

**HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

**HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY**  
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**YEAR ENDED DECEMBER 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Habitat for Humanity Vancouver Island North Society

*Report on the Financial Statements*

*Qualified Opinion*

We have audited the financial statements of Habitat for Humanity Vancouver Island North Society (the Society), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net assets 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 Society as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

*Basis for Qualified Opinion*

In common with many charitable organizations, the Society 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 Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, current assets and net assets.

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 Society in accordance with 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

In preparing the financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

*(continues)*

Independent Auditor's Report to the Members of Habitat for Humanity Vancouver Island North Society  
(continued)

Those charged with governance are responsible for overseeing the Society's financial reporting process.

*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 Society'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 Society'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 Society 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.

*Report on Other Legal and Regulatory Requirements*

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian Accounting Standards for Not-for-profit Organizations have been applied on a basis consistent with that of the preceding year.

*Cloutier Matthews LLP*

Courtenay, British Columbia  
May 26, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

**HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**

	Operating Fund	Housing Fund	Invested in Property and Equipment	2021	2020
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash	\$ 393,769	\$ 506,777	\$ -	\$ 900,546	\$ 504,052
Accounts receivable	5,250	35,398	-	40,648	81,172
Goods and services tax recoverable	850	-	-	850	10,576
Property held in inventory	-	53,468	-	53,468	121,978
Prepaid expenses and deposits	-	4,511	-	4,511	4,511
Current portion of mortgages receivable (Note 2)	-	108,000	-	108,000	71,600
Housing projects under development	-	1,315,048	-	1,315,048	2,181,186
Interfund balances	432,362	(432,362)	-	-	-
	832,231	1,590,840	-	2,423,071	2,975,075
HOUSING PROJECTS UNDER DEVELOPMENT		1,184,573		1,184,573	1,317,596
MORTGAGES RECEIVABLE (Note 2)		3,248,257		3,248,257	2,337,150
PROPERTY AND EQUIPMENT (Note 3)			631,496	631,496	654,779
	\$ 832,231	\$ 6,023,670	\$ 631,496	\$ 7,487,397	\$ 7,284,600

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

**HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**

	Operating Fund	Housing Fund	Invested in Property and Equipment	2021	2020
<b>LIABILITIES</b>					
<b>CURRENT</b>					
Line of credit (Note 4)	\$ -	\$ -	\$ -	\$ -	\$ 190,278
Accounts payable and accrued liabilities (Note 5)	118,581	109,432	-	228,013	155,058
Goods and services taxes payable	-	47,190	-	47,190	
Deferred income (Note 8)	-	663,956	-	663,956	1,275,852
Deferred mortgage payments	-	51,597	-	51,597	38,960
Current portion of demand loan (Note 6)	-	-	8,186	8,186	7,690
	118,581	872,175	8,186	998,942	1,667,838
Demand loan (Note 6)	-	-	92,242	92,242	100,441
	118,581	872,175	100,428	1,091,184	1,768,279
CEBA LOAN (Note 7)	60,000	-	-	60,000	40,000
DEFERRED INCOME (Note 8)	29,440	30,857	-	60,297	57,165
	208,021	903,032	100,428	1,211,481	1,865,444
<b>NET ASSETS</b>					
UNRESTRICTED	624,210	-	-	624,210	539,241
HOUSING FUND	-	5,120,638	-	5,120,638	4,333,267
INVESTED IN PROPERTY AND EQUIPMENT	-	-	531,068	531,068	546,648
	624,210	5,120,638	531,068	6,275,916	5,419,156
	\$ 832,231	\$ 6,023,670	\$ 631,496	\$ 7,487,397	\$ 7,284,600

Approved by:

