HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY

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YEAR ENDED DECEMBER 31, 2025

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

Report on the Audit of the Financial Statements

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, 2025, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 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 opinion.

Other Information

Management is responsible for the other information, consisting of an annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to communicate the matter with those charged with governance.

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 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 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.

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

MNP LLP

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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 (British Columbia) we report that, in our opinion, the accounting principles in Canadian Accounting Standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Nanaimo, British Columbia

MNP LLP

May 28, 2026

Chartered Professional Accountants

HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025

	Operating Fund	Housing Fund	Invested in Property and Equipment	2025	2024
ASSETS					
CURRENT					
Cash	$ 757,384	$ 219,759	$ -	$ 977,143	$ 1,221,392
Accounts receivable	57,312	11,444	-	68,756	52,012
Goods and services tax recoverable	1,785	-	-	1,785	6,726
Prepaid expenses and deposits	-	4,511	-	4,511	4,511
Current portion of mortgages receivable (Note 2)	-	106,000	-	106,000	114,000
Interfund balances	211,635	(12,780)	(198,855)	-	-
	1,028,116	328,934	(198,855)	1,158,195	1,398,641
HOUSING PROJECTS UNDER DEVELOPMENT	-	1,552,720	-	1,552,720	897,310
MORTGAGES RECEIVABLE (Note 2)	-	3,983,862	-	3,983,862	4,117,362
PROPERTY AND EQUIPMENT (Note 3)	-	-	3,641,258	3,641,258	673,810
	$ 1,028,116	$ 5,865,516	$ 3,442,403	$ 10,336,035	$ 7,087,123

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

HABITAT FOR HUMANITY VANCOUVER ISLAND NORTH SOCIETY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025

	Operating Fund	Housing Fund	Invested in Property and Equipment	2025	2024
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities	$ 157,863	$ 726	$ -	$ 158,589	$ 175,005
Current portion of demand loan (Note 5)	-	-	58,819	58,819	9,257
	157,863	726	58,819	217,408	184,262
Demand loan (Note 5)	-	-	2,214,717	2,214,717	65,961
	157,863	726	2,273,536	2,432,125	250,223
DEFERRED INCOME (Note 6)	-	344,951	489,600	834,551	303,803
	157,863	345,677	2,763,136	3,266,676	554,026
NET ASSETS					
UNRESTRICTED	870,253	-	-	870,253	909,475
HOUSING FUND	-	5,519,839	-	5,519,839	5,132,561
INVESTED IN PROPERTY AND EQUIPMENT	-	-	679,267	679,267	491,061
	870,253	5,519,839	679,267	7,069,359	6,533,097
	$ 1,028,116	$ 5,865,516	$ 3,442,403	$ 10,336,035	$ 7,087,123

Approved on behalf of the Board

H. Buch

Heather Buchanan - Board Treasurer

William Wright - Board Chair

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, 2025

	Operating Fund	Housing Fund	Invested in Property and Equipment	2025	2024
RESTORE SALES	$ 2,057,281	$ -	$ -	$ 2,057,281	$ 1,978,939
RESTORE EXPENSES (Schedule 1)	(1,429,653)	-	-	(1,429,653)	(1,366,952)
NET CONTRIBUTION FROM RESTORE OPERATIONS	627,628	-	-	627,628	611,987
OTHER REVENUE					
Proceeds from sale of housing	-	840,000	-	840,000	1,305,468
Cost of housing sold	-	(763,741)	-	(763,741)	(1,792,557)
	-	76,259	-	76,259	(487,089)
Donations, grants and contributions (Note 7)	277,936	-	20,400	298,336	441,543
Interest and miscellaneous	19,698	-	-	19,698	30,988
OTHER REVENUE TOTAL	297,634	76,259	20,400	394,293	(14,558)
TOTAL REVENUE	925,262	76,259	20,400	1,021,921	597,429
OPERATING EXPENSES (Schedule 2)	(292,576)	(287,468)	(197,791)	(777,835)	(532,011)
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	632,686	(211,209)	(177,391)	244,086	65,418
Gain on disposal of property and equipment	-	-	465	465	20,400
Fair value adjustment to mortgage receivable on housing sale	-	(396,940)	-	(396,940)	(594,671)
Fair value adjustment to mortgage receivable on buyback of house	-	306,207	-	306,207	537,627
Imputed interest income earned on mortgage receivable	-	312,643	-	312,643	269,633
Rental revenue	69,801	-	-	69,801	978
	69,801	221,910	465	292,176	233,967
EXCESS OF REVENUE OVER EXPENSES	$ 702,487	$ 10,701	$ (176,926)	$ 536,262	$ 299,385

