
**HABITAT FOR HUMANITY
HALTON-MISSISSAUGA-DUFFERIN
FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Habitat for Humanity Halton-Mississauga-Dufferin
BURLINGTON
Ontario

Qualified Opinion

We have audited the accompanying financial statements of Habitat for Humanity Halton-Mississauga-Dufferin which comprise the statement of financial position as at December 31, 2024, the statement of operations, statement of changes in net assets, statement of cash flows and schedule of ReStore operations for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at December 31, 2024 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 Qualified Opinion

In common with many charitable organizations, Habitat for Humanity Halton-Mississauga-Dufferin derives cash revenues from contributions and ReStore revenues, 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 Habitat for Humanity Halton-Mississauga-Dufferin. Therefore, we were not able to determine whether any adjustments might be necessary to contributions and ReStore revenues, deficiency of revenues over expenses and cash flows from operations for the year ended December 31, 2024, current assets as at December 31, 2024, and net assets as at January 1 and December 31 for 2024. The predecessor auditor's audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

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 entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 opinion.

Other Matter

The financial statements of Habitat for Humanity Halton-Mississauga-Dufferin for the year ended December 31, 2023 were audited by another auditor who expressed a qualified opinion on those financial statements on May 29, 2024 for the reasons described in the Basis for Qualified Opinion section.

Responsibilities of Management and Those Charged with Governance 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 misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the entity'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 entity'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 entity'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 entity 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.



NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

June 23, 2025

HABITAT FOR HUMANITY HALTON-MISSISSAUGA-DUFFERIN

STATEMENT OF FINANCIAL POSITION

As at December 31,

2024

2023

	Housing Fund	Operating Fund	Total	Total
ASSETS				
Current				
Cash	\$ 268,513	\$ 319,725	\$ 588,238	\$ 423,504
Interfund receivable (payable)	(360,511)	360,511	-	-
Marketable securities, at fair value	-	32,115	32,115	26,294
Accounts receivable (Note 2)	156,422	86,116	242,538	188,446
Properties in progress and held for sale (Note 3)	8,073,894	918,445	8,992,339	8,787,346
Prepaid expenses and deposits	15,774	327,812	343,586	335,219
Current portion of mortgages receivable (Note 4)	258,566	-	258,566	250,783
	<u>\$ 8,412,658</u>	<u>\$ 2,044,724</u>	<u>\$ 10,457,382</u>	<u>\$ 10,011,592</u>
Mortgages Receivable (Note 4)	1,148,479	-	1,148,479	1,290,247
Capital Assets (Note 5)	-	11,462,841	11,462,841	11,673,527
Intangible Assets (Note 6)	-	33,780	33,780	37,417
	<u>\$ 9,561,137</u>	<u>\$ 13,541,345</u>	<u>\$ 23,102,482</u>	<u>\$ 23,012,783</u>
LIABILITIES				
Current				
Bank indebtedness (Note 7)	\$ 778,895	\$ 713,261	\$ 1,492,156	\$ 756,180
Accounts payable and accrued liabilities (Note 8)	55,674	717,725	773,399	940,117
Forgivable loans (Note 8)	216,936	-	216,936	-
Deferred contributions from partner families (Note 3)	1,155,495	-	1,155,495	1,096,979
Deferred contributions for tiny homes (Note 9)	-	428,917	428,917	-
Current portion of obligations under capital lease (Note 10)	-	14,219	14,219	11,982
Current portion of mortgages payable (Note 11)	55,699	46,077	101,776	92,714
	<u>\$ 2,262,699</u>	<u>\$ 1,920,199</u>	<u>\$ 4,182,898</u>	<u>\$ 2,897,972</u>
Obligations Under Capital Lease (Note 10)	-	33,553	33,553	47,772
Mortgages Payable (Note 11)	1,235,212	3,164,744	4,399,956	4,501,350
	<u>\$ 3,497,911</u>	<u>\$ 5,118,496</u>	<u>\$ 8,616,407</u>	<u>\$ 7,447,094</u>
Net Assets				
Housing Fund	\$ 6,063,226	\$ -	\$ 6,063,226	\$ 15,186,197
Operating Fund	-	8,422,849	8,422,849	379,492
	<u>\$ 6,063,226</u>	<u>\$ 8,422,849</u>	<u>\$ 14,486,075</u>	<u>\$ 15,565,689</u>
	<u>\$ 9,561,137</u>	<u>\$ 13,541,345</u>	<u>\$ 23,102,482</u>	<u>\$ 23,012,783</u>

