

Financial Statements of

**HABITAT FOR HUMANITY -
EDMONTON SOCIETY**

Year ended December 31, 2024

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements for the year ended December 31, 2024 are the responsibility of management and have been reviewed and approved by senior management. The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and of necessity, include some amounts that are based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains systems of financial management and internal control which give consideration to costs, benefits and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of donations and other revenue.
- safeguard the assets and properties under Habitat for Humanity - Edmonton Society's administration.

Habitat for Humanity - Edmonton Society carries out its responsibility for the financial statements through its Board of Directors. The Board of Directors meets with management and KPMG LLP to review financial matters, and to approve the financial statements upon finalization of the audit. KPMG LLP has free access to the Board of Directors.

KPMG LLP provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Auditing Standards and includes tests and procedures, which allow them to report on the fairness of the financial statements prepared by management.



Ann-Marie Reddy
President and Chief Executive Officer
Habitat for Humanity - Edmonton Society

March 25, 2025



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INDEPENDENT AUDITOR'S REPORT

To the Directors of Habitat for Humanity - Edmonton Society

Opinion

We have audited the financial statements of Habitat for Humanity - Edmonton Society (the Society), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended

and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2024, and its results of 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 auditor's 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.



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.

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 the 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a long, horizontal, slightly wavy line.

Chartered Professional Accountants

Edmonton, Canada

March 25, 2025

HABITAT FOR HUMANITY - EDMONTON SOCIETY

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HABITAT FOR HUMANITY - EDMONTON SOCIETY

Statement of Financial Position

As at December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	\$ 145,917	\$ 31,031
Investments (note 6)	3,254,819	-
Accounts receivable (note 3)	761,252	187,263
Current portion of mortgages receivable (note 4)	1,653,418	1,720,870
Homes held for sale (Schedule 1)	4,688,901	7,378,330
Construction in progress (Schedule 1)	825,854	1,251,686
Land for future builds (Schedule 1)	123,000	303,400
Other current assets (note 5)	311,157	189,002
	11,764,318	11,061,582
Mortgages receivable (note 4)	40,364,560	42,032,875
Investments (note 6)	-	5,600,071
Capital assets (note 7)	1,837,553	1,592,878
	\$ 53,966,431	\$ 60,287,406

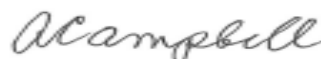
Liabilities and Net Assets

Current liabilities:		
Operating loan (note 8)	\$ 681,436	\$ 2,785,125
Accounts payable and accrued liabilities (note 9)	448,052	646,067
Tenant deposits and other property accruals (note 10)	520,718	628,782
Deferred contributions (note 12)	290,647	1,101,177
Deferred capital contributions (note 13)	47,444	25,742
Current portion of term debt (note 8)	11,939,140	11,523,225
	13,927,437	16,710,118
Deferred capital contributions (note 13)	287,807	83,872
Term debt (note 8)	1,906,415	3,314,093
	16,121,659	20,108,083
Net assets:		
Internally restricted	3,254,819	5,600,071
Invested in capital assets	1,502,302	1,483,264
Unrestricted	33,087,651	33,095,988
	37,844,772	40,179,323
Commitments (note 18)		
Contingencies (note 19)		
	\$ 53,966,431	\$ 60,287,406

See accompanying notes to financial statements.



Chair, Board of Directors



Chair, Audit & Risk Committee

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Statement of Operations

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Revenues:		
Donations and fundraising	\$ 907,735	\$ 1,179,162
In-kind donations	-	10,076
Government grants (note 14)	1,698,766	341,927
Other income	403,493	648,795
Investment income (note 6)	487,219	558,002
	3,497,213	2,737,962
Sales and cost of sales (note 15):		
Home sales	11,556,865	15,165,877
Cost of home sales and building operations	(14,569,388)	(19,300,338)
Other net income related to home sales	1,209,397	116,887
	(1,803,126)	(4,017,574)
Program expenses (Schedule 2):		
Homeowner and community support	(967,063)	(1,040,973)
Interest on bank overdraft and debt (note 8)	(872,432)	(940,209)
Volunteer support	(76,144)	(113,085)
Capacity building	(220,030)	(377,105)
	(2,135,669)	(2,471,372)
Net program activity	(441,582)	(3,750,984)
ReStore (Schedule 3):		
Revenue	5,435,425	5,889,055
Expenses	(4,526,587)	(4,408,701)
	908,838	1,480,354
Prefab Contribution Centre:		
Revenue	8,328	9,828
Expenses	(7,829)	(7,959)
	499	1,869
General and administrative expenses (Schedule 4)	(2,802,306)	(2,852,839)
Deficiency of revenue over expenses	\$ (2,334,551)	\$ (5,121,600)

See accompanying notes to the financial statements.