*R. Guard*

*[Signature]*

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

**HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2021**

	Operating Fund	Housing Fund	Invested in Property and Equipment	2021	2020
<b>RESTORE SALES</b>	\$ 1,843,001	\$ -	\$ -	\$ 1,843,001	\$ 1,345,082
<b>RESTORE EXPENSES (Schedule 1)</b>	1,213,802	-	-	1,213,802	989,149
<b>NET CONTRIBUTION FROM RESTORE OPERATIONS</b>	629,199	-	-	629,199	355,933
<b>OTHER REVENUE</b>					
Proceeds from sale of housing	-	2,043,000	-	2,043,000	3,053,000
Cost of housing sold	-	(2,181,186)	-	(2,181,186)	(2,547,986)
	-	(138,186)	-	(138,186)	505,014
Donations, grants and contributions (Note 9)	114,649	1,161,200	-	1,275,849	1,194,087
Wage subsidies	144,498	147,904	-	292,402	290,760
Interest and miscellaneous	26,114	6,963	-	33,077	14,868
<b>OTHER REVENUE TOTAL</b>	285,261	1,177,881	-	1,463,142	2,004,729
<b>TOTAL REVENUE</b>	914,460	1,177,881	-	2,092,341	2,360,662
<b>OPERATING EXPENSES (Schedule 2)</b>	359,104	-	26,430	385,534	340,915
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS</b>	555,356	1,177,881	(26,430)	1,706,807	2,019,747
Gain on disposal of property and equipment	-	-	4,681	4,681	1,395
Fair value adjustment to mortgage receivable on housing sale	-	(1,009,623)	-	(1,009,623)	(1,675,023)
Imputed interest income earned on mortgage receivable	-	150,995	-	150,995	109,237
Rental revenue	-	3,900	-	3,900	10,320
	-	(854,728)	4,681	(850,047)	(1,554,071)
<b>EXCESS OF REVENUE OVER EXPENSES</b>	\$ 555,356	\$ 323,153	\$ (21,749)	\$ 856,760	\$ 465,676

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, 2021**

	Operating Fund	Housing Fund	Invested in Property and Equipment	2021	2020
<b>NET ASSETS -</b>					
<b>BEGINNING OF</b>					
<b>YEAR</b>	\$ 539,241	\$ 4,333,267	\$ 546,648	\$ 5,419,156	\$ 4,953,480
<b>EXCESS</b>					
<b>(SHORTFALL) OF</b>					
<b>REVENUE OVER</b>					
<b>EXPENSES</b>	555,356	323,153	(21,749)	856,760	465,676
<b>INTERFUND</b>					
<b>TRANSFERS</b>					
Repayment of demand loan	(12,169)	-	12,169	-	-
Sale of property and equipment	6,000	-	(6,000)	-	-
Restore profits transferred (Note 10)	(464,218)	464,218	-	-	-
<b>NET ASSETS - END OF</b>					
<b>YEAR</b>	\$ 624,210	\$ 5,120,638	\$ 531,068	\$ 6,275,916	\$ 5,419,156

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, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 856,760	\$ 465,676
Items not affecting cash:		
Amortization of property and equipment	21,964	27,304
Deferred contributions recognized to income	(1,264,893)	(1,174,473)
Net proceeds from sale of housing	138,186	(505,014)
Adjustment and amortization of mortgages receivable to fair value	1,009,623	1,675,023
Imputed interest income earned on mortgage receivable	(150,995)	(109,237)
Gain on disposal of property and equipment	(4,681)	(1,395)
	605,964	377,884
Changes in non-cash working capital balances		
Decrease in accounts receivable	40,524	3,973
Decrease in goods and services tax recoverable	9,726	700
Decrease in property held in inventory	68,510	-
Decrease in deferred mortgage payments	12,637	38,960
Decrease in prepaid expenses and deposits	-	3,665
Increase (decrease) in accounts payable and accrued liabilities	72,955	(89,347)
Increase in goods and services tax payable	47,190	-
	251,542	(42,049)
Cash flow from operating activities	857,506	335,835
<b>INVESTING ACTIVITIES</b>		
Expenditure on housing projects	(1,182,023)	(1,905,246)
Purchase of property and equipment	-	(8,143)
Proceeds on disposal of property and equipment	6,000	11,300
Mortgage payments received	236,863	108,688
Cash flow used by investing activities	(939,160)	(1,793,401)
<b>FINANCING ACTIVITIES</b>		
Repayments on demand loan	(7,703)	(1,442)
Receipts of deferred contributions	656,129	1,110,002
Proceeds from line of credit	-	189,843
Repayment of line of credit	(190,278)	-
Receipt of CEBA loan	20,000	40,000
Cash flow from financing activities	478,148	1,338,403
<b>INCREASE (DECREASE) IN CASH FLOW</b>	396,494	(119,163)
<b>CASH - BEGINNING OF YEAR</b>	504,052	623,215
<b>CASH - END OF YEAR</b>	\$ 900,546	\$ 504,052
<b>CASH CONSISTS OF:</b>		
Cash	\$ 900,546	\$ 504,052