Commitments (Note 13)

Contingencies (Note 16)

Subsequent Event (Note 17)

Approved by the Board:



Director



Director

HABITAT FOR HUMANITY HALTON-MISSISSAUGA-DUFFERIN

STATEMENT OF CHANGES IN NET ASSETS

As at December 31,	2024		2023	
	Housing Fund	Operating Fund	Total	Total
BALANCE - Beginning	\$ 15,186,197	\$ 379,492	\$ 15,565,689	\$ 16,140,277
Deficiency of revenues over expenses	(497,649)	(581,965)	(1,079,614)	(574,589)
Transfers (Note 12)	<u>(8,625,322)</u>	<u>8,625,322</u>	<u>-</u>	<u>-</u>
BALANCE - Ending	<u>\$ 6,063,226</u>	<u>\$ 8,422,849</u>	<u>\$ 14,486,075</u>	<u>\$ 15,565,688</u>

See accompanying notes

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HABITAT FOR HUMANITY HALTON-MISSISSAUGA-DUFFERIN

STATEMENT OF OPERATIONS

As at December 31,

2024

2023

	Housing Fund	Operating Fund	Total	Total
REVENUES				
ReStore revenue (Schedule 1)	\$ -	\$ 5,489,810	\$ 5,489,810	\$ 5,955,319
Contributions (Note 9)	148,183	1,273,587	1,421,770	936,769
Rental	-	530,962	530,962	355,360
Other income	-	1,147	1,147	900
	<u>\$ 148,183</u>	<u>\$ 7,295,506</u>	<u>\$ 7,443,689</u>	<u>\$ 7,248,348</u>
EXPENSES				
ReStore expenses (Schedule 1)	\$ -	\$ 5,087,622	\$ 5,087,622	\$ 4,569,950
Personnel (program and administration)	-	978,203	978,203	799,773
Professional fees	-	472,009	472,009	444,577
Depreciation	-	387,858	387,858	401,728
Family partnering program	28,343	328,755	357,098	396,405
Resource development	-	255,042	255,042	319,912
Interest on mortgages payable	76,461	80,591	157,052	165,381
Habitat for Humanity Canada affiliation fees (Note 14)	128,874	12,500	141,374	107,364
Bank charges and interest (Note 7)	59,595	52,180	111,775	66,465
Facilities	-	91,771	91,771	71,917
Office and miscellaneous	-	68,618	68,618	81,227
Insurance	-	37,412	37,412	36,975
Amortization on intangible assets	-	8,835	8,835	4,158
Interest on obligations under capital leases	-	4,647	4,647	4,336
Tithe for international projects	-	3,300	3,300	14,605
Community awareness and education	-	-	-	366
	<u>\$ 293,273</u>	<u>\$ 7,869,343</u>	<u>\$ 8,162,616</u>	<u>\$ 7,485,139</u>
DEFICIENCY OF REVENUES OVER EXPENSES BEFORE THE FOLLOWING:	<u>\$ (145,090)</u>	<u>\$ (573,837)</u>	<u>\$ (718,927)</u>	<u>\$ (236,791)</u>
Gain on disposition of property held for sale	\$ 227,252	\$ -	\$ 227,252	\$ -
Canada Summer Jobs Wage Grant	-	184,155	184,155	99,823
Unrealized change in value of marketable securities	-	5,821	5,821	3,228
Gain (loss) on disposal of capital assets	-	5,500	5,500	(4,144)
Canada Emergency Wage Subsidy	-	(26,236)	(26,236)	26,586
Donation of Tiny Homes	-	(177,368)	(177,368)	(574,701)
Adjustment of mortgages receivable discount	(579,811)	-	(579,811)	111,410
	<u>\$ (352,559)</u>	<u>\$ (8,128)</u>	<u>\$ (360,687)</u>	<u>\$ (337,798)</u>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (497,649)</u>	<u>\$ (581,965)</u>	<u>\$ (1,079,614)</u>	<u>\$ (574,589)</u>

