStore sales	\$ -	\$ -	\$ 554,922	\$ 554,922	\$ 607,921
Imputed interest on mortgages	-	128,082	-	128,082	165,570
Funding and subsidies (Note 4)	131,600	15,038	-	146,638	165,314
Donations	46,018	209,710	3,415	259,143	43,250
Rental income	-	19,835	-	19,835	30,695
Interest and miscellaneous	60	3,454	1,414	4,928	5,155
Sale of properties	-	142,523	-	142,523	-
Loss on disposal assets	-	-	-	-	(247)
	177,678	518,642	559,751	1,256,071	1,017,658
Expenses					
Advertising and promotion	5,962	-	824	6,786	6,857
Amortization of tangible assets	-	6,256	6,678	12,934	6,711
Costs of properties sold (Note 8)	-	136,154	-	136,154	2,764
Delivery and freight	-	-	53,782	53,782	33,575
Habitat for Humanity fees (Note 5)	16,356	36,162	57,504	110,022	88,515
Insurance	1,333	12,687	3,427	17,447	10,674
Interest and bank charges	567	-	6,345	6,912	6,051
Non-refundable portion of GST	-	-	-	-	2,125
Office expenses	12,139	181	1,191	13,511	11,105
Professional fees	12,305	24,325	1,860	38,490	16,110
Property taxes	-	8,056	10,565	18,621	17,350
Purchases, donated	-	-	-	-	29,966
Rental	-	-	88,787	88,787	80,273
Repairs and maintenance	-	71,948	1,816	73,764	2,063
Salaries and wages	149,006	131,054	237,632	517,692	439,818
Stipends	-	-	-	-	25,500
Strata fees	-	4,152	-	4,152	5,185
Supplies	-	-	3,679	3,679	1,899
Telephone	-	4,679	2,607	7,286	7,185
Travel, conferences and education	14,202	2,270	1,738	18,210	5,711
Utilities	-	3,486	19,733	23,219	18,364
Vehicle expenses	-	464	9,090	9,554	10,425
Volunteer appreciation	-	-	228	228	691
	211,870	441,874	507,486	1,161,230	828,917
Excess (Deficiency) of Revenues Over Expenses	(34,192)	76,768	52,265	94,841	188,741

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

HABITAT FOR HUMANITY SOUTH EAST BRITISH COLUMBIA SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
(Unaudited - See Review Engagement Report)
For the Year Ended December 31, 2022

	Administration	Programs	ReStores	2022	2021
	2022	2022	2022	2022	2021
NET ASSETS - OPENING	\$ 61,884	\$ 2,784,544	\$ 54,122	\$ 2,900,550	\$ 2,682,790
Change in accounting policy for tangible capital assets	-	-	-	-	10,554
Correction of error - forgivable loan no longer forgivable	-	-	-	-	18,465
Excess of revenues over expenses	(34,192)	76,768	52,265	94,841	188,741
Interfund transfers	174,351	(26,452)	(147,899)	-	-
NET ASSETS, END OF YEAR	\$ 202,043	\$ 2,834,860	\$ (41,512)	\$ 2,995,391	\$ 2,900,550

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

HABITAT FOR HUMANITY SOUTH EAST BRITISH COLUMBIA SOCIETY
STATEMENT OF CASH FLOW
(Unaudited - See Review Engagement Report)
For the Year Ended December 31, 2022

	Administration 2022	Programs 2022	ReStores 2022	2022	2021
OPERATING ACTIVITIES					
Cash receipts from customers	\$ 190,319	\$ 498,210	\$ 567,484	\$ 1,256,013	\$ 678,552
Cash paid to suppliers	(109,220)	(1,292,269)	(209,170)	(1,610,659)	(397,714)
Cash paid to employees	(2,217)	(259,053)	(236,457)	(497,727)	(436,237)
Interest received	-	131,535	1,413	132,948	170,726
Interest paid	(567)	-	(6,345)	(6,912)	(6,051)
Net cash flows received from (used by) operating activities	78,315	(921,577)	116,925	(726,337)	9,276
INVESTING ACTIVITIES					
Purchase of tangible capital assets	-	(52,740)	-	(52,740)	(6,964)
Proceeds on disposal of tangible capital assets	-	-	-	-	1,800
Increase in restricted cash	-	217,365	-	217,365	(27,678)
Mortgage payments received	-	132,582	-	132,582	90,466
Proceeds from CEBA loan	-	-	-	-	40,000
Net mortgages issued	-	(145,466)	-	(145,466)	(7,748)
Cash flows from (used for) investing activities	-	151,741	-	151,741	89,876
FINANCING ACTIVITIES					
Loans received	-	150,000	-	150,000	-
Interfund transfers	63,355	84,544	(147,899)	-	-
Cash flows from (used for) financing activities	63,355	234,544	(147,899)	150,000	-
INCREASE (DECREASE) IN CASH	141,670	(535,292)	(30,974)	(424,596)	99,152
CASH, BEGINNING OF YEAR	54,503	649,446	51,600	755,549	656,397
CASH, END OF YEAR	\$ 196,173	\$ 114,154	\$ 20,626	\$ 330,953	\$ 755,549
CASH CONSISTS OF					
Cash	\$ 196,173	\$ 114,153	\$ 20,628	\$ 330,954	\$ 755,549