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Statement of Changes in Net Assets

Year ended December 31, 2024, with comparative information for 2023

	Internally restricted	Invested in capital assets	Unrestricted	2024	2023
Balance, beginning of year	\$ 5,600,071	\$ 1,483,264	\$ 33,095,988	\$ 40,179,323	\$ 45,300,923
Excess (deficiency) of revenue over expenses		27,550	(2,362,101)	(2,334,551)	(5,121,600)
Transfers	(2,345,252)	-	2,345,252	-	-
Investment in capital assets	-	170,476	(170,476)	-	-
Amortization of capital assets	-	(178,988)	178,988	-	-
Balance, end of year	\$ 3,254,819	\$ 1,502,302	\$ 33,087,651	\$ 37,844,772	\$ 40,179,323

See accompanying notes to the financial statements.

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	\$ (2,334,551)	\$ (5,121,600)
Non-cash Items:		
In-kind donations	-	(10,076)
Amortized interest and impairments (note 15)	(2,115,782)	(1,766,479)
Realized and unrealized gains on investments	(36,349)	(368,829)
Amortization of capital assets	178,988	152,810
Amortization of deferred capital contributions	(27,550)	(25,742)
	(4,335,244)	(7,139,916)
Change in non-cash working capital:		
Accounts receivable	(573,989)	(47,584)
Mortgage receivable	3,851,549	4,017,255
Homes held for sale	2,689,429	10,438,348
Construction in progress	425,832	(925,761)
Land for future builds	180,400	346,800
Other current assets	(122,155)	23,164
Accounts payable and accrued liabilities	(198,015)	63,734
Deposits and other property accruals	(108,064)	(643,192)
Due to affiliates	-	(21,875)
Deferred capital contributions	253,187	-
Deferred contributions	(810,530)	63,893
	1,252,400	6,174,866
Investments:		
Net sales (purchases) of investments	2,381,601	(112,394)
Purchase of capital assets	(423,663)	(167,084)
	1,957,938	(279,478)
Financing:		
Repayments on operating loan - net	(2,103,689)	(460,928)
Repayments of debt principal	(991,763)	(5,412,262)
	(3,095,452)	(5,873,190)
Increase in cash	114,886	22,198
Cash, beginning of year	31,031	8,833
Cash, end of year	\$ 145,917	\$ 31,031

See accompanying notes to the financial statements.

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements

Year ended December 31, 2024

1. Purpose of the Society:

Habitat for Humanity - Edmonton Society (the "Society") is an affordable housing charity operating in affiliation with Habitat for Humanity Canada and Habitat for Humanity International. The Society's vision is to see a world where everyone has a safe and decent place to live.

The Society operates throughout northern Alberta with a mission to mobilize volunteers and community partners to support the acquisition of affordable housing and the promotion of home ownership as a means of creating positive generational change. To support administrative and fundraising efforts, the Society operates a retail chain called ReStores by selling donated goods and materials. The Society had an additional social enterprise through the Prefab Contribution Centre which was closed in 2023.

The Society is incorporated under the *Societies Act* in the Province of Alberta, is a registered charity with Canada Revenue Agency, and is not subject to income taxes.

To qualify under the Society's homeownership program, a homeowner must meet certain eligibility criteria. Once the criteria have been met, an applicant is accepted into the program and becomes a "Homeowner". Homeowners purchase a Society-owned home through an affordable mortgage that requires monthly payments of no more than 30% of their annual income at inception.

When a Homeowner leaves the program, the Society holds a right of first refusal to repurchase the home. At the time of exiting the home, Homeowners are entitled to their principal mortgage payments less amounts required to repair any home damage. Additionally, depending on their tenure in the program, the Homeowner may be entitled to a portion of market appreciation.