See accompanying notes

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HABITAT FOR HUMANITY HALTON-MISSISSAUGA-DUFFERIN

STATEMENT OF CASH FLOWS

As at December 31,

2024

2023

	Housing Fund	Operating Fund	Total	Total
CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Deficiency of revenues over expenses	\$ (497,649)	\$ (581,965)	\$ (1,079,614)	\$ (574,589)
Items not affecting cash:				
Amortization of intangible assets	-	8,835	8,835	4,158
Depreciation	-	488,068	488,068	445,343
Adjustment of mortgages receivable discount	579,811	-	579,811	(111,410)
Donation of Tiny Homes	-	177,368	177,368	574,701
Gain on disposition of property held for sale	(227,252)	-	(227,252)	-
(Gain) Loss on disposal of capital assets	-	(5,500)	(5,500)	4,144
Unrealized change in value of marketable securities	-	(5,821)	(5,821)	(3,228)
	<u>\$ (145,090)</u>	<u>\$ 80,985</u>	<u>\$ (64,105)</u>	<u>\$ 339,119</u>
Net change in non-cash working capital balances:				
Interfund receivable (payable)	194,586	(194,586)	-	-
Accounts receivable	(124,449)	70,357	(54,092)	(33,638)
Prepaid expenses and deposits	-	(18,998)	(18,998)	(61,613)
Accounts payable and accrued liabilities	(138,813)	(17,275)	(156,088)	203,462
Forgivable loans	216,936	-	216,936	-
Deferred contributions from partner families	58,516	-	58,516	234,483
Deferred contributions for tiny homes	-	428,917	428,917	-
	<u>\$ 61,686</u>	<u>\$ 349,400</u>	<u>\$ 411,086</u>	<u>\$ 681,813</u>
INVESTMENTS ACTIVITIES				
Net change in marketable securities	\$ 26,294	\$ (32,115)	\$ (5,821)	\$ (627)
Properties in progress and held for sale	(122,437)	(719,509)	(841,946)	(642,979)
Repayments of mortgages receivable	252,566	-	252,566	145,592
Purchase of capital assets	(2,981)	(279,582)	(282,563)	(124,872)
Proceeds on disposal of capital assets	-	4,947	4,947	39,360
Purchase of intangible asset	-	(5,198)	(5,198)	(41,575)
	<u>\$ 153,442</u>	<u>\$ (1,031,457)</u>	<u>\$ (878,015)</u>	<u>\$ (625,101)</u>
FINANCING ACTIVITIES				
Repayments of obligations under capital leases	\$ -	\$ (11,982)	\$ (11,982)	\$ (44,152)
Repayments of mortgages payable	(38,006)	(54,325)	(92,331)	(391,567)
	<u>\$ (38,006)</u>	<u>\$ (66,307)</u>	<u>\$ (104,313)</u>	<u>\$ (435,719)</u>
INCREASE (DECREASE) IN CASH	<u>\$ 177,122</u>	<u>\$ (748,364)</u>	<u>\$ (571,242)</u>	<u>\$ (379,007)</u>
CASH (BANK INDEBTEDNESS) - Beginning	<u>(687,504)</u>	<u>354,828</u>	<u>(332,676)</u>	<u>46,331</u>
CASH (BANK INDEBTEDNESS) - Ending	<u><u>\$ (510,382)</u></u>	<u><u>\$ (393,536)</u></u>	<u><u>\$ (903,918)</u></u>	<u><u>\$ (332,676)</u></u>
Cash (bank indebtedness) consists of the following:				
Cash	\$ 268,513	\$ 319,725	\$ 588,238	\$ 423,504
Bank indebtedness (Note 7)	(778,895)	(713,261)	(1,492,156)	(756,180)
	<u>\$ (510,382)</u>	<u>\$ (393,536)</u>	<u>\$ (903,918)</u>	<u>\$ (332,676)</u>

See accompanying notes

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HABITAT FOR HUMANITY HALTON-MISSISSAUGA-DUFFERIN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

NATURE OF OPERATIONS

Habitat for Humanity Halton-Mississauga-Dufferin (the "Organization") is a non-profit organization incorporated without share capital under the laws of Ontario.

