

HABITAT FOR HUMANITY PRINCE EDWARD-HASTINGS

FINANCIAL STATEMENTS

December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the members of
HABITAT FOR HUMANITY PRINCE EDWARD-HASTINGS

Qualified Opinion

We have audited the financial statements of **HABITAT FOR HUMANITY PRINCE EDWARD-HASTINGS**, which comprise the statement of financial position as at December 31, 2023, and the statements of revenues and expenses, 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 Organization as at December 31, 2023, 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 not-for-profit organizations, the Organization derives revenue from 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 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 Organization 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 qualified 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 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT (continued)

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 Organization'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 Organization'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 Organization 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.

Belleville, Ontario
April 11, 2024


CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

HABITAT FOR HUMANITY PRINCE EDWARD-HASTINGS

(Incorporated under the laws of Ontario)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

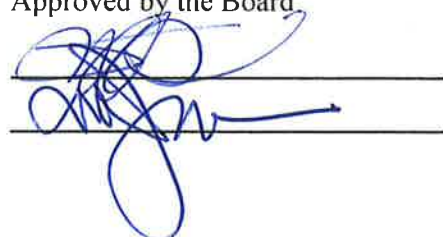
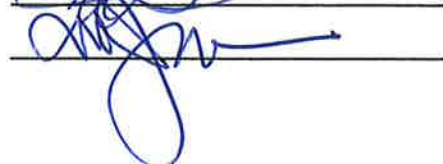
ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash	\$ 238,101	\$ 593,286
Accounts receivable	31,540	32,914
Government remittances recoverable	83,417	37,196
Inventories - note 4	1,163,827	1,035,833
Prepaid expenses	59,830	13,323
Current portion of mortgages receivable	254,393	140,243
	<u>1,831,108</u>	<u>1,852,795</u>
INVESTMENTS - note 5	259,483	232,963
PROPERTY, PLANT AND EQUIPMENT - note 6	1,028,107	1,071,628
MORTGAGES RECEIVABLE - note 8	1,479,006	1,470,588
	<u>\$ 4,597,704</u>	<u>\$ 4,627,974</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 77,012	\$ 74,651
Government remittances payable	1,329	-
Current portion of long-term debt	35,776	34,541
	<u>114,117</u>	<u>109,192</u>
LONG-TERM DEBT - note 9	40,340	76,129
LOAN PAYABLE - note 10	18,432	-
CANADA EMERGENCY BUSINESS ACCOUNT - note 11	-	60,000
DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS - note 12	501,668	526,001
DEFERRED CONTRIBUTIONS - note 13	489,006	669,169
	<u>1,163,563</u>	<u>1,440,491</u>
NET ASSETS	<u>3,434,141</u>	<u>3,187,483</u>
	<u>\$ 4,597,704</u>	<u>\$ 4,627,974</u>

Approved by the Board

 _____ Member
 _____ Member

(See accompanying notes)

HABITAT FOR HUMANITY PRINCE EDWARD-HASTINGS
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2023

	<u>Unrestricted</u>	<u>Invested in Tangible Capital Assets</u>	<u>2023 Total</u>	<u>2022 Total</u>
NET ASSETS, beginning of year	\$ 2,753,391	\$ 434,092	\$ 3,187,483	\$ 3,090,259
Excess (deficiency) of revenues over expenses	268,543	(21,885)	246,658	97,224
Invested in tangible capital assets	<u>(38,116)</u>	<u>38,116</u>	<u>-</u>	<u>-</u>
NET ASSETS, end of year	<u>\$ 2,983,818</u>	<u>\$ 450,323</u>	<u>\$ 3,434,141</u>	<u>\$ 3,187,483</u>

(See accompanying notes)

HABITAT FOR HUMANITY PRINCE EDWARD-HASTINGS
STATEMENT OF REVENUES AND EXPENSES
YEAR ENDED DECEMBER 31, 2023

	2023	2022
REVENUES		
Home sales	\$ 470,382	\$ -
Donations and grants	449,096	247,628
Interest income	12,700	15,011
Other income	10,550	-
'Restore' operations, Schedule 1	682,919	668,225
	1,625,647	930,864
EXPENSES		
Amortization	10,495	8,480
Cost of serviced lands sold	506,415	13,728
Fundraising and events	1,123	19,710
Insurance	9,898	12,747
Interest and bank charges	5,189	5,730
Office and administration	143,856	91,073
'Restore' operations, Schedule 1	578,663	475,025
Wages and benefits	180,861	110,300
	1,436,500	736,793
Excess of revenues over expenses before other items	189,147	194,071
Other income (expenses)		
Government assistance	20,000	-
Fair value adjustment of loan payable	31,568	-
Fair value adjustment of mortgages receivable	(24,549)	(79,810)
Fair value adjustment of investments	30,492	(17,037)
	57,511	(96,847)
EXCESS OF REVENUES OVER EXPENSES	\$ 246,658	\$ 97,224