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

**HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

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Habitat for Humanity Vancouver Island North Society (the "Society") provides home ownership opportunities for low-income families through volunteer labour and donations of money, land, and materials. Qualified families purchase the home with zero-interest mortgages.

The Society also operates two retail stores ("ReStores") which sell used building materials and other household goods. The stores obtain their inventory through donations from the community and other partners.

The Society is a registered charitable organization for income tax purposes.

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of presentation**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations

**(b) Revenue recognition**

Sales revenue is recognized in accordance with industry practice which is when all the risks and benefits of ownership of products have been transferred to customers under executed sales agreements.

Revenue from ReStore sales are recorded on the sale of merchandise to customers.

Unrestricted grants, contributions and donations are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted grants, contributions and donations are recognized as revenue in the year in which the related expenses are incurred or the related housing projects are sold.

The purchase price of houses sold to low income families is set at the fair market value of the house as determined by a qualified independent party and is recognized as revenue when legal title of the property transfers to the family.

**(c) Fund accounting**

The Operating Fund reports all the assets, liabilities, revenues and expenses relating to the Society's two ReStores and accounts for all of the Society's general and administrative expenses.

The Housing Fund reports the assets, liabilities, revenues and expenses relating to the Society's building activities, including the maintenance of mortgages on previously sold homes, and revenues relating to rental activities. The Housing Fund only includes revenues and costs specifically attributed to the construction of homes and the maintenance of mortgages and revenue from rentals.

The Invested in Property and Equipment fund reports all the assets, liabilities, revenues and expenses relating to the Society's property and equipment. The expenses reported in the Invested in Property and Equipment fund include interest payments on long term debt and amortization.

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**HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Financial instruments**

The Society's financial instruments consist of cash, accounts receivable, mortgages receivable, accounts payable and accrued liabilities, and a demand loan.

The Society initially measures its financial instruments at their fair value adjusted for related transaction costs, and subsequently measures them at amortized cost.

The difference between the fair value and the face value of mortgages receivable, as well as any adjustments for amortized cost, are recognized in net income in the period incurred.

Unless otherwise noted, it is management's opinion that the Society's financial instruments are not exposed to risk related to interest rate, foreign exchange or other price fluctuation.

**(e) Housing projects under development**

Housing projects under development includes land, buildings, building material and labour, either purchased or donated. It is stated at the lower of cost and net realizable value. Net realizable value is defined as market value less costs of disposition. Any excess of carrying value over net realizable value is expensed in the year in which the impairment is realized.

**(f) Property and equipment**

Property and equipment are recorded at cost less accumulated amortization. Amortization is calculated using the diminishing-balance method at the annual rates indicated below, except for leasehold improvements which are amortized using the straight-line method. Property and equipment acquired during the year are amortized at one-half the normal annual rates.

Land	N/A
Buildings	4%
Motor vehicles	30%
Computer equipment & software	45%
Leasehold improvements	5 years

**(g) Contributed services**

Donated goods and services are not recorded unless they are used directly in housing construction or are property and equipment, and the fair market value can be reasonably estimated. Donated goods and services used directly in housing construction or are property and equipment are recorded at their fair market value at the time of donation. The value of donated goods for resale are not reflected in these financial statements.

