

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Habitat for Humanity Vancouver Island North Society,

We have audited the accompanying financial statements of the Habitat for Humanity Vancouver Island North Society which comprise the statement of financial position as at December 31, 2017 and the statements of operations, change 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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's 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 auditor's judgment, including the assessments 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 and fair presentation 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.

INDEPENDENT AUDITOR'S REPORT

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

Basis for Qualified Opinion

In common with many charitable organizations, the Habitat for Humanity Vancouver Island North Society 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 Habitat for Humanity Vancouver Island North Society and we were not able to determine whether any adjustments might be necessary to revenues and excess of revenues over expenses reported in the statement of operations, and current assets and net assets reported in the statement of financial position.

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 the Habitat for Humanity Vancouver Island North Society as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Cloutier Matthews LLP

Chartered Professional Accountants

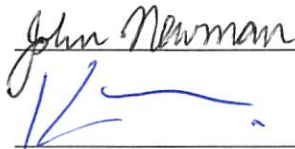
Courtenay, B.C.

June 25, 2018

HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

	2017			2016	
	Operating Fund	Housing Fund	Invested in Property and Equipment	Total	
<u>ASSETS</u>					
CURRENT ASSETS					
Cash	615,708	-	-	615,708	604,305
Property held in inventory	-	53,468	-	53,468	-
Prepaid expenses and deposits	17,239	-	-	17,239	16,784
Current portion of mortgages receivable	-	31,800	-	31,800	58,100
Interfund balances	(920,371)	920,371	-	-	-
	(287,424)	1,005,639	-	718,215	679,189
HOUSING PROJECTS UNDER DEVELOPMENT	-	1,464,411	-	1,464,411	691,665
MORTGAGES RECEIVABLE (Note 3)	-	993,403	-	993,403	1,061,022
PROPERTY AND EQUIPMENT (Note 4)	-	-	598,521	598,521	615,650
	(287,424)	3,463,453	598,521	3,774,550	3,047,526
<u>LIABILITIES</u>					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	120,941	-	-	120,941	90,442
Goods and services tax payable	8,241	-	-	8,241	9,750
Current portion of demand loan (Note 5)	-	-	6,993	6,993	35,557
	129,182	-	6,993	136,175	135,749
Demand loan (Note 5)	-	-	117,044	117,044	111,695
	129,182	-	124,037	253,219	247,444
DEFERRED CONTRIBUTIONS (Note 6)	-	440,345	-	440,345	64,695
	129,182	440,345	124,037	693,564	312,139
<u>NET ASSETS</u>					
UNRESTRICTED	(416,606)	-	-	(416,606)	123,560
HOUSING FUND	-	3,023,108	-	3,023,108	2,143,429
INVESTED IN PROPERTY AND EQUIPMENT	-	-	474,484	474,484	468,398
	(416,606)	3,023,108	474,484	3,080,986	2,735,387
	(287,424)	3,463,453	598,521	3,774,550	3,047,526

Approved by:



HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2017

	2017			2016	
	Operating Fund	Housing Fund	Invested in Property and Equipment	Total	
RESTORE SALES	\$ 1,649,674	\$ -	\$ -	\$ 1,649,674	\$ 1,558,660
RESTORE EXPENSES (Schedule 1)	946,698	-	-	946,698	864,081
NET CONTRIBUTION FROM RESTORE OPERATIONS	702,976	-	-	702,976	694,579
OTHER REVENUE					
Proceeds from sale of housing	-	-	-	-	596,224
Cost of housing sold	-	-	-	-	(411,569)
Net contribution from sale of housing	-	-	-	-	184,655
Donations, grants and contributions	100,924	-	-	100,924	235,338
Interest and miscellaneous	9,787	-	-	9,787	13,840
	110,711	-	-	110,711	249,178
TOTAL REVENUE	813,687	-	-	813,687	1,128,412
OPERATING EXPENSES (Schedule 2)	512,732	-	22,762	535,494	460,293
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	300,955	-	(22,762)	278,193	668,119
Adjustment and amortization of mortgage receivable to fair value	-	67,406	-	67,406	(350,799)
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ 300,955</u>	<u>\$ 67,406</u>	<u>\$ (22,762)</u>	<u>\$ 345,599</u>	<u>\$ 317,320</u>

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

HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>			<u>2016</u>	
	Operating Fund	Housing Fund	Invested in Property and Equipment	Total	
OPENING NET ASSETS (Note 1)	\$ 123,560	\$ 2,143,429	\$ 468,398	\$ 2,735,387	\$ 2,418,067
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>300,955</u>	<u>67,406</u>	<u>(22,762)</u>	<u>345,599</u>	<u>317,320</u>
	424,515	2,210,835	445,636	3,080,986	2,735,387
INTERFUND TRANSFERS					
Repayment of demand loan	(28,848)	-	28,848	-	-
Housing development additions	<u>(812,273)</u>	<u>812,273</u>	<u>-</u>	<u>-</u>	<u>-</u>
	(841,121)	812,273	28,848	-	-
ENDING NET ASSETS	<u><u>\$ (416,606)</u></u>	<u><u>\$ 3,023,108</u></u>	<u><u>\$ 474,484</u></u>	<u><u>\$ 3,080,986</u></u>	<u><u>\$ 2,735,387</u></u>

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

HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u> (Note 9)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 345,599	\$ 317,320
Items not involving cash:		
Amortization of property and equipment	17,129	18,157
Net contribution from sale of housing	-	(184,655)
Deferred contributions recognized to income	-	(101,940)
Adjustment and amortization of mortgages receivable to fair value	<u>(67,406)</u>	<u>350,799</u>
	295,322	399,681
Changes in non-cash working capital balances:		
Increase (decrease) in goods and services tax receivable	(1,509)	11,225
Increase in prepaid expenses and deposits	(455)	(7,445)
Increase (decrease) in accounts payable and accrued liabilities	<u>30,499</u>	<u>(6,579)</u>
	<u>323,857</u>	<u>396,882</u>
INVESTING ACTIVITIES		
Expenditure on housing projects	(826,214)	(915,081)
Mortgage payments received	161,325	13,958
Capital additions	<u>-</u>	<u>(11,915)</u>
	<u>(664,889)</u>	<u>(913,038)</u>
FINANCING ACTIVITIES		
Repayments on demand loan	(23,215)	(34,117)
Receipts of deferred contributions	<u>375,650</u>	<u>113,250</u>
	<u>352,435</u>	<u>79,133</u>
NET INCREASE (DECREASE) IN CASH	11,403	(437,023)
OPENING CASH BALANCE	<u>604,305</u>	<u>1,041,328</u>
ENDING CASH BALANCE	<u><u>\$ 615,708</u></u>	<u><u>\$ 604,305</u></u>

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