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

HABITAT FOR HUMANITY SOUTH EAST BRITISH COLUMBIA SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited - See Review Engagement Report)
For the Year Ended December 31, 2022

1. PURPOSE OF THE ORGANIZATION

Habitat for Humanity South East British Columbia Society (the "Society") is a not-for-profit organization incorporated provincially under the Societies Act of British Columbia. As a Canadian registered charity, the Society is exempt from the payment of income tax under Subsection 149(1) of the income Tax Act.

The Society mobilizes volunteers and community partners to build affordable housing for low and moderate income households and promotes home ownership as a way to break the cycle of poverty. The society also operates two Habitat ReStores in Grand Forks and Castlegar to raise funds to support its programs and operations..

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Fund Accounting

The Administration Fund reports the assets, liabilities, revenues and expenses related to the Society's administrative activities.

The Programs Fund reports the assets, liabilities, revenues, and expenses related to the Society's building projects, repairs and maintenance of housing inventory, sale of those building projects, subsequent mortgages receivable, and family support services.

The ReStore Fund reports the assets, liabilities, revenues, and expenses related to the Society's two ReStore retail stores, located in Grand Forks and Castlegar.

Revenue recognition

The Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Habitat for Humanity Canada funding is calculated and recognized each quarter.

Sale of property revenue is recognized when title of the property is transferred. Mortgage payments made once a partner family completes their required volunteer hours but before the title transfer occurs, are recorded as a liability and recognized as revenue when the sale completes.

Investment income is recognized as revenue when earned.

Revenue from the sales of products is recognized when title passes to the customer, which generally coincides with the delivery and acceptance of goods.

HABITAT FOR HUMANITY SOUTH EAST BRITISH COLUMBIA SOCIETY
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(Unaudited - See Review Engagement Report)
December 31, 2022

Donated services and materials

The operations of the Society depend on the contribution of time by volunteers. The fair value of these services cannot be reasonably determined and are therefore not reflected in these financial statements.

The Society relies on donated materials and goods to help complete its building projects and to sell in its retail stores. When the fair market value can be reasonably estimated and a tax receipt is issued, these contributions are recognized in the financial statements. During the year \$18,266 (2021 - \$29,966) of materials and goods were donated and recognized.

All other donated material and goods are not recognized as a contribution and, in accordance with ASNPO, no inventory value has been established on any remaining materials and goods at year end.

Measurement uncertainty

The preparation of financial statements in conformity 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 amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they have become known. Actual results could differ from these estimates. Significant estimates include fair value of donated items, amortized cost of mortgages receivable, valuation of property sales using imputed discount rates and useful life of tangible capital assets.

Cash and cash equivalents

Cash and cash equivalents is made up of unrestricted cash including bank overdrafts with balances that fluctuate from being positive to overdrawn. Cash that cannot be used for current transactions because they are restricted as reserves are excluded from cash and cash equivalents.

Properties held for resale

Properties held for resale include land, buildings, and builds in progress and are recorded at the lower of cost or net realizable value.

Mortgages receivable

Mortgages receivable are originally recognized at fair value. Subsequently, mortgages receivable are recognized at amortized cost by means of the recognition of a deemed interest income, calculated using a declining balance method over the life of the mortgage at a rate of 6.45% (2021 - 2.1%). The sale of properties revenue is discounted by the estimated imputed interest in the year of sale.

Tangible capital assets

Tangible capital assets are stated at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution if a donation receipt has been issued. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Motor vehicles	10 years straight-line method
Signs	5 years straight-line method
Computer equipment	5 years straight-line method
Furniture and equipment	5 - 20 years straight-line method
Leasehold improvements	5 years straight-line method

The Society regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

HABITAT FOR HUMANITY SOUTH EAST BRITISH COLUMBIA SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited - See Review Engagement Report)
December 31, 2022

Mortgage prepayments

Monthly tenancy payments received from partner families after completion of their required volunteer hours prior to mortgages being advanced are recorded as a liability. Mortgage prepayments are applied as payments towards the first mortgage once the sale completes.