In addition, volunteers contribute a significant number of hours per year to assist the Society in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

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**HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**(h) Use of estimates**

Financial statements prepared in accordance with accounting standards for not-for-profit organizations require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses.

Management's significant estimates and assumptions include:

- the fair value of mortgages receivable which is estimated using the average of 5 year conventional fixed mortgage rates offered by Canadian chartered banks and expected monthly payments applicable at the time of inception of the mortgage receivable;
- the estimated useful lives of assets and the resulting estimates for amortization expense;
- accrued accounts payable estimated on the expected costs of services that have been rendered but not yet invoiced, or, as in the case of accounting fees, services to be rendered in relation to the current year-end;

These estimates and assumptions are based on management's best information and judgment. Actual results may differ from those estimates.

**HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

<b>2. MORTGAGES RECEIVABLE</b>	2021	2020
Mortgage initiated in 2007 for \$95,000 discounted at 7.19%	\$ 45,769	\$ 50,294
Mortgage initiated in 2007 for \$191,569 discounted at 5.85%	113,106	115,567
Mortgage initiated in 2009 for \$196,094 discounted at 5.85%	151,769	161,323
Mortgage initiated in 2013 for \$196,534 discounted at 5.34%	126,404	140,982
Mortgage initiated in 2013 for \$201,694 discounted at 5.14%	134,661	151,373
Mortgage initiated in 2013 for \$201,694 discounted at 5.14%	146,706	152,759
Mortgage initiated in 2014 for \$196,534 discounted at 5.24%	126,799	145,388
Mortgage initiated in 2015 for \$217,714 discounted at 4.64%	181,716	191,318
Mortgage initiated in 2015 for \$219,374 discounted at 4.64%	186,511	187,442
Mortgage initiated in 2016 for \$195,390 discounted at 4.74%	164,527	169,280
Mortgage initiated in 2016 for \$215,047 discounted at 4.74%	175,658	200,078
Mortgage initiated in 2016 for \$215,047 discounted at 4.74%	194,976	183,834
Mortgage initiated in 2018 for \$198,534 discounted at 5.34%	165,889	173,777
Mortgage initiated in 2018 for \$198,534 discounted at 5.34%	161,425	171,895
Mortgage initiated in 2020 for \$305,305 discounted at 4.94%	276,835	290,472
Mortgage initiated in 2020 for \$288,349 discounted at 4.94%	261,732	275,727
Mortgage initiated in 2020 for \$288,349 discounted at 4.94%	268,277	275,177
Mortgage initiated in 2020 for \$320,341 discounted at 4.94%	284,149	297,328
Mortgage initiated in 2020 for \$325,501 discounted at 4.94%	308,811	316,835
Mortgage initiated in 2020 for \$325,501 discounted at 4.94%	305,148	314,435
Mortgage initiated in 2020 for \$325,935 discounted at 4.79%	315,348	322,251
Mortgage initiated in 2020 for \$325,935 discounted at 4.79%	306,192	318,011
Mortgage initiated in 2020 for \$325,935 discounted at 4.79%	299,639	318,324
Mortgage initiated in 2020 for \$325,935 discounted at 4.79%	307,419	316,812
Mortgage initiated in 2021 for \$368,155 discounted at 4.79%	363,477	-
Mortgage initiated in 2021 for \$404,275 discounted at 4.79%	394,993	-
Mortgage initiated in 2021 for \$306,235 discounted at 4.79%	281,728	-
Mortgage initiated in 2021 for \$306,235 discounted at 4.79%	292,000	-
Mortgage initiated in 2021 for \$371,251 discounted at 4.79%	361,176	-
Mortgage initiated in 2021 for \$351,795 discounted at 4.79%	343,979	-
	<u>7,046,819</u>	<u>5,240,682</u>
Discounts	(3,690,562)	(2,831,932)
	<u>3,356,257</u>	<u>2,408,750</u>
Less: current portion	(108,000)	(71,600)
	<u>\$ 3,248,257</u>	<u>\$ 2,337,150</u>

**HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

**2. MORTGAGES RECEIVABLE (continued)**

The Society secures a first mortgage on the properties sold equal to the recognized sale price. These first mortgages are non-interest bearing, with variable repayment amounts, variable maturity and secured by the respective land and building.