The primary objective of the Organization is to work within the Region of Halton, City of Mississauga and County of Dufferin in advancing the interests of the economically disadvantaged by constructing homes and providing safe and affordable housing solutions to qualified families.

The Organization is subject to the provisions of the Charities Accounting Act. The Organization qualifies for tax exempt status as a registered charity under paragraph 149(1)(f) of the Income Tax Act.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Fund Accounting

Resources are classified into funds according to the activities or objectives specified as follows:

The Housing Fund reports the revenue, expenses, assets and liabilities related to the housing activities of the Organization.

The Operating Fund reports the revenue, expenses, assets and liabilities, of all non-housing activities of the Organization, including administration, resource development, ReStore operations and all other general activities.

b) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

Significant estimates and assumptions are used when accounting for items such as revenue recognition, allowances for accounts receivable, collectability of first, second and third mortgages receivable, amortization of mortgages receivable, determination of property write-down, determination of useful lives of capital assets, impairment of capital assets, accrued liabilities and contingent liabilities.

HABITAT FOR HUMANITY HALTON-MISSISSAUGA-DUFFERIN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

c) Cash and Cash Equivalents

Cash and cash equivalents consist solely of bank balances and bank indebtedness incurred under the Organization's short-term credit facilities.

d) Investments

Investments in marketable securities are measured at fair value.

e) Properties in Progress and Held for Sale

Properties in progress and held for sale, including land, buildings, and building materials, both purchased and donated, are recorded at the lower of cost and net realizable value. Interest costs during the development and construction periods are capitalized as incurred.

f) Capital Assets

Capital assets are recorded at cost. For assets under capital lease, cost equals the lower of the present value of the future minimum lease payments and the fair value of the assets acquired at the inception of the lease. Amortization is being provided over the estimated useful life of the assets using the following annual rates and methods:

	<u>Rate</u>	<u>Method</u>
2384 Queensway - building	4%	declining balance
3075 Merritt Ave - building	4%	declining balance
92 Mill Street - building	4%	declining balance
Office equipment	20% - 30%	declining balance
Equipment	20%	declining balance
Computer equipment	30%	declining balance
Computer equipment under capital lease	30%	declining balance
Computer software	30%	declining balance
Vehicles	30%	declining balance
Leasehold improvements	5 years	straight-line

g) Intangible assets

Intangible assets are recorded at cost and amortized on a straight-line basis at the following annual rate:

	<u>Rate</u>
Website	5 years

HABITAT FOR HUMANITY HALTON-MISSISSAUGA-DUFFERIN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

h) Impairment of Long-Lived Assets

When a tangible capital asset no longer contributes to an organization's ability to provide goods and services, or the value of future economic benefits or service potential associated with the tangible capital asset is less than its net carrying amount, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost.

Intangible assets subject to amortization are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value. There are no impairment indicators in the current year.

i) Mortgages Receivable

The Organization holds non-interest bearing mortgages receivable from the various families who have purchased homes through the Habitat for Humanity program. Upon purchase, the home purchase price is financed with a combination of various mortgages, both forgivable and non-forgivable. Mortgage amounts are measured at amortized cost using the effective interest rate method, applying the Bank of Canada bond yield rate for a 10 year period.

The repayment of some mortgages, or portions thereof, is contingent upon the occurrence of certain events. Until these events occur the fair value of these mortgages is determined to be nil. Any amount subsequently realized will be recognized as revenue in the period in which the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

j) Revenue Recognition

The Organization follows the restricted fund method of accounting for contributions. Externally restricted contributions for housing activates are recorded in the Housing Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonable assured. Unrestricted contributions are recognized as revenue in the General Fund. Restricted contributions for which there is no fund are accounted for using the deferral method.

Restricted contributions given for tiny home development projects are initially recorded as deferred contributions and are recognized as revenue as the incremental costs of developing the homes are incurred.