Allocation of expenses

Executive Director, Administrative Coordinator and Bookkeeper wages are allocated based on time between the Administration (30%) and Programs (70%) fund.

Director of Resource Development wages are also allocated between the Administration and Programs fund based on time which is allocated equally between the two.

The accounting fees are allocated between all funds based on time spent.

Financial instruments

The Society initially measures its financial assets and financial liabilities from arm's length transactions at fair value. The Society subsequently measures its financial assets and financial liabilities at cost or amortized cost. Financial assets and financial liabilities from related party transactions are measured at the carrying amount or exchange amount, as appropriate.

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

Financial assets include cash, short term investments, accounts receivable, prepaid expenses, and mortgages receivables.

Financial liabilities include accounts payable, unearned revenue, deferred contributions.

3. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2022.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk in the event of non-payment of its mortgages receivable. The risk is mitigated by holding the underlying property as security. This risk has not changed.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The society is exposed to interest rate risk on its long-term debt. This risk has increased as a result of increased borrowings.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society manages this by monitoring its operating requirements. It prepares budgets to ensure it has sufficient funds to fulfill its obligations. This risk has increased as a result of the use of cash reserves to complete the Castlegar fourplex build.

HABITAT FOR HUMANITY SOUTH EAST BRITISH COLUMBIA SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited - See Review Engagement Report)
December 31, 2022

4. FUNDING AND SUBSIDIES

	2022	2021
Wage subsidies, various	\$ 24,317	\$ 86,721
Columbia Basin Trust	-	29,908
Habitat for Humanity Canada (Note 5)	106,060	28,685
Forgivable portion of CEBA loan	-	20,000
Sagen Grant	8,000	-
TD Ready Commitment	7,700	-
Other	561	-
	\$ 146,638	\$ 145,314

5. RELATED PARTY TRANSACTIONS AND BALANCES

The Society is an affiliate of Habitat for Humanity Canada. There are standards of operation the Society must meet in order to remain affiliated. Both Societies have an economic interest in the other as described below.

The Society remits payments for national programs and initiatives based on the number of builds, ReStore sales and gifts in kind. Fees incurred during the year consist of the following:

	2022	2021
Tithing and Affiliation fees	\$ 52,518	\$ 63,820
ReStore fees	57,504	24,695
	\$ 110,022	\$ 88,515

The bylaws of Habitat for Humanity Canada require it to transfer all contributions received, other than contributions restricted for International activities, to its affiliates. During the year, the Society received the following:

Funding from Habitat for Humanity Canada	\$ 106,061	\$ 28,685
Habitat for Humanity fees paid	\$ 108,666	\$ 88,415

The Society has the following balances due to and from related parties at year end:

Due from Habitat for Humanity Canada	\$ 14,046	\$ 8,847
Due to Habitat for Humanity Canada	\$ 21,183	\$ 21,850
Unsecured long-term loan payable to Habitat for Humanity for the purpose of financing leasehold improvements in the Castlegar ReStore. Loan bears interest at 1% annually, with 50% repayable on April 30, 2024, and the remaining amount repayable October 31, 2025.	\$ 150,000	\$ -

These transactions are in the normal course of operations and are measured at the exchange amount, which is that amount of consideration established and agreed to by the related parties.

HABITAT FOR HUMANITY SOUTH EAST BRITISH COLUMBIA SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited - See Review Engagement Report)
December 31, 2022

6. INTERFUND TRANSFERS

Interfund transfers are reported in the Statement of Changes in Net Assets. The interfund transfers for the current year consist of regular transfers from the ReStores fund to cover Programs and Administrative expenses.

7. BANK INDEBTEDNESS

The Society maintains an operating line of credit with the Grand Forks Credit Union to a maximum of \$20,000. This line of credit bears interest at commercial prime plus 1.5% per annum and is unsecured.