2. Significant accounting policies:

a) Basis of presentation:

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

b) Controlled entities:

Condominium corporations controlled by the Society are not consolidated in these statements.

c) Cash:

Cash consists of cash on hand and deposits with financial institutions.

d) Mortgages receivable:

The Society provides non-interest-bearing mortgages to its Homeowners. At inception, mortgages are recorded at fair value and the fair value discount is recorded in cost of sales. Subsequently, mortgages receivable are carried at amortized cost, with the fair value discount booked at inception, amortized to interest income over the term of the loan. If the Society repurchases a home from a Homeowner, the remaining discount at the time of sale is brought into income.

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2024

2. Significant accounting policies:

d) Mortgages receivable (continued):

Historically, the Society offered forgivable second mortgages to certain Homeowners. Due to the uncertainty of collection, these forgivable second mortgages are recognized at a fair value of \$nil. If conditions arise that require forgivable portions to be repaid, or the right to forgiveness has been forfeited, the previously forgivable portion will be recognized as revenue.

e) Homes held for sale:

Homes held for sale are reported at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of operations, less costs to sell. Any excess costs over net realizable value are expensed in the year in which the impairment is identified.

f) Construction in progress:

Construction in progress comprises land, materials, labour, and other construction costs accumulated to date for homes not yet completed. Construction in progress is valued at the lower of cost or net realizable value and any excess costs over net realizable value is expensed in the year in which the impairment is identified.

g) Land for future builds:

Land for future builds includes fully serviced lots and raw land purchased for development. Land is valued at the lower of cost or net realizable value and includes lot costs, undeveloped land costs, underground servicing, and rezoning fees.

h) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized on a straight-line basis over the assets' estimated useful lives as follows:

Building, Habitat Centre	25 years
Leasehold improvements	lease term
Automotive equipment	5 years
Office equipment	5 years
Retail equipment	5 years

Land is not amortized.

The Society tests its long-lived assets including capital assets when a significant change in circumstances indicates the carrying amount of an asset may exceed its fair value. An impairment loss is measured as the amount by which the asset's carrying value exceeds its fair value. Impairment in the carrying value of long-lived assets is charged as an expense in the year the impairment is determined.

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2024

2. Significant accounting policies (continued):

i) Leases:

The Society accounts for leases as either operating or capital. Assets acquired under capital lease are amortized over the lease term, or if the lease contains terms that allow ownership to pass to the Society for a bargain purchase option, assets are amortized over their estimated useful lives. Obligations under capital lease are measured at the lower of the present value of future minimum lease payments and fair value. Leases not meeting the capital lease criteria are treated as operating leases with lease payments recorded as an expense on a straight-line basis over the lease term.

j) Revenue recognition:

The Society follows the deferral method of accounting for contributions, which include donations and government grants. Restricted contributions are recognized as revenue during the year in which the related construction costs are incurred for projects under development and related milestones are achieved under the respective contract. Unrestricted contributions and pledges are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted investment income is recognized when earned. Restricted investment income is recognized in revenue in the year in which the related expenses are incurred. The Society has no restricted investments as at December 31, 2024 or 2023.

Externally restricted capital contributions are deferred and amortized into revenue at the corresponding amortization rate of the related capital assets.

Home sales are recognized at the date the mortgage is entered into, at which time all the rights and responsibilities of ownership are transferred to Homeowners.

ReStore sales consist entirely of donated merchandise. Revenue is recognized when the merchandise is sold.

Prefab Contribution Centre sales are recognized when the merchandise is sold.

k) Donated goods and services:

Goods donated to ReStore are not recorded as inventory in these financial statements because the fair value cannot be reasonably determined.

Other donated goods or services are recorded when the fair value can be reasonably estimated.

A substantial number of volunteers make significant contributions of their time to the Society, in all facets of the organization including the building of homes, the operation of two social enterprises (Prefab Contribution Centre and ReStore), the Homeowner selection process and other ancillary tasks such as administration. The fair value of this contributed time is not quantifiable and thus is not reflected in these financial statements.