(See accompanying notes)

HABITAT FOR HUMANITY PRINCE EDWARD-HASTINGS
SCHEDULE TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

SCHEDULE OF 'RESTORE' OPERATIONS

Schedule 1

	<u>2023</u>	<u>2022</u>
REVENUE		
Product sales	\$ 658,586	\$ 640,892
Amortization of deferred contributions	<u>24,333</u>	<u>27,333</u>
	<u>682,919</u>	<u>668,225</u>
EXPENSES		
Amortization	35,723	41,719
Bank and credit card charges	9,670	6,412
General expenses	59,638	56,567
Insurance	3,404	2,099
Interest on long-term debt	3,326	4,445
Rent	12,382	-
Telecommunications	10,881	9,366
Utilities	15,023	12,699
Vehicle	7,519	8,126
Wages and benefits	<u>421,097</u>	<u>333,592</u>
	<u>578,663</u>	<u>475,025</u>
'RESTORE' EXCESS OF REVENUE OVER EXPENSES	<u>\$ 104,256</u>	<u>\$ 193,200</u>

(See accompanying notes)

HABITAT FOR HUMANITY PRINCE EDWARD-HASTINGS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 246,658	\$ 97,224
Adjustments for:		
Amortization	46,218	50,199
Fair value adjustment of loan payable	(31,568)	-
Fair value adjustment of mortgages receivable	24,549	79,810
Fair value adjustment of investments	(30,492)	17,037
Amortization of deferred contributions	(24,333)	(27,333)
Forgivable portion of CEBA loan	(20,000)	-
	211,032	216,937
Change in non-cash working capital components:		
Accounts receivable	1,374	(3,878)
Government remittances recoverable	(46,221)	(23,179)
Inventories	(127,994)	(963,396)
Prepaid expenses	(46,507)	9,291
Accounts payable and accrued liabilities	2,361	25,790
Government remittances payable	1,329	-
Deferred Contributions	(180,163)	645,031
	(184,789)	(93,404)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(250,000)
Proceeds on sale of investments	3,972	-
Purchase of property, plant and equipment	(2,697)	(105,358)
Mortgages receivable issued	(470,382)	-
Mortgage payments received	323,265	139,408
	(145,842)	(215,950)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(34,554)	(257,099)
Proceeds of loan payable	50,000	-
Repayment of Canada emergency business account	(40,000)	-
	(24,554)	(257,099)
DECREASE IN CASH	(355,185)	(566,453)
CASH, beginning of year	593,286	1,159,739
CASH, end of year	\$ 238,101	\$ 593,286

(See accompanying notes)

HABITAT FOR HUMANITY PRINCE EDWARD-HASTINGS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

1. NATURE OF OPERATIONS

Habitat for Humanity Prince Edward-Hastings is an independent, not for profit housing provider dedicated to the elimination of poverty housing by building homes in partnership with families in need. The organization is incorporated without share capital under the laws of Ontario. The organization is a registered charitable organization under the Income Tax Act and is exempt from income taxes.

The Organization is an affiliate of Habitat for Humanity Canada ("HFHC"). There is an affiliation agreement between HFHC and all Canadian affiliates that sets the general operating principles for every autonomous affiliate. Currently HFHC provides affiliates across the country with administrative and marketing support, training opportunities, funding and gift-in-kind coordination.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-profit organizations.

Investments

The purchase and sale of investments are accounted for using settlement date accounting.

Accounting 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported year. Significant items subject to such estimates and assumptions include valuation of accounts and mortgages receivable, inventory, the estimated useful life of capital assets, and significant accrued liabilities. Actual results could differ from these estimates.