8. PROPERTIES INVENTORY

The society holds property inventory in the following classifications:	2022	2021
Land held for future development	\$ 151,301	\$ -
Properties under development	1,073,476	25,620
Properties available for sale	430,795	563,924
	\$ 1,655,572	\$ 589,544

During the year, the inventory total inventory balance changed as follows:

	2022	2021
Balance, beginning of the year	\$ 589,544	\$ 550,956
Costs capitalized during the year	1,193,994	38,588
Subtotal	1,783,538	589,544
Direct cost of properties sold during the year	127,966	-
	\$ 1,655,572	\$ 589,544

9. CONTINGENT LIABILITY

Previously recorded in other accounts receivable is \$60,107 being held in trust, contingent on the City of Nelson releasing a covenant on the sale of a lot in Nelson, BC. The Society was to submit a proposal for affordable housing in Nelson by December 31, 2020. This did not occur. The Society is now in the process of submitting the proposal. The likelihood of the acceptance of the proposal and release of the covenant is not known. If the covenant is not released, the City would be entitled to \$46,393 of the funds held in trust, resulting in a significant impairment to the value of this amount held as receivable.

10. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Motor vehicles	\$ 66,815	\$ 10,931	\$ 55,884	\$ 12,470
Signs	6,800	6,468	332	1,213
Computer equipment	12,274	3,927	8,347	6,985
Furniture and equipment	21,001	10,957	10,044	13,480
Leasehold improvements	3,605	3,550	55	645
	\$ 110,495	\$ 35,833	\$ 74,662	\$ 34,793

HABITAT FOR HUMANITY SOUTH EAST BRITISH COLUMBIA SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
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December 31, 2022

11. MORTGAGES RECEIVABLE

	2022	2021
1st Mortgages Receivable	\$ 1,861,836	\$ 1,813,921
2nd Mortgages Receivable	176,655	230,655
Unamortized mortgage interest	(730,165)	(750,770)
	1,308,326	1,293,806
Current portion of mortgages receivable	(164,029)	(62,343)
	\$ 1,144,297	\$ 1,231,463

Non-interest bearing first mortgages are for 11-50 year terms and are secured by the related land and buildings. There are 13 (2021 - 14) first mortgages outstanding. The terms of the mortgages vary according to a repayment schedule which is subject to change from an annual financial review of the partner family. The change in expected length of the mortgage repayment impacts the imputed interest calculation and the carrying amount of the mortgage. These changes are reflected in the imputed interest revenue reported in the current year.

The imputed interest discount on new mortgages of 6.45% was recognized during the year.

Payment for second mortgages will be received once the property is sold or the title is transferred. Second mortgages established pre-2009 are forgiven if certain conditions are met as per the mortgages agreements. As the amounts are expected to be forgiven, these second mortgages are not reported on the statement of financial position. When a partner family fails to meet the conditions, the amount due is adjusted for retroactively.

There are 6 (2021 - 7) second mortgages outstanding. There is one additional remaining forgivable second mortgage with a value of \$79,000 that is not reported on the statement of financial position.

Each sales agreement includes the right of first refusal for the Society to repurchase the home, should the partner family decide to sell the home. The repurchase price is disclosed in each agreement.

Principal repayment terms are approximately:

2022	\$ 164,029
2023	164,029
2024	164,029
2025	164,029
2026	164,029
Thereafter	1,218,346
	\$ 2,038,491

12. RESTRICTED CASH

These funds have been restricted by the board of directors for the Society's building projects, including acquisition, construction and maintenance. These funds can also be used to repurchase previously sold projects.

HABITAT FOR HUMANITY SOUTH EAST BRITISH COLUMBIA SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited - See Review Engagement Report)
December 31, 2022

13. LONG TERM DEBT

	2022	2021
Canada Emergency Business Account loan. No interest will be charged and government assistance will be provided by forgiving up to 33% (\$20,00) of the loan. Since the intent of the government is to forgive this amount, it has been recorded as government assistance income in the current year. If the loan is not repaid prior to December 31, 2023, it will convert to a 3-year term loan at an interest rate of 5%.	\$ 60,000	\$ 60,000
CEBA forgivable portion if paid on maturity	(20,000)	(20,000)
	\$ 40,000	\$ 40,000

14. DEFERRED CONTRIBUTIONS

The deferred contributions consist of restricted funding and donations received towards the cost of building projects of the Society. These will be recognized as revenue upon sale of the completed building project.

	2021	Additions	Reductions	2022
Current assets				
Donations	\$ 3,720	\$ -	\$ (3,720)	\$ -
BC Housing - Grand Forks	45,979	-	(45,979)	-
Job Creation Grant - Grand Forks	10,921	-	(10,921)	-
City of Nelson - Nelson	60,107	-	-	60,107
Province of BC	10,500	-	(10,500)	-
Columbia Basin Trust	-	135,000	-	135,000
Canada Mortgage Housing Corporation	-	104,000	-	104,000
	\$ 131,227	\$ 239,000	\$ (71,120)	\$ 299,107

15. INTERNALLY RESTRICTED NET ASSETS

The internally restricted funds have been restricted for the Society's building projects, including acquisition, construction and maintenance. These funds can also be used to repurchase previously sold projects. Use of these funds can be changed by a motion of the Board of Directors.