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2024

2. Significant accounting policies (continued):

l) Internally restricted net assets:

The Board has approved the restriction of certain net assets to be used in the future to fund home repurchases.

m) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment at the end of the fiscal year. Where an impairment is identified, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

n) Use of estimates:

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the year. Significant estimates made in the preparation of these financial statements include:

- allowances for doubtful accounts on mortgages receivable if the collateralized property is not estimated to exceed the value of the mortgage receivable;
- fair value of collateralized properties on mortgages receivable;
- useful life of capital assets and their corresponding amortization rates and methods;
- Society's arm's length lending rates to fair value mortgages receivable at inception;
- estimates determining net realizable value of homes held for sale, construction in progress and land for future builds; and
- fair value of in-kind donations.

Actual results could differ from these estimates.

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2024

3. Accounts receivable:

	2024	2023
Due from condominium corporations	\$ 2,124	\$ 4,446
Trade	67,689	49,298
Other	160,282	83,519
Grants	531,157	50,000
	\$ 761,252	\$ 187,263

4. Mortgages receivable:

The Society's mortgages receivable include two main types of mortgages, both of which are non-interest bearing. These mortgages are initially recorded at fair value, which is estimated as the present value of all future cash receipts, discounted using the Society's prevailing market interest rate. These mortgages are subsequently recognized at amortized cost.

a) Legacy Mortgages:

A non-interest bearing first mortgage ("Legacy Mortgage") which was preceded by a minimum one-year tenancy period. A "Partner Family" was considered a tenant in the first year of occupancy until they complete the requirements to become a Homeowner. During this phase, monthly tenancy deposits are collected by the Society and applied against the opening mortgage for qualifying families. Mortgage repayment terms are based on family income levels, which are reviewed annually. During the year, there were two (2023 - three) Legacy Mortgages signed, bringing the total number of Legacy Mortgages first to 205 (2023 - 223) and Legacy Non-Forgivable Second Mortgages to one (2023 - one). This mortgage offering is no longer available, other than for exceptional circumstances.

b) Open Market Mortgages:

A non-interest bearing second mortgage ("Open Market Mortgage") where a third-party financial institution holds an interest-bearing first mortgage offered at preferred interest rates, while the Society holds a non-interest bearing second mortgage that is fully payable after 20 years. The opening first mortgage is between 30% and 50% of the home sales value, with the initial mortgage proceeds being paid directly to the Society. These first mortgages are strictly between the Homeowner and the financial institution and thus are arms-length to the Society. There is no required one-year tenancy period for these Homeowners. During the year there were 32 (2023 - 45) Open Market Mortgages signed, bringing the total number of Open Market Mortgages to 188 (2023 - 122 - 161).

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2024

4. Mortgages receivable (continued):

	2024	2023
Legacy Mortgages		
Gross receivable	\$ 34,350,821	\$ 39,126,654
Unamortized fair value adjustment	(5,842,186)	(6,962,906)
Amortized cost	28,508,635	32,163,748
Less: current portion	(1,653,418)	(1,720,870)
Long-term portion	\$ 26,855,217	\$ 30,442,878
Open Market Mortgages		
Gross receivable	\$ 25,141,008	\$ 20,882,161
Unamortized fair value adjustment	(11,631,665)	(9,292,164)
Amortized cost	13,509,343	11,589,997
Less: current portion	-	-
Long-term portion	\$ 13,509,343	\$ 11,589,997
Total Mortgages		
Total Mortgages receivable	\$ 42,017,978	\$ 43,753,745
Less: current portion	1,653,418	(1,720,870)
Long-term portion	\$ 40,364,560	\$ 42,032,875

During 2024, there were 21 (2023 - 21) homes repurchased from Homeowners with total accumulated equity of \$1,837,532 (2023 - \$1,806,844) paid to Homeowners. Additionally, the Society refunded tenancy deposits to one prospective Homeowners (2023 - 5), for a total of \$2,500 (2023 - \$69,251).

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2024

4. Mortgages receivable (continued):

c) Forgivable second mortgages:

Forgivable second mortgages, representing 20% of the appraised value of homes sold, relate to properties sold by the Society from 1998 to 2005. Repayments of second mortgages, based on the resale of the home, are governed by the following terms: within the first 12 years of issuance, full repayment is required; from 12 years to 25 years a predetermined discounted repayment is required; and after 25 years the mortgage is fully forgiven.

