

HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY
Financial Statements
Year ended December 31, 2018

Independent Auditor's Report
Statement of Financial Position
Statement of Operations
Statement of Changes in Net Assets
Statement of Cash Flows
Notes to Financial Statements
Schedules

INDEPENDENT AUDITORS 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, 2018 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 AUDITORS REPORT

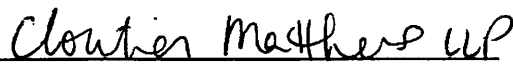
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2018, 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.

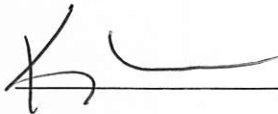
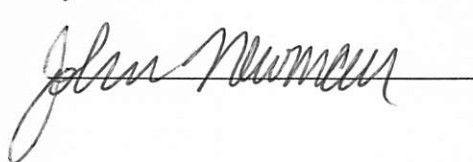

Chartered Professional Accountants

Courtenay, B.C.
May 16, 2019

HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

	2018			2017	
	Operating Fund	Housing Fund	Invested in Property and Equipment	Total	
<u>ASSETS</u>					
CURRENT ASSETS					
Cash	(15,569)	368,079	-	352,510	615,708
Accounts receivable	8,581	189,234	-	197,815	-
Goods and services tax receivable	1,225	18,996	-	20,221	-
Property held in inventory	-	53,468	-	53,468	53,468
Prepaid expenses and deposits	6,685	-	-	6,685	17,239
Current portion of mortgages receivable	-	40,300	-	40,300	31,800
Interfund balances	191,125	(191,125)	-	-	-
	192,047	478,952	-	670,999	718,215
HOUSING PROJECTS UNDER DEVELOPMENT	-	2,393,015	-	2,393,015	1,464,411
MORTGAGES RECEIVABLE (Note 3)	-	1,113,802	-	1,113,802	993,403
PROPERTY AND EQUIPMENT (Note 4)	-	-	585,740	585,740	598,521
	192,047	3,985,769	585,740	4,763,556	3,774,550
<u>LIABILITIES</u>					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	155,331	101,063	-	256,394	120,941
Goods and services tax payable	-	-	-	-	8,241
Current portion of demand loan (Note 5)	-	-	7,443	7,443	6,993
	155,331	101,063	7,443	263,837	136,175
Demand loan (Note 5)	-	-	109,587	109,587	117,044
	155,331	101,063	117,030	373,424	253,219
DEFERRED CONTRIBUTIONS (Note 6)	-	735,066	-	735,066	440,345
	155,331	836,129	117,030	1,108,490	693,564
<u>NET ASSETS</u>					
UNRESTRICTED	36,716	-	-	36,716	(416,606)
HOUSING FUND	-	3,149,640	-	3,149,640	3,023,108
INVESTED IN PROPERTY AND EQUIPMENT	-	-	468,710	468,710	474,484
	36,716	3,149,640	468,710	3,655,066	3,080,986
	192,047	3,985,769	585,740	4,763,556	3,774,550

Approved by:

HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>			<u>2017</u>	
	Operating Fund	Housing Fund	Invested in Property and Equipment	Total	
RESTORE SALES	\$ 1,742,571	\$ -	\$ -	\$ 1,742,571	\$ 1,649,674
RESTORE EXPENSES (Schedule 1)	<u>(969,897)</u>	<u>-</u>	<u>-</u>	<u>(969,897)</u>	<u>(946,698)</u>
NET CONTRIBUTION FROM RESTORE OPERATIONS	772,674	-	-	772,674	702,976
OTHER REVENUE					
Proceeds from sale of housing	-	384,000	-	384,000	-
Cost of housing sold	<u>-</u>	<u>(463,562)</u>	<u>-</u>	<u>(463,562)</u>	<u>-</u>
Net deficiency from sale of housing	<u>-</u>	<u>(79,562)</u>	<u>-</u>	<u>(79,562)</u>	<u>-</u>
Donations, grants and contributions	102,753	208,792	-	311,545	100,924
Interest and miscellaneous	<u>24,035</u>	<u>-</u>	<u>-</u>	<u>24,035</u>	<u>9,787</u>
	<u>126,788</u>	<u>208,792</u>	<u>-</u>	<u>335,580</u>	<u>110,711</u>
TOTAL REVENUE	899,462	129,230	-	1,028,692	813,687
OPERATING EXPENSES (Schedule 2)	(433,972)	-	(17,942)	(451,914)	(535,494)
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	<u>465,490</u>	<u>129,230</u>	<u>(17,942)</u>	<u>576,778</u>	<u>278,193</u>
Proceeds from mortgage payout	-	100,000	-	100,000	-
Fair value adjustment to mortgage receivable on housing sale	-	(184,720)	-	(184,720)	-
Inputted interest income earned on mortgage receivables	<u>-</u>	<u>82,022</u>	<u>-</u>	<u>82,022</u>	<u>67,406</u>
	<u>-</u>	<u>(2,698)</u>	<u>-</u>	<u>(2,698)</u>	<u>67,406</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ 465,490</u>	<u>\$ 126,532</u>	<u>\$ (17,942)</u>	<u>\$ 574,080</u>	<u>\$ 345,599</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, 2018

	<u>2018</u>				<u>2017</u>
	Operating Fund	Housing Fund	Invested in Property and Equipment	Total	
OPENING NET ASSETS (Note 1)	\$ (416,606)	\$ 3,023,108	\$ 474,484	\$ 3,080,986	\$ 2,735,387
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>465,490</u>	<u>126,532</u>	<u>(17,942)</u>	<u>574,080</u>	<u>345,599</u>
	48,884	3,149,640	456,542	3,655,066	3,080,986
INTERFUND TRANSFERS					
Repayment of demand loan	<u>(12,168)</u>	<u>-</u>	<u>12,168</u>	<u>-</u>	<u>-</u>
ENDING NET ASSETS	<u><u>\$ 36,716</u></u>	<u><u>\$ 3,149,640</u></u>	<u><u>\$ 468,710</u></u>	<u><u>\$ 3,655,066</u></u>	<u><u>\$ 3,080,986</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, 2018

	2018	2017
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 574,080	\$ 345,599
Items not involving cash:		
Amortization of property and equipment	12,780	17,129
Deferred contributions recognized to income	(208,792)	-
Net deficiency from sale of housing	79,562	-
Adjustment and amortization of mortgages receivable to fair value	184,720	-
Adjustment and amortization of mortgages receivable to fair value	(82,022)	(67,406)
	560,328	295,322
Changes in non-cash working capital balances:		
Increase in accounts receivable	(197,815)	-
Increase in goods and services tax receivable	(28,462)	(1,509)
Decrease (increase) in prepaid expenses and deposits	10,554	(455)
Increase in accounts payable and accrued liabilities	135,453	30,499
	480,058	323,857
INVESTING ACTIVITIES		
Expenditure on housing projects	(1,404,454)	(826,214)
Proceeds from mortgage payout	43,587	-
Mortgage payments received	121,105	161,325
	(1,239,762)	(664,889)
FINANCING ACTIVITIES		
Repayments on demand loan	(7,007)	(23,215)
Receipts of deferred contributions	503,513	375,650
	496,506	352,435
NET INCREASE (DECREASE) IN CASH	(263,198)	11,403
OPENING CASH BALANCE	615,708	604,305
ENDING CASH BALANCE	\$ 352,510	\$ 615,708

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