16. LEASE COMMITMENTS

The Society has a triple net lease with respect to its Grand Forks ReStore premises. This lease expires on June 30, 2025. The basic lease cost is \$2,600 per month. The current additional cost for property tax and insurance is \$610 per month.

At the date of the Review Engagement Report the Society is in the process of negotiating a new long term lease for the Castlegar ReStore at terms and rates yet to be determined.

17. REMUNERATION

For the fiscal year ending December 31, 2022, the Society paid two employees a total combined remuneration of salaries and benefits of \$166,575. (2021 one employee at \$88,596) No remuneration was paid to any members of the Board of Directors. This disclosure is provided in accordance with the Society's Act of British Columbia.

HABITAT FOR HUMANITY SOUTH EAST BRITISH COLUMBIA SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited - See Review Engagement Report)
December 31, 2022

18. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

19. SUBSEQUENT EVENT

Subsequent to the December 31 year end date, the Society has identified one mortgage receivable as being in a state of default and have begun foreclosure proceedings. An appraisal of the property was conducted which indicated that the value of the property is significantly greater than the amortized cost of the associated foreclosed mortgage.

HABITAT FOR HUMANITY SOUTH EAST BRITISH COLUMBIA SOCIETY

May 04, 2023

Childs Chanton
Chartered Professional Accountants
241 Columbia Avenue
Castlegar, BC V1N 1G3

Dear Childs Chanton:

We are providing this letter in connection with your review of the financial statements of Habitat for Humanity South East British Columbia Society (the Society) for the year ended December 31, 2022, which we acknowledge you performed in accordance with Canadian generally accepted standards for review engagements. We acknowledge that we are responsible for the fair presentation of the financial statements in accordance with Canadian accounting standards for private enterprises, and for the design and implementation of internal control to prevent and detect fraud and error.

We understand that you have performed a review of the financial statements. We also understand that your review procedures consisted primarily of inquiry, analytical procedures, and discussion, which are not designed to identify, nor can they necessarily be expected to disclose fraud, shortages, errors or other irregularities should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, as of the date noted above, the following representations made to you during your review.

Financial statements

1. The financial statements referred to above present fairly, in all material respects, the financial position of the Society as at December 31, 2022 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit enterprises.
2. We confirm that the Society is not a publicly accountable enterprise and is a qualifying enterprise for the application of Canadian accounting standards for not-for-profit enterprises.
3. We have reviewed and approved all:
 - Adjusting journal entries prepared by you;
 - Account codes determined or changed by you;
 - Transactions classified by you; and
 - Accounting records prepared or changed by you.

All misstatements identified by you and discussed with us, in the course of your review, have been recorded (except for those summarized in the attached schedule of proposed journal entries). It is our opinion that the effects of not recording such identified misstatements are, individually and in aggregate, immaterial to the financial statements as a whole.

Completeness of information

4. We have responded fully to all inquiries made to us and have made available to you all financial records and related data and all minutes of the meeting of directors, and committees of directors.
5. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
6. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.
7. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss.
8. We have identified to you all known related parties and related party transactions, including guarantees, non-monetary transactions, and transactions for no consideration.

HABITAT FOR HUMANITY SOUTH EAST BRITISH COLUMBIA SOCIETY

Recognition, measurement and disclosure

9. We have disclosed to you, and the Society has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
10. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
11. The Society has satisfactory title to all assets, and there are no liens or encumbrances on the Society's assets.
12. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
13. All related party transactions have been appropriately measured and disclosed in the financial statements.
14. The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
15. We have informed you of all outstanding and possible claims, whether or not they have been discussed with legal counsel.
16. All events subsequent to the balance sheet date up to the date hereof that would require recognition or disclosure in the financial statements have been disclosed to you and are appropriately disclosed in the financial statements.
17. We have obtained all consents that are required under applicable privacy legislation for the collection, use, and disclosure to you of personal information.

Sincerely,

HABITAT FOR HUMANITY SOUTH EAST BRITISH COLUMBIA SOCIETY

DocuSigned by:

Neil Colburn

Board Chair

E9F3E1C647FA40A

Name and Title

DocuSigned by:

[Signature]

Treasurer

3EE06840245743E...

Name and Title