HABITAT FOR HUMANITY PRINCE EDWARD-HASTINGS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by transaction costs in the case where a financial asset or financial liability is subsequently measured at amortized cost.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost except for investments quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the Statement of Operations in the period incurred. Financial assets measured at amortized cost include cash, accounts receivable, government rebate recoverable, mortgage receivables. Financial assets measured at fair value include investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The fair value of the equity investments is the closing price obtained from the applicable exchange at the date of the Statement of Financial Position.

Inventories

Inventory of homes in progress and completed homes are recorded at the lower of cost and net realizable value. Cost is the initial cost of the properties plus carrying charges and construction costs incurred to year end. Net realizable value of homes in progress is the expected selling price of the home less anticipated costs of completion.

When the cost of inventories exceeds the net realizable value, the cost of inventories will be written down to net realizable value. Any such write-down will be included in home costs for the year of the write-down.

If circumstances or events lead to a subsequent increase in the net realizable value of the inventory that was written down, the amount of the write-down will be reversed and will reduce home costs in the year of the reversal.

HABITAT FOR HUMANITY PRINCE EDWARD-HASTINGS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are recorded at cost. The Organization provides for amortization using the straight-line method at rates designed to amortize the cost of the property, plant and equipment over their estimated useful lives. The annual amortization rates are as follows:

Buildings	40 years
Equipment	5 years
Vehicles	5 years
Computer equipment	5 years
Website	5 years
Fences	10 years
Signs	10 years

Revenue recognition

Revenue on significant contracts, which provide for progress billings and payments as part of the contract, are recognized on the percentage of completion method. Deferred revenue, in current liabilities, represents billings rendered in excess of revenue earned.

Sales of homes are recognized upon the later of the date of substantial completion and the date the mortgage agreement is signed. Sales of donated goods at the 'Restore' are recognized upon transfer of goods to the customer.

Contributions received relating to the purchase of tangible capital assets are deferred and amortized over future periods. The amortization period is based on the period used to amortize the corresponding tangible capital assets.

Sales of Homes

Homes sold by the organization prior to fiscal 2009 were settled by a first and second mortgage. The second mortgages have no specific terms of repayment and are repayable only if the mortgagors fail to comply with certain terms and conditions or if the house is sold by the homeowner prior to the payment of the first mortgage in full. The second mortgage is reduced by 25% when 60% of the length of the first mortgage has passed (this could be after 12 to 20 years), if all terms and conditions are met, until such time as the first mortgage is paid in full and at that time any remaining amount on the second mortgage is waived. The second mortgage is not recognized as revenue or as an amount receivable upon initial sale of the home by the Organization. The second mortgage would only be recognized in the event of a failure to comply with the terms and conditions of the first mortgage or if the house is sold by the homeowner prior to the repayment of the first mortgage in full and there is reasonable assurance of collection. In 2009, in accordance with national policy, the use of second mortgages was discontinued and now the full home selling price is settled by a first mortgage.

HABITAT FOR HUMANITY PRINCE EDWARD-HASTINGS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed goods and services

Contributed goods and services are recorded as contributions at their estimated fair market value at the date of donation where the goods and/or services would otherwise be purchased. No recognition is made in the financial statements for time spent by individual volunteers in fundraising, administration or constructing homes. No recognition is made in the financial statements for goods contributed to the 'ReStore' for resale until the goods are actually sold.

Cash and cash equivalents

Cash and equivalents consist of cash on deposit.

First mortgages receivable

The Organization has designated its mortgages as held for trading and has recorded them at fair value. Fair value of mortgages receivable is determined by discounting the future payment stream at estimated current interest rates.

Government assistance

Government assistance in the form of non-repayable subsidies and forgivable loans is accounted for using the cost reduction approach, whereby the operating expense is reduced by the assistance received; if assistance received is not for a specific expenditure, the assistance is recorded as revenue. Government assistance is recognized in the period where all conditions of the non-repayable subsidies and forgivable loans are met.

3. FINANCIAL INSTRUMENTS

Credit risk

Credit risk is the risk of financial loss to the Organization if a debtor fails to make payments of interest and principal when due. The Organization continually monitors the credit risk of their financial instruments. It is management's opinion that the organization is not exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet all cash outflow obligations as they come due. The Organization mitigates this risk by monitoring cash activities and expected outflows.

HABITAT FOR HUMANITY PRINCE EDWARD-HASTINGS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

3. FINANCIAL INSTRUMENTS (continued)

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 other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization is not exposed to currency risk.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. It is management's opinion that the Organization is not exposed to significant interest rate risk as the bank loans are at a fixed rate.