At December 31, 2024, 12 (2023 - 17) forgivable second mortgages remain, totaling \$393,737 (2023 - \$565,077). These balances are reflected at a fair value of \$nil. During 2024, there was one (2023 - nil) forgivable second mortgage repayments and two (2023 - two) forgiven second mortgages.

d) Right of first refusal:

Beginning in 2006, the Society included a clause in mortgage agreements which allows the Society the right of first refusal to repurchase homes should the Homeowner decide to sell their home. The required buyback payment is calculated as the difference between the original sale price of the home to the Homeowner less any outstanding balances on the related mortgage.

5. Other current assets:

		2024		2023
Prepaid rent and insurance	\$	116,948	\$	129,797
Consumable inventory		-		8,568
Other deposits		194,209		50,637
	\$	311,157	\$	189,002

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2024

6. Investments:

The Society's investments in fixed income fund, Canadian equities and Global equity fund are carried at fair value. Cash and GIC's are recorded at their carrying value, which approximates fair value. The investments are classified in the current year as they have no longer been internally restricted from use.

	2024	2023
Cash in investment accounts	\$ 113,465	\$ 109,825
Guaranteed investment certificates (GIC's)	-	2,701,577
Fixed income fund	1,737,872	1,478,504
Canadian equities	559,843	528,496
Global equity fund	843,639	781,669
	\$ 3,254,819	\$ 5,600,071

Investment income is comprised of:

	2024	2023
Interest	\$ 216,002	\$ 6,015
Interest on GIC's	108,755	1,577
Dividends	119,645	181,541
Realized gains	2,173	54,884
Unrealized gains	34,176	313,985
Other	6,468	-
	\$ 487,219	\$ 558,002

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2024

7. Capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Building, Habitat Centre	\$ 2,511,457	\$ 1,371,103	\$ 1,140,354	\$ 1,184,161
Land	235,000	-	235,000	235,000
Retail equipment	360,504	297,190	63,314	100,413
Automotive equipment	360,402	360,402	-	1,457
Office equipment	494,254	361,939	132,315	71,847
Construction equipment	124,454	124,454	-	-
Leasehold improvements	571,887	305,317	266,570	-
	\$ 4,657,958	\$ 2,820,405	\$ 1,837,553	\$ 1,592,878

8. Operating and term loans:

	2024	2023
Revolving operating loan	\$ 681,436	\$ 2,785,125
Fixed term loan (31), interest at prime plus 0.15%, matures November 30, 2025	819,900	875,861
Fixed term loan (28), interest at prime plus 0.15%, matures February 28, 2025	2,681,791	2,880,361
Fixed term loan (16), interest at prime plus 0.15%, matures March 30, 2025	4,263,408	4,619,309
Fixed term loan (14), interest at 2.79% per annum, matures May 14, 2025,	3,338,446	3,550,314
Fixed term loan (36), interest at 3.13% per annum, matures August 30, 2026	2,742,010	2,911,473
Total debt	14,526,991	17,622,443
Less: current portion of term loans	11,939,140	11,523,225
Less: revolving operating loan	681,436	2,785,125
	\$ 1,906,415	\$ 3,314,093

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2024

8. Operating and term loans (continued):

- a) Revolving operating loan, available by way of prime rate loans (prime plus 0.15%), letters of credit and stand-by letters of guarantee, authorized to \$6,500,000, due on demand and secured by assignment general mortgage and homes held for sale excluding properties located on Crown, Metis, or leased land in addition to a general security agreement covering all property. In the previous year, the GIC (note 6) was available to be held as collateral however, in the current year the Society redeemed the entire GIC and applied it against operating loan balance.
- b) Committed revolving facility, available by way of fixed and floating rate term loans, authorized to \$18,500,000 (2023 - \$27,500,000), amortized to a maximum of 20 years, secured by demand promissory notes and assignment of general mortgage and homes held for sale excluding properties located on Crown, Metis, or leased land in addition to a general security agreement covering all property.