Although the mortgages receivable bear no interest, Canadian accounting standards for not-for-profit organizations requires interest income to be recognized in the statement of operations over the life of these mortgages based on reasonable interest rates determined by management. Management uses the estimated mortgage rate for similar mortgages based on market rates at the inception of the mortgage as indicated below.

Prior to April 2009, the Society measured the sale of the houses at cost, including the value of donated materials and labour. For those properties, a second mortgage on the properties was secured in an amount equal to the difference between the original first mortgage and the fair market value of the property at the time of sale. The terms of the second mortgages were as follows:

1. The second mortgage may be reduced by a maximum of 25% after 60% of the life of the mortgage has expired.
2. The second mortgage may be forgiven in full upon final payment of the first mortgage or the mortgage has terminated, whichever is longer.

Given the likelihood of collecting the second mortgages is remote, the corresponding receivable and revenue are not recognized in the financial statements.

**3. PROPERTY AND EQUIPMENT**

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	\$ 436,117	\$ -	\$ 436,117	\$ 436,117
Buildings	237,208	90,128	147,080	156,797
Equipment	115,524	76,102	39,422	49,277
Motor vehicles	65,525	56,655	8,870	12,577
Computer equipment & software	4,936	4,929	7	11
Leasehold improvements	10,381	10,381	-	-
	<b>\$ 869,691</b>	<b>\$ 238,195</b>	<b>\$ 631,496</b>	<b>\$ 654,779</b>

**4. LINE OF CREDIT**

The Society has a \$630,000 line of credit with Coastal Community Credit Union ("CCCU"). Security for the financing includes: an assignment of rents and a general security agreement over the present and future property of the Society.

The loan is payable on demand and bears interest at the Credit Union's Prime Lending Rate plus 1%.

**HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2021	2020
Trades payable	\$ 173,264	\$ 96,578
Wages payable	54,749	50,726
Government remittances payable	-	7,754
	<u>\$ 228,013</u>	<u>\$ 155,058</u>

**6. DEMAND LOAN**

	2021	2020
Demand loan payable at \$234 weekly including interest at 4.29%, secured by a charge over the land and buildings and a general security agreement on all assets.	\$ 100,428	\$ 108,131
Less: current portion	(8,186)	(7,690)
	<u>\$ 92,242</u>	<u>\$ 100,441</u>

Management does not believe that the demand features of the demand loan will be exercised in the current period. Under that assumption, expected principal repayments on the demand loan over the next five years are as follows:

Principal repayment terms are approximately:

2022	\$	8,186
2023		8,386
2024		8,926
2025		9,145
2026		9,546
Thereafter		<u>56,239</u>
	<u>\$</u>	<u>100,428</u>

**7. CEBA LOAN**

The Society received the \$40,000 CEBA loan in the 2020 fiscal year and an additional expansion amount of \$20,000 amount in the 2021 fiscal year. The loan was provided by the Government of Canada to provide capital to organizations to see them through the current challenges and better position them to return to providing services and creating employment. The loan is unsecured. The loan is interest free to December 31, 2023. If the loan is paid back by December 31, 2023, \$20,000 of the loan will be forgiven. If the loan is not paid back by December 31, 2023, the full \$60,000 loan will be converted to loan repayable over three years with a 5% interest rate.

**HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

**8. DEFERRED INCOME**

Deferred income represents funds designated for housing projects under development.