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, 2025

	Operating Fund	Housing Fund	Invested in Property and Equipment	2025	2024
NET ASSETS - BEGINNING OF YEAR	$ 909,475	$ 5,132,561	$ 491,061	$ 6,533,097	$ 6,233,712
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	702,487	10,701	(176,926)	536,262	299,385
INTERFUND TRANSFERS					
Repayment of demand loan	(51,682)	-	51,682	-	-
Additions of property and equipment	(3,073,950)	-	3,073,950	-	-
Receipt of Demand Loan for Campbell River Restore	2,250,000	-	(2,250,000)	-	-
Receipt of Deferred Revenue for Campbell River Restore	510,000	-	(510,000)	-	-
Sale of property and equipment	500	-	(500)	-	-
Restore profits transferred (Note 8)	(376,577)	376,577	-	-	-
NET ASSETS - END OF YEAR	$ 870,253	$ 5,519,839	$ 679,267	$ 7,069,359	$ 6,533,097

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, 2025

	2025	2024
OPERATING ACTIVITIES		
Excess of revenue over expenses	$ 536,262	$ 299,385
Items not affecting cash:		
Amortization of property and equipment	106,468	37,181
Net proceeds from sale of housing	(76,259)	487,089
Adjustment and amortization of mortgages receivable to fair value on sale of housing	396,940	594,671
Adjustment and amortization of mortgages receivable to fair value on buyback of housing	(306,207)	(537,627)
Imputed interest income earned on mortgage receivable	(312,643)	(269,633)
Gain on disposal of property and equipment	(465)	(20,400)
	344,096	590,666
Changes in non-cash working capital balances		
(Increase) decrease in accounts receivable	(16,744)	44,121
(Increase) decrease in goods and services tax recoverable	4,941	(4,274)
Deferred contributions recognized to income	-	(2,834)
Decrease (Increase) in deferred mortgage payments	(40,186)	(6,261)
Decrease in accounts payable and accrued liabilities	(16,416)	(277,453)
	(68,405)	(332,751)
Cash flow from operating activities	275,691	257,915
INVESTING ACTIVITIES		
Expenditure on housing projects	(699,129)	(965,173)
Purchase of property and equipment	(3,073,950)	(18,615)
Proceeds on disposal of property and equipment	500	31,000
Proceeds from mortgage receivable issued	(720,022)	(1,023,040)
Mortgage payments received	1,203,406	1,790,054
Cash flow used by investing activities	(3,289,195)	(185,774)
FINANCING ACTIVITIES		
Repayments on demand loans	(51,682)	(8,946)
Receipt of demand loan for Campbell River Restore	2,250,000	-
Receipts of deferred income	570,937	129,432
Repayment of Restore Impact Fund Loan	-	(141,000)
Cash flow from (used by) financing activities	2,769,255	(20,514)
(DECREASE) INCREASE IN CASH FLOW	(244,249)	51,627
CASH - BEGINNING OF YEAR	1,221,392	1,169,765
CASH - END OF YEAR	$ 977,143	$ 1,221,392

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

Habitat for Humanity Vancouver Island North Society (the "Society") provides home ownership opportunities for low and moderate income families through volunteer labour and donations of money, land, and materials. Qualified families purchase the homes with a combination of a 3rd party credit union mortgage and Society provided zero-interest mortgage.