Under the terms of the credit agreement, as the term loans expire, they are automatically rolled into a variable rate loan. The Society has four loans coming due in the next fiscal year and management will make the assessment whether to lock into a fixed rate or leave as a variable rate loan.

The funds available under the operating loans are reduced by any outstanding letters of credit issued pursuant to this facility agreement. At December 31, 2024, the Society had outstanding letters of credit, totaling \$7,000 (2023 - \$7,000).

The Society must maintain a Debt Service Coverage (DSC) ratio of not less than 100% at all times. The DSC is adjusted by certain non-recurring or unusual items that may occur during the period. At December 31, 2024, the Society was in compliance with the DSC ratio (2023 – compliant).

The level of financing under the committed revolving facility and operating loan will at all times be the lessor of:

- A. Authorized Credit Limits and
- B. The total of:
 - i) 60% of the principal balance of first position mortgages on eligible first position mortgages in good standing plus;
 - ii) 60% of the value of eligible properties held for resale.

Interest of \$691,608 (2023 - \$759,829) for fixed term loans and \$180,824 (2023 - \$180,380) on the operating loan is included in the interest expense in the statement of operations.

Principal repayments on the term loans maturities are as follows:

2025	\$	11,939,140
2026		1,906,415
	\$	13,845,555

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2024

9. Government remittances:

Included in accounts payable and accrued liabilities at year-end are government remittances payable of \$26,037 (2023 - \$nil). Government remittances included in accounts receivable are \$nil (2023 - \$30,998).

10. Tenant deposits and other property accruals:

	2024	2023
Security and tenant deposits	\$ 1,100	\$ 47,875
Amounts to be remitted for property tax and insurance	519,618	580,907
	\$ 520,718	\$ 628,782

Under the Legacy Mortgage (no longer offered other than for exceptional circumstances), there was a one-year tenancy period. During this period, monthly tenancy deposits were collected by the Society and could be applied against the opening mortgage for qualifying families.

11. Due to affiliates:

Government of Alberta - *Affordable Housing Program* funding is administered by the Society for all Habitat for Humanity affiliates in Alberta. Other than acting as administrator of these funds, there are no financial transactions between the Society and other Habitat for Humanity affiliates in Alberta. The assets, liabilities, net assets, and results of operations for affiliates are not included in these financial statements. There were no balances outstanding under the program as at December 31, 2024.

12. Deferred contributions:

Deferred contributions represent restricted contributions and grants that were unspent at the year end.

	2024	2023
Balance, beginning of year	\$ 1,101,177	\$ 1,037,284
Contributions received during the year	983,163	486,927
Recognized as revenue (government grants)	(1,698,766)	(341,927)
Recognized as revenue (other donations and fundraising)	(94,927)	(81,107)
Balance, end of year	\$ 290,647	\$ 1,101,177

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2024

13. Deferred capital contributions:

Deferred capital contributions represent designated donations and grants for capital purchases that were unamortized at the year-end.

		2024		2023
Balance, beginning of year	\$	109,614	\$	135,356
Contributions		253,187		-
Recognized as other revenue		(27,550)		(25,742)
Balance, end of year		335,251		109,614
Less: current portion		(47,444)		(25,742)
Long-term portion	\$	287,807	\$	83,872

14. Government grant program revenue:

		2024		2023
Canada Mortgage and Housing Corporation	\$	200,000	\$	250,000
Government of Alberta grants		1,187,608		91,927
Municipal grants		311,158		-
	\$	1,698,766	\$	341,927

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2024

15. Sales and cost of sales:

	2024	2023
Legacy Mortgages		
Home sales	\$ 572,500	\$ 806,000
Cost of home sales	(531,069)	(761,588)
Mortgage receivable fair value adjustment (note 4)	(146,020)	(242,609)
	(104,589)	(198,197)
Open Market Mortgages		
Home sales	9,732,465	11,315,165
Cost of home sales	(9,248,738)	(11,110,233)
Mortgage receivable fair value adjustment (note 4)	(3,188,546)	(3,647,102)
	(2,704,819)	(3,442,170)
Other income (expenses) related to home sales		
Amortization of mortgage receivable fair value adjustments (note 4)		
Legacy Mortgages	1,266,738	1,269,628
Open Market Mortgages	849,044	496,851
Impairments and other costs on repurchase of homes	(222,994)	(899,752)
Impairments and other costs on homes held for sale	(683,391)	(749,840)
	1,209,397	116,887
External sales of properties (outside of the program)		
Sales	1,251,900	3,044,712
Cost of sales	(1,455,015)	(3,538,806)
	(203,115)	(494,094)
	\$ (1,803,126)	\$ (4,017,574)