HABITAT FOR HUMANITY HALTON-MISSISSAUGA-DUFFERIN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

j) Revenue Recognition - Continued

Unrestricted contributions, such as general donations, fundraising and ReStore sales, are recorded in the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rental, interest and other income is recorded on the accrual basis as earned and when collection is reasonably assured.

k) Contributed Materials and Services

The Organization may recognize contributions of materials if the fair value can be reasonably estimated, the materials are used in the normal course of its operations and would otherwise have been purchased. The Organization utilizes a large amount of volunteer hours to support its programs and services. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

l) Financial Instruments

Measurement of Financial Instruments

The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include cash, accounts receivable, and mortgages receivable. Financial liabilities subsequently measured at amortized cost include bank indebtedness, accounts payable and accrued liabilities, forgivable loans, obligations under capital lease, and mortgages payable.

Other than marketable securities, the Organization has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

Impairment

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in the deficiency of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

HABITAT FOR HUMANITY HALTON-MISSISSAUGA-DUFFERIN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

2. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	2024			2023
	Housing Fund	Operating Fund	Total	Total
Accounts receivable	\$ 125,934	\$ -	\$ 125,934	\$ 1,463
Sales tax recoverable	30,488	86,116	116,604	186,983
	<u>\$ 156,422</u>	<u>\$ 86,116</u>	<u>\$ 242,538</u>	<u>\$ 188,446</u>

3. PROPERTIES IN PROGRESS AND HELD FOR SALE

As at December 31, 2024, seven properties were held within the Housing Fund, of which three properties were completed and pending ownership transfer on a rent-to-own basis, and four other properties were in progress. One of the properties pending ownership on a rent-to-own basis was received in 2014 as part of a contribution agreement between the Government of Canada and Habitat for Humanity Halton/Mississauga, and as part of the agreement, the Organization cannot transfer title of the property to the partner family until 2028.

The Organization also has various tiny homes in progress which are within the Operating Fund.

Beginning in 2017, the Organization adopted a rent-to-own policy. Under this policy, the Organization enters into residential lease with option to purchase agreements with partner families as tenants. The partner families obtain ownership of their home once the total payments made amount to the fair market value of the home at the beginning of the lease. If the tenant chooses to vacate before they obtain ownership, the Organization is required to repay all payments received from the tenant from the beginning of the lease.

The Organization's policy is to defer payments received from tenants on a rent-to-own basis and recognize the revenue in the same period that ownership of the unit is transferred. At December 31, 2024, total payments received under the rent-to-own agreements, presented as deferred contributions from partner families, amounted to \$1,155,495 (2023 - \$1,096,979).

HABITAT FOR HUMANITY HALTON-MISSISSAUGA-DUFFERIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

4. MORTGAGES RECEIVABLE

Mortgages receivable consist of the following:

	2024	2023
Non-interest bearing first mortgages receivable, secured by various properties, repayable in monthly instalments and maturing on various dates between April 2031 and December 2043	\$ 1,930,453	\$ 1,838,650
Less: unamortized discount	<u>566,150</u>	<u>329,970</u>
	<u>\$ 1,364,303</u>	<u>\$ 1,508,680</u>
Non-interest bearing second mortgages receivable, secured by a specific property, repayable when the home changes title or ninety-nine years from registration	\$ 730,160	\$ 45,160
Less: unamortized discount	<u>712,320</u>	<u>42,079</u>
	<u>\$ 17,840</u>	<u>\$ 3,081</u>
Non-interest bearing third mortgages receivable, secured by various properties, repayable when the home changes title or ninety-nine years from registration	\$ 407,466	\$ 407,466
Less: unamortized discount	<u>382,564</u>	<u>378,197</u>
	<u>\$ 24,902</u>	<u>\$ 29,269</u>
Total	\$ 1,407,045	\$ 1,541,030
Less: Current portion	<u>258,566</u>	<u>250,783</u>
	<u>\$ 1,148,479</u>	<u>\$ 1,290,247</u>

Beginning in 2016, the Organization adopted a new mortgage policy. Under the new policy, at the time a house is sold, the new homeowner receives a first mortgage based on the fair market value of the home. Included in each sale agreement is a clause which allows the Organization the right of first refusal to repurchase the home should the partner family decide to sell the home. The repurchase price is based only on the equity already invested by the total monthly mortgage payments received from the partner family up to the date of sale back to the Organization. There is no appreciation value or additional equity offered.