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 was incorporated on April 15th, 2004 and 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

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

Rental income is derived from the lease of a portion of the Campbell River Restore property. Revenue is recognized over the term of the lease agreement as the services are provided.

The purchase price of houses sold to low and moderate 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.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Financial instruments

The Society's financial instruments consist of cash, accounts receivable, mortgages receivable, accounts payable and demand loans.

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.

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Society is exposed to interest rate price risk on its demand loans.

Credit risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

Financial instruments that potentially subject the Society to credit risk consist of accounts receivable and mortgages receivable. The carrying amount of the Society’s financial instruments best represents the maximum exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from its ReStore operations and from the payments on the mortgages receivable in amounts necessary to pay vendors, demand loans and other payables.

As of December 31, 2025, the Society's current liabilities exceeded its current assets by $1,273,930.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

Land	N/A
Buildings	4%
Equipment	20%
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.

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.

2. MORTGAGES RECEIVABLE

	2025	2024
Mortgage initiated in 2007 for $95,000 discounted at 7.19%	$ 25,673	$ 30,491
Mortgage initiated in 2007 for $191,569 discounted at 5.85%	98,494	102,009
Mortgage initiated in 2009 for $196,094 discounted at 5.85%	119,815	126,880
Mortgage initiated in 2013 for $196,534 discounted at 5.34%	41,182	61,621
Mortgage initiated in 2013 for $201,694 discounted at 5.14%	48,368	73,933
Mortgage initiated in 2013 for $201,694 discounted at 5.14%	123,320	129,256
Mortgage initiated in 2014 for $196,534 discounted at 5.24%	65,217	81,087
Mortgage initiated in 2015 for $217,714 discounted at 4.64%	156,179	162,245
Mortgage initiated in 2015 for $219,374 discounted at 4.64%	156,893	164,337
Mortgage initiated in 2016 for $195,390 discounted at 4.74%	139,900	146,240
Mortgage initiated in 2016 for $215,047 discounted at 4.74%	146,446	154,415
Mortgage initiated in 2016 for $215,047 discounted at 4.74%	169,631	175,604
Mortgage initiated in 2018 for $198,534 discounted at 5.34%	132,007	142,515
Mortgage initiated in 2018 for $198,534 discounted at 5.34%	126,221	134,245
Mortgage initiated in 2020 for $305,305 discounted at 4.94%	-	225,625
Mortgage initiated in 2020 for $288,349 discounted at 4.94%	199,243	219,284
Mortgage initiated in 2020 for $288,349 discounted at 4.94%	221,377	236,344
Mortgage initiated in 2020 for $320,341 discounted at 4.94%	218,255	248,450
Mortgage initiated in 2020 for $325,501 discounted at 4.94%	278,099	286,509
Mortgage initiated in 2020 for $325,501 discounted at 4.94%	272,530	281,435
Mortgage initiated in 2020 for $325,935 discounted at 4.79%	259,325	272,734
Mortgage initiated in 2020 for $325,935 discounted at 4.79%	226,115	241,298
Mortgage initiated in 2020 for $325,935 discounted at 4.79%	260,961	275,554
Mortgage initiated in 2021 for $368,155 discounted at 4.79%	338,143	344,143
Mortgage initiated in 2021 for $404,275 discounted at 4.79%	360,564	369,080
Mortgage initiated in 2021 for $306,235 discounted at 4.79%	221,220	236,257
Mortgage initiated in 2021 for $306,235 discounted at 4.79%	260,101	266,969
Mortgage initiated in 2021 for $371,251 discounted at 4.79%	312,018	325,329
Mortgage initiated in 2022 for $304,440 discounted at 4.79%	250,692	261,072
Mortgage initiated in 2022 for $319,920 discounted at 6.14%	259,460	269,340
Mortgage initiated in 2022 for $245,731 discounted at 6.49%	230,913	230,913
Mortgage initiated in 2023 for $213,832 discounted at 6.49%	213,832	213,832
Mortgage initiated in 2023 for $353,606 discounted at 6.79%	337,354	343,376
Mortgage initiated in 2023 for $214,958 discounted at 6.79%	209,030	213,494
Mortgage initiated in 2023 for $342,671 discounted at 6.79%	340,612	341,904
Mortgage initiated in 2023 for $344,916 discounted at 6.84%	336,684	342,638
Mortgage initiated in 2023 for $332,230 discounted at 6.84%	327,867	331,031
Mortgage initiated in 2023 for $256,551 discounted at 6.84%	250,229	254,987
Mortgage initiated in 2023 for $264,450 discounted at 6.84%	260,946	263,705
Mortgage initiated in 2023 for $338,872 discounted at 7.04%	333,581	337,544
Mortgage initiated in 2023 for $302,872 discounted at 7.04%	297,033	301,385
Mortgage initiated in 2023 for $296,047 discounted at 7.04%	-	295,466
Mortgage initiated in 2023 for $223,200 discounted at 7.04%	218,487	222,725
Mortgage initiated in 2023 for $220,375 discounted at 7.04%	212,708	218,637
Mortgage initiated in 2024 for $280,330 discounted at 6.49%	274,503	279,901
Mortgage initiated in 2024 for $254,316 discounted at 6.49%	249,767	254,316
Mortgage initiated in 2024 for $296,323 discounted at 6.49%	292,442	295,901
Mortgage initiated in 2025 for $280,642 discounted at 6.49%	279,634	-
Mortgage initiated in 2025 for $274,000 discounted at 6.49%	270,662	-
	10,423,733	10,786,056
Discounts	(6,333,871)	(6,554,694)
	4,089,862	4,231,362
Less: current portion	(106,000)	(114,000)
	$ 3,983,862	$ 4,117,362