Other price risk

Other price risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. The Organization is exposed to other price risk on their investments.

Change in risk

During the year, the Organization's exposure to other price risk increased due to the purchase of equity investments in the year.

4. INVENTORIES

Inventories consist of the following:

	<u>2023</u>	<u>2022</u>
Bancroft properties	\$ 64,116	\$ 61,317
93 Dundas Street, Belleville	164,279	40,607
639 Sidney Street, Belleville	935,432	441,909
633 Sidney Street, Belleville	-	492,000
	<u>\$ 1,163,827</u>	<u>\$ 1,035,833</u>

HABITAT FOR HUMANITY PRINCE EDWARD-HASTINGS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

5. INVESTMENTS

Investments consist of the following:

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Mutual Funds	\$ 259,483	\$ 246,028	\$ 232,963	\$ 250,000

6. PROPERTY, PLANT AND EQUIPMENT

	2023		2022	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ 188,591	\$ -	\$ 188,591	\$ -
Buildings	1,102,474	348,074	1,102,474	320,512
Equipment	32,088	27,862	32,088	25,734
Vehicles	72,780	72,780	72,780	72,780
Computer equipment	44,423	43,759	44,423	40,577
Website	29,806	16,157	29,806	10,196
Fences	9,011	2,328	9,011	1,427
Signs	67,098	7,204	64,400	719
	1,546,271	518,164	1,543,573	471,945
Net book value	\$ 1,028,107		\$ 1,071,628	

7. SECOND MORTGAGES RECEIVABLE

The organization previously issued non-interest bearing second mortgages on sales of residential units which become forgivable upon fulfillment of various criteria. This practice was discontinued in 2009. The balance receivable at December 31, 2023 is \$155,500 (2022 - \$155,500) for these mortgages issued on sales prior to 2009. These second mortgages have not been reflected in the accounts of the Organization.

HABITAT FOR HUMANITY PRINCE EDWARD-HASTINGS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

8. MORTGAGES RECEIVABLE

	2023		2022	
	Fair Value	Book Value	Fair Value	Book Value
First mortgage, non - interest bearing, bi-weekly payments of \$368, maturing January 2037	\$ 73,248	\$ 156,584	\$ 39,663	\$ 161,326
First mortgage, non - interest bearing, bi-weekly payments of \$658, maturing April 2037	87,488	128,679	111,501	147,257
First mortgage, non - interest bearing, monthly payments of \$1272, maturing September 2037	124,528	160,860	82,003	172,823
First mortgage, non - interest bearing, monthly payments of \$785, maturing September 2037	118,678	187,800	38,293	191,390
First mortgage, non - interest bearing, monthly payments of \$77, maturing April 2030	13,552	24,669	19,129	25,588
First mortgage, non - interest bearing, monthly payments of \$487, maturing March 2030	14,126	14,907	18,752	20,747
First mortgage, non - interest bearing, semi - monthly payments of \$243, maturing February 2039	48,860	105,710	59,941	111,798
First mortgage, non - interest bearing, monthly payments of \$83, maturing May 2032	18,013	46,729	30,378	48,170
First mortgage, non - interest bearing, monthly payments of \$2,286, maturing January 2045	31,028	32,308	51,612	57,065
First mortgage, non - interest bearing, monthly payments of \$771, maturing April 2032	-	-	101,811	148,279
First mortgage, non - interest bearing, monthly payments of \$369, maturing April 2033	70,883	142,792	92,367	145,633

HABITAT FOR HUMANITY PRINCE EDWARD-HASTINGS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

8. MORTGAGES RECEIVABLE (continued)

First mortgage, non - interest bearing, bi-weekly payments of \$364, maturing September 2034	69,512	139,301	97,968	148,764
First mortgage, non - interest bearing, monthly payments of \$258, maturing November 2034	53,762	126,123	54,155	129,214
First mortgage, non - interest bearing, bi-weekly payments of \$521, maturing March 2024	64,086	90,691	75,353	104,673
First mortgage, non - interest bearing, monthly payments of \$673, maturing January 2033	73,531	98,455	75,652	105,907
First mortgage, non - interest bearing, monthly payments of \$401, maturing June 2036	74,911	145,692	89,425	153,618
First mortgage, non - interest bearing, monthly payments of \$675, maturing December 2038	105,891	172,499	128,019	184,064
First mortgage, non - interest bearing, monthly payments of \$500, maturing January 2039	94,342	185,502	109,476	191,900
First mortgage, non - interest bearing, monthly payments of \$168, maturing November 2056	40,163	246,249	47,159	250,739
First mortgage, non - interest bearing, monthly payments of \$918, maturing December 2052	146,817	242,465	116,719	248,278
First mortgage, non - interest bearing, monthly payments of \$1053, maturing November 2057	152,270	233,614	110,693	241,209
First mortgage, non - interest bearing, bi-weekly payments of \$300, maturing February 2047	71,707	434,484	60,762	440,111
First mortgage, non - interest bearing, semi-monthly payments of \$873, maturing June 2043	186,003	459,558	-	-