In years prior to 2016, at the time a house was sold, the new homeowner provided a first mortgage that was determined based on the fair market value of the home and the ability of the homeowner to pay. The difference between the appraised value and the amount of the first mortgage was the amount assigned to any additional Habitat mortgages given by the homeowner.

HABITAT FOR HUMANITY HALTON-MISSISSAUGA-DUFFERIN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

4. MORTGAGES RECEIVABLE - Continued

Some previous Habitat second mortgages are forgivable after an extended period of time. Other than these previous Habitat second mortgages and the COAHP/IAH mortgages noted below, any second or subsequent mortgage provided by the homeowner to the Organization is repayable at the time title to the property is transferred or in 99 years from registration. All forgivable mortgages are not shown on the statement of financial position given that it is more likely than not that the mortgage will be forgiven.

Beginning in 2011, the Organization has been successful in obtaining interest-free loans of \$50,000 for Habitat homeowners through the Canada-Ontario Affordable Housing Program/Investment in Affordable Housing (COAHP/IAH) program. Loans granted in 2011 were positioned as third mortgages. Any new loans will be positioned as second mortgages, with any additional Habitat mortgage positioned as a third mortgage, if necessary. The COAHP/IAH mortgages are forgivable after 20 years.

All mortgages receivable are interest free.

The total amount of forgivable second mortgages receivable not included in the financial statements are:

	2024	2023
Second mortgages	<u>\$ 330,000</u>	<u>\$ 330,000</u>

HABITAT FOR HUMANITY HALTON-MISSISSAUGA-DUFFERIN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

5. CAPITAL ASSETS

Capital assets consist of the following:

	2024			2023
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
2384 Queensway - land	\$ 1,569,411	\$ -	\$ 1,569,411	\$ 1,569,411
3075 Merritt Ave - land	627,000	-	627,000	627,000
92 Mill Street - land	232,627	-	232,627	232,627
2384 Queensway - building	6,941,760	1,139,394	5,802,366	6,103,321
3075 Merritt Ave - building	2,732,244	358,774	2,373,470	2,465,278
92 Mill Street - building	532,251	124,424	407,827	424,820
Office equipment	343,478	292,635	50,843	56,635
Equipment	95,847	81,118	14,729	18,411
Computer equipment	196,897	169,742	27,155	28,793
Computer equipment under capital lease	65,273	26,436	38,837	55,482
Computer software	34,462	34,161	301	429
Vehicles	218,653	195,218	23,435	33,480
Leasehold improvements	668,358	373,518	294,840	57,840
	<u>\$ 14,258,261</u>	<u>\$ 2,795,420</u>	<u>\$ 11,462,841</u>	<u>\$ 11,673,527</u>

During the year, the Organization acquired assets under capital lease in the amount of \$Nil (2023 - \$65,273).

6. INTANGIBLE ASSETS

Intangible assets consist of the following:

	2024			2023
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Website	<u>\$ 46,772</u>	<u>\$ 12,992</u>	<u>\$ 33,780</u>	<u>\$ 37,417</u>

HABITAT FOR HUMANITY HALTON-MISSISSAUGA-DUFFERIN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

7. BANK INDEBTEDNESS

The Organization has access to credit facilities from a financial institution of the following:

- i) One revolving floating-rate demand loan with a credit limit of the lesser of \$1,750,000 or 65% of the mortgages receivable, and bearing interest at prime plus 1% (Mortgages Receivable LOC)
- ii) One line of credit equal to \$800,000 and bearing interest at prime plus 1% (Merritt LOC)

The Mortgages Receivable LOC is secured by the Organization's mortgages receivable on specific properties, the details of which can be found in Note 4. As at December 31, 2024, the balance outstanding on this Mortgages Receivable LOC amounted to \$713,261 (2023 - \$Nil).

The Merritt LOC is repayable on demand and due within twelve months of the advance date. The line of credit is secured by a general security agreement and rents. As at December 31, 2024, the Merritt LOC balance outstanding amounted to \$778,895 (2023 - \$756,180).