2. MORTGAGES RECEIVABLE *(continued)*

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 for the 2nd mortgages initiated prior to April 2009.

Prior to late 2022, the Society secured 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.

Starting in late 2022, the Society started to sell homes with a first mortgage provided by a 3rd party financial institution. Accordingly, the Society received a 2nd mortgage for the balance of the sale price that is non-interest bearing with variable repayment amounts and secured by a second charge on the respective land and building. These 2nd mortgages mature in 20 years from the date of sale and will be fully collectible at that time.

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 in the table above.

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Land	$ 1,656,335	$ -	$ 1,656,335	$ 436,117
Buildings	2,088,715	153,330	1,935,385	147,568
Equipment	136,248	99,063	37,185	20,184
Motor vehicles	117,371	68,414	48,957	69,939
Computer equipment & software	4,936	4,934	2	2
Leasehold improvements	10,381	10,381	-	-
	$ 4,013,986	$ 336,122	$ 3,677,864	$ 673,810

4. LINE OF CREDIT

The Society has an undrawn $530,001 line of credit with Coastal Community Credit Union ("CCCU"). Security for the financing includes: an assignment of mortgages receivables and rents, a charge over specific land and buildings with a net book value of $3,591,720 (2024: $583,685) and a general security agreement over the present and future property of the Society.

5. DEMAND LOAN

	2025	2024
Demand loan payable at $252 weekly including interest at 5.45%	$ 65,957	$ 75,218
Demand loan payable at $12,990 monthly including interest at 4.89%	2,207,579	-
Less: current portion	(58,819)	(9,257)
	$ 2,214,717	$ 65,961

The demand loans are secured by a charge over the land and buildings with a net book value of $3,591,720 (2024: $583,685) and a general security agreement on all assets.

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:

2026	$ 58,819
2027	61,819
2028	64,973
2029	68,287
2030	71,556
Thereafter	1,948,082
	$ 2,273,536

6. DEFERRED INCOME

Deferred income represents funds designated for housing projects under development.