HABITAT FOR HUMANITY PRINCE EDWARD-HASTINGS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

8. MORTGAGES RECEIVABLE (continued)

Current portion - Mortgage Receivables	<u>(254,393)</u>	<u>-</u>	<u>(140,243)</u>	<u>-</u>
	<u>\$ 1,479,006</u>	<u>\$ 3,575,671</u>	<u>\$ 1,470,588</u>	<u>\$ 3,428,553</u>

9. LONG-TERM DEBT

	<u>2023</u>	<u>2022</u>
Royal Bank of Canada loan, with interest at 3.52% repayable in blended monthly installments of \$3,157 to maturity in February 2026, secured by a general security agreement over all of the Organization's assets. In addition, there is a collateral mortgage in the amount of \$650,000 constituting a fixed charge on the land and improvements located at 365 Bell Blvd. Belleville, Ontario.	\$ 76,116	\$ 110,670
Less current portion	<u>35,776</u>	<u>34,541</u>
	<u>\$ 40,340</u>	<u>\$ 76,129</u>

10. LOAN PAYABLE

Loan payable consists of forgivable construction loan, interest at 0%, forgivable if the Organization meets the conditions specified by Canada Mortgage and Housing Corporation.

	<u>2023</u>	<u>2022</u>
639 & 641 Sidney St	<u>\$ 18,432</u>	<u>\$ -</u>

The book value of the loan at December 31, 2023 is \$50,000. The loan has been discounted to reflect the below market interest over the interest free period at a rate of 5%. The fair value of the adjustment on the loan is \$31,568 and is included in other income. The loan will be forgiven in tranches over a 20 year period. Forgiveness of each Tranche will commence from the year following the year of final draw. The amount of the loan forgiven during the year is \$Nil.

11. CANADA EMERGENCY BUSINESS ACCOUNT

The CEBA was intended to subsidize non-deferrable operating expenses for entities impacted by COVID-19. The CEBA is interest-free until January 18, 2024. Repaying the balance of the loan on or before January 18, 2024 will result in loan forgiveness of \$20,000. As at year-end, The loan has been paid.

HABITAT FOR HUMANITY PRINCE EDWARD-HASTINGS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

12. DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS

Deferred contributions related to tangible capital assets consist of the following:

	2023	2022
Balance, beginning of year	\$ 526,001	\$ 553,334
Amortization of deferred contributions in the year	(24,333)	(27,333)
Balance, end of year	\$ 501,668	\$ 526,001

13. DEFERRED CONTRIBUTIONS

	2023	2022
Donations	\$ 37,529	\$ -
Seed Fund - CMHC	130,477	5,368
Donated Land - 639 Sidney St.	321,000	321,000
Donated Land - 633 Sidney St.	-	342,801
	\$ 489,006	\$ 669,169

The donated land will be recorded as revenue when the projects are completed and sold.

14. ADJUSTMENT TO FAIR VALUE OF MORTGAGES

Mortgages receivable are remeasured at year-end based on the 25 year Bank of Canada zero-coupon bond yield and a risk premium to account for the risky nature of the mortgages receivable. Adjustments to the fair value of mortgages are shown on the Statement of Operations. The rate used in 2023 is 5% (2022 - 5%).

15. COMMITMENTS

The Organization has commitments under an operating lease for its premises. The minimum payments under the lease are as follows:

**HABITAT FOR HUMANITY PRINCE EDWARD-HASTINGS
NOTES TO THE FINANCIAL STATEMENTS
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15. COMMITMENTS (continued)

2024	\$ 52,441
2025	74,270
2026	78,618
2027	82,966
2028	<u>87,314</u>
	<u>\$ 375,609</u>

16. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.