During the year, the Organization incurred interest costs totaling \$93,671 (2023 - \$56,383) with respect to these credit facilities.

In addition to the above noted specific security, these facilities are subject to the overall lending facility agreement, the details of which are included in Note 11 (Mortgages Payable).

As at December 31, 2024, the Organization is in compliance with its bank covenants.

8. FORGIVABLE LOANS

During the year, the Organization received loans of \$216,936 for the purpose of purchasing three condo units within its Housing Fund. The loans are forgivable upon purchase of the condos.

HABITAT FOR HUMANITY HALTON-MISSISSAUGA-DUFFERIN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

9. DEFERRED CONTRIBUTIONS FOR TINY HOMES

Deferred contributions consist of externally restricted contributions for the development of tiny homes. The change in deferred contributions is as follows:

	2024	2023
Balance - Beginning	\$ -	\$ -
Add: Externally restricted contributions received during the year	1,226,837	505,777
Less: Amount recognized as revenue in the year	<u>(797,920)</u>	<u>(505,777)</u>
Balance - Ending	<u>\$ 428,917</u>	<u>\$ -</u>

10. OBLIGATIONS UNDER CAPITAL LEASE

The obligations under capital lease consist of the following:

	2024	2023
8.72%, repayable in monthly instalment of \$1,532 plus taxes, with a purchase option of \$10 at maturity in May 2028, secured by computer equipment with a net book value of \$38,837	\$ 47,772	\$ 59,754
Less: Current portion	<u>14,219</u>	<u>11,982</u>
	<u>\$ 33,553</u>	<u>\$ 47,772</u>

Future minimum lease payment requirements for the next four years are as follows:

2025	\$ 18,385
2026	18,385
2027	18,385
2028	<u>9,192</u>
	\$ 64,347
Less: Interest included therein	<u>16,575</u>
	<u>\$ 47,772</u>

HABITAT FOR HUMANITY HALTON-MISSISSAUGA-DUFFERIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

11. MORTGAGES PAYABLE

Mortgages payable consists of:

	2024	2023
Mortgage payable - interest at 5.9%, payable in monthly instalments of \$9,539 including principal and interest, maturing March 2028	\$ 1,290,911	\$ 1,328,918
Mortgage payable - interest at 2.5%, payable in monthly instalments of \$11,243 including principal and interest, maturing January 2026	<u>3,210,821</u>	<u>3,265,146</u>
	\$ 4,501,732	\$ 4,594,064
Less: Current portion	<u>101,776</u>	<u>92,714</u>
	<u>\$ 4,399,956</u>	<u>\$ 4,501,350</u>

The mortgage payable of \$1,290,911 (2023 - \$1,328,918) is secured by a \$1,850,000 business promissory note made by the Organization, first mortgage and assignment of rents in the amount of \$3,480,000 made by the Organization over all legal and beneficial interest in a specific property, title and property insurance and specific assignment of the Organization's primary bank account where all rents are collected from a specific property.

The mortgage payable of \$3,210,821 (2023 - \$3,265,146) is secured by a general security agreement securing all inventory, equipment, vehicles, book debts and other amounts of any nature or kind arising from the Queensway Lands.

Principal repayments required over the next four years are as follows:

2025	\$ 101,776
2026	3,204,158
2027	51,972
2028	<u>1,143,826</u>
	<u>\$ 4,501,732</u>

HABITAT FOR HUMANITY HALTON-MISSISSAUGA-DUFFERIN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

12. TRANSFER

During the year, a transfer of \$8,197,687 (2023 -\$Nil) was made in order to reallocate the net book value of capital assets less mortgages on those capital assets from the Housing Fund to the Operating Fund.

During the year, a transfer of \$327,812 (2023 -\$Nil) was made in order to reallocate properties in progress and held for sale associated with tiny homes from the Housing Fund to the Operating Fund.

During the year, a transfer was made of \$99,823 (2023 - \$Nil) in order to reimburse funds that were expensed in the Operating Fund on behalf of the Housing Fund.