	Opening	Additions	Allocations	Ending
Fundraising	$ 34,686	$ -	$ -	$ 34,686
Donations	130,694	23,602	-	154,296
Grants:				
Federal Government	-	-	-	-
Provincial Government	-	-	-	-
Municipal/Regional Government	-	915	-	915
Other	46,394	-	-	46,394
Wage Subsidies	-	-	-	-
Gaming	72,240	36,420	-	108,660
Miscellaneous	19,789	-	(19,789)	-
	$ 303,803	$ 60,937	$ (19,789)	$ 344,951

Deferred income was also received for the purchase of the Campbell River Restore as follows:

	Opening	Additions	Allocations	Ending
Donations	$ -	$ 300,000	$ (12,000)	$ 288,000
Grants:				
Other	-	210,000	(8,400)	201,600
	$ -	$ 510,000	$ (20,400)	$ 489,600

7. DONATIONS, GRANTS, AND CONTRIBUTIONS

	2025	2024
Fundraising	$ 120,183	$ 138,598
Donations	399,282	112,443
Grants:		
Federal Government	-	162,360
Provincial Government	-	-
Municipal/Regional Government	-	466
Other	268,471	27,676
	$ 787,936	$ 441,543

8. RESTORE PROFITS TRANSFERRED

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

9. 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 underlying value of the homes.

10. 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, 2025, four employees (2024: two) were paid gross wages of $371,523 (2024: $214,685). No remuneration was paid to any director and no contractor was paid $75,000 or more

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11. CONTINGENCIES

Included in deferred contributions are funds received from the Canada Mortgage and Housing Corporation (CMHC) in the amount of $Nil (2024: $Nil) 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, 2025, $30,000 (2024: $23,333) has been forgiven. The society's total cumulative exposure is $1,159,448 (2024: $1,166,115).

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.

12. RELATED PARTY

The Society is an affiliate of Habitat for Humanity Canada (HFHC). There is a covenant agreement between HFHC and all Canadian affiliates whereby HFHC provides administrative and marketing support, training opportunities and gifts in kind coordination. Pursuant to the by-laws of HFHC which were updated effective March 10, 2015, Habitat pays an affiliation fee consisting of $25,000 (2024 - $37,500) per annum, 20% on all nationally procured gifts in kind used for homebuilding, 15% on nationally procured gifts in kind sold through the ReStores, 20% on nationally raised donations, and quarterly, a range of 2.5% to 4% of gross ReStore sales. Amounts due to HFHC under these various agreements but not yet paid, amounted to $17,684 (2024 - $24,205) and is included in accounts payable and accrued liabilities.

On May 1, 2020, the Society entered into a pilot revenue sharing agreement with HFHC where fundraising is performed on a group level. The initial agreement which was in force throughout 2020 was to allocate 31% of combined revenues raised to Habitat. In addition, Habitat received 15% of HFHC Distributions. Build gift-in-kind donations were allocated by usage and not by percentage allocation. Amounts due to Habitat from HFHC under this agreement but not yet paid is $21,155 (2024 - $14,920) and is included in accounts receivable. The arrangement is continuing in 2025 and the allocation of revenues and expenses has been amended.

	2025	2024
SCHEDULE 1 - RESTORE EXPENSES		
Habitat affiliation fees	$ 79,194	$ 76,327
Insurance	29,028	10,497
Interest and bank charges	96,416	6,795
Occupancy costs	77,506	181,570
Office and sundry	96,113	61,584
Purchases and supplies	102,622	101,486
Salaries and wages (Note 10)	896,386	874,607
Vehicle	52,388	54,086
	$ 1,429,653	$ 1,366,952

	2025	2024
SCHEDULE 2 - OPERATING EXPENSES		
Amortization of property and equipment	$ 106,468	$ 37,181
Habitat affiliation fees and tithing	34,757	74,305
Interest on demand loan	552	3,062
Occupancy costs	29,903	29,298
Office and sundry	25,623	34,812
Repairs and maintenance	288,420	65,711
Professional fees	31,281	32,066
Salaries and wages (Note 10)	260,831	255,576
	$ 777,835	$ 532,011