	Opening	Additions	Allocations	Ending
Fundraising	\$ 31,980	\$ 121,532	\$ 111,353	\$ 42,159
Donations	237,964	112,384	204,312	146,036
Grants:				
Federal Government	692,281	325,937	723,501	294,717
Provincial Government	50,000	39,908	64,908	25,000
Municipal/Regional Government	75,250	809	39,162	36,897
Other	88,393	123,005	132,617	78,781
Wage Subsidies	128,976	228,732	292,402	65,306
Miscellaneous	28,173	84,008	76,824	35,357
	<u>\$ 1,333,017</u>	<u>\$ 1,036,315</u>	<u>\$ 1,645,079</u>	<u>\$ 724,253</u>

Included in ending deferred income is \$663,956 in contributions expected to be recognized within one year.

Included in deferred contributions are funds received from the Canada Mortgage and Housing Corporation (CMHC) in the amount of \$198,715 (2020 - \$346,457) and structured as forgivable loans. As a forgivable loan, the amounts received are considered contributions for accounting purposes as it has been determined by the Society 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.

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, 2021 no amounts have been forgiven. The society's total cumulative exposure is \$545,172.

The forgivable loan agreement stipulates 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 Society must fulfil the covenant on affordability, with either the original units or by substitution for a period of 20 years.

**9. DONATIONS, GRANTS, AND CONTRIBUTIONS**

	2021	2020
Fundraising	\$ 111,353	\$ 53,807
Donations	204,312	530,032
Grants:		
Federal Government	723,501	227,125
Provincial Government	64,908	220,438
Municipal/Regional Government	39,162	2,000
Other	132,613	160,685
	<u>\$ 1,275,849</u>	<u>\$ 1,194,087</u>

**10. RESTORE PROFITS TRANSFERRED**

During the year, the Board of Directors decided to transfer 60% of ReStore profits and 60% of wage subsidy revenue from the Operating Fund to the Housing Fund.



**HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

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**11. COMMITMENTS**

Habitat for Humanity Vancouver Island North Society rents its Campbell River premises under a long-term lease which expires August 31, 2022, and for which the annual minimum lease payment is \$97,496 plus triple net.

**12. CREDIT RISK**

The Society is exposed to credit risk in the event of non-payment of mortgages receivable from the partner families. The Society believes that this credit risk is minimal as the carrying value of the mortgages is substantially less than the value of the underlying homes.

**13. REMUNERATION OF DIRECTORS, EMPLOYEES, AND CONTRACTORS**

In order to comply with BC Societies Act requirements, the Society must disclose the amount of remuneration paid to directors and the amount paid to individual employees and contractors whose remuneration exceeds \$75,000.

During the fiscal year ended December 31, 2021, three employees were paid gross wages of \$246,875. No remuneration was paid to any director and no contractor was paid \$75,000 or more.

**13. COVID-19**

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

During the year, the Society's two ReStore locations were temporarily closed for a period of three months and temporary employee layoffs ensued. In response, the Society received the Canada Emergency Wage Subsidy and opened a Canada Emergency Business Account.

The Society expects the effects of Covid-19 to diminish over time. However, due to continued uncertainty, the effects cannot be estimated at this time.

**14. COMPARATIVE FIGURES**

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

**HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY**  
**SCHEDULES**  
**YEAR ENDED DECEMBER 31, 2021**

	2021	2020
<b>SCHEDULE 1 - RESTORE EXPENSES</b>		
Habitat affiliation fees	\$ 70,996	\$ 51,779
Insurance	8,422	6,747
Interest and bank charges	1,237	15,370
Occupancy costs	142,316	117,581
Office and sundry	54,973	31,269
Purchases and supplies	93,651	104,622
Salaries and wages	806,353	637,858
Vehicle	35,854	23,923
	<b>\$ 1,213,802</b>	<b>\$ 989,149</b>
<b>SCHEDULE 2 - OPERATING EXPENSES</b>		
Amortization of property and equipment	\$ 21,964	\$ 27,304
Fundraising and marketing	50,455	14,680
Habitat affiliation fees and tithing	25,000	25,919
Interest on long-term debt	5,385	4,642
Occupancy costs	28,297	24,093
Office and sundry	20,617	25,203
Professional fees	15,398	4,092
Salaries and wages	218,418	214,982
	<b>\$ 385,534</b>	<b>\$ 340,915</b>

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