13. COMMITMENTS

The Organization has entered into operating lease agreements with expiry dates ranging from April 2026 and August 2028. Future minimum annual rental payments for each of the next four years are as follows:

2025	\$ 912,566
2026	661,412
2027	518,009
2028	<u>242,865</u>
	<u>\$ 2,334,852</u>

14. HABITAT FOR HUMANITY CANADA

The Organization 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 gift coordination. Pursuant to its affiliate covenant agreement with HFHC, the Organization contributes a tithe for international work. The Organization also pays an affiliation fee consisting of an annual fee, a percentage on all nationally procured gifts in kind used for homebuilding or ReStore inventory, and a percentage of gross ReStore outlet sales. At December 31, 2024, the Organization has accounts payable to HFHC of \$171,377 (2023 - \$117,693).

HABITAT FOR HUMANITY HALTON-MISSISSAUGA-DUFFERIN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

15. FINANCIAL INSTRUMENTS

Risks and Concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a summary of the Organization's exposure to and concentrations of risk at December 31, 2024.

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risks relate to its accounts receivable and mortgages receivable. The Organization is not exposed to significant credit risk as it only invests in highly rated investments, monitors credit to its clients in the normal course of operations and mortgages receivable are secured by the property for which the mortgage is held.

b) Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk with respect to its accounts payable and accrued liabilities, obligations under capital lease, and mortgages payable. The Organization manages this risk by managing its working capital, ensuring sufficient credit is available, and by generating sufficient cash flow from operations.

c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and price risk. The Organization is mainly exposed to interest rate risk as follows:

i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk since changes in interest rates may impact the Organization's future borrowing costs. As at the year end, total debt subject to floating interest rates amounted to \$1,492,156 (2023 - \$756,180) as described in Note 7. The Organization does not use any derivative instrument to reduce its exposure to interest rate risk.

HABITAT FOR HUMANITY HALTON-MISSISSAUGA-DUFFERIN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

16. CONTINGENCIES

The Organization is contingently liable for mortgage receivable payments received from homeowners under the new first mortgage policy adopted in 2016, since the payments are refundable if the homeowner decides to sell the home and the Organization exercises its right of first refusal to repurchase the home for the initial sale price. As at December 31, 2024, total mortgage payments received under this agreement amounted to \$84,094 (2023 - \$65,979).

17. FUTURE DEVELOPMENTS AND SUBSEQUENT EVENTS

On July 11, 2023, the Organization entered into a non-binding Term Sheet agreement with Branthaven Development Corp., for a proposed arrangement for Habitat to purchase 20 affordable housing condominium units in a future development at Oval Court in Burlington. The agreement has preliminary terms for price, unit selection, and conditions related to zoning approvals and city requirements, but no funds have been exchanged and no binding obligations exist as of year-end.

Subsequent to year-end, on February 28, 2025, the Organization executed a non-binding Letter of Intent with a private developer to participate in a future affordable housing initiative in Oakville. The proposal anticipates the potential acquisition of over 100 affordable housing units and includes a conditional operating contribution of up to \$2,000,000 to support the management and implementation of the project. The agreement is contingent on the satisfaction of various conditions, including municipal zoning approvals and a final binding agreement. No amounts have been recognized in the financial statements as the conditions were not met as at December 31, 2024.

18. COMPARATIVE FIGURES

Certain of the comparative figures have been restated in order to conform with the presentation adopted in the current year.

HABITAT FOR HUMANITY HALTON-MISSISSAUGA-DUFFERIN

SCHEDULE 1 - SCHEDULE OF RESTORE OPERATIONS

For the year ended December 31,

2024

2023

REVENUE	\$ 5,489,810	\$ 5,955,319
EXPENSES		
Personnel	\$ 2,270,344	\$ 2,145,032
Facilities	1,914,862	1,627,595
Vehicle	350,746	193,434
Habitat for Humanity Canada affiliation fees	210,402	234,701
Bank charges and other fees	125,771	133,043
Depreciation	100,210	43,615
Supplies	61,021	63,494
Advertising and promotion	41,477	12,683
Insurance	10,460	9,970
Professional fees	1,980	21,633
Storage	349	84,750
	\$ 5,087,622	\$ 4,569,950
EXCESS OF REVENUES OVER EXPENSES	\$ 402,188	\$ 1,385,369

See accompanying notes

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