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2024

16. Mortgage and tenancy cash receipts:

Mortgage and tenancy receipts represents funds collected from Homeowners through mortgage payments and tenancy prepayments. These funds are used as follows: 1) reinvesting in building or acquiring additional homes, 2) repaying debt, and 3) funding an investment reserve to fund future buybacks. The following amounts were paid into the Fund for Humanity during the year:

	2024	2023
Monthly mortgage payments	\$ 2,402,253	\$ 2,793,572
Open Market Mortgages - first mortgage proceeds	4,859,983	5,657,083
Tenancy payments	-	69,508
Rental payments recognized as income	200,689	217,247
Forgivable second mortgage payments	21,750	-
	\$ 7,484,675	\$ 8,737,410

17. Habitat for Humanity Canada fees:

The Society remits payments for national programs and initiatives based on the number of families served, ReStore sales and nationally administrated gifts in kind. The Society expensed a tithe fee of \$2,500 for 34 (2023 - 42) families served. Fees incurred during the year consists of the following:

	2024	2023
ReStore fees	\$ 207,576	\$ 225,640
Tithe fees	85,000	105,000
ReStore gift in kind fees	87,514	51,246
Annual fee	50,000	50,000
	\$ 430,090	\$ 431,886

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2024

18. Commitments:

Minimum annual base lease payments on five facilities are as follows:

2025	\$	935,490
2026		983,838
2027		1,038,590
2028		1,046,976
2029		1,046,976
Thereafter		2,963,778
	\$	8,015,648

As disclosed in note 8, the Society has outstanding letters of credit which may be called on.

19. Contingencies:

During the year, management furthered discussions with another party regarding their participation in the development of certain properties which occurred in 2012. From these discussions, it was determined that the other party holds legal title to these properties which, the Society believes is an administrative oversight. The total value of the properties included in Homes held for sale is \$558,097. Management is working with its counsel and the other party to reach a reasonable resolution to the matter. The maximum exposure to the Society is the carrying value of these properties. The matter will be accounted for in the year when there is more certainty around its resolution.

20. Financial risk:

The Society is exposed to various risks due to its holding of certain financial instruments. Unless otherwise stated below, the risks remains consistent with the previous year.

a) Credit risk:

The Society is exposed to credit risk in the event of non-payment of mortgages by Homeowners or from non-collection of accounts receivable. Management believes that the credit risk from non-collection of mortgages is mitigated as the carrying value of the mortgages is secured by the value of the underlying homes. Further, the credit risk arising from non-payment of accounts receivable balances is not significant as the amounts are due primarily from government bodies.

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2024

20. Financial risk (continued):

b) Liquidity risk:

Liquidity risk is the risk of loss from not having access to sufficient funds to meet both expected and unexpected cash demands. The Society manages its liquidity risk by monitoring forecasted and actual cash flows. Additionally, the Society maintains an investment portfolio, that can be readily converted to cash, to cover any operating shortfalls.

The Society's financial liabilities, which expose it to liquidity risk are the operating loan, accounts payable and accrued liabilities, amounts due to Homeowners and term debt. The most significant risk facing the Society is the operating loan and many of the term loans (note 8) are due on demand. The Society manages liquidity risk related to its debt by complying with its debt terms, including complying with financial covenants.

c) Market risk:

Market risk is comprised of currency risk, interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the value of a financial instrument or future cash flows can change depending on changes in market interest rates. The fixed income investments (note 6) indirectly expose the Society to interest rate risk as the fair value of these investments will change when prevailing market interest rates change. Interest rate risk related to the Society's term debt holdings (note 8) is mitigated as these loans are issued at fixed interest rates. The operating line (note 8) exposes the Society to interest rate risk as it bears interest at floating rates of interest indexed to the prime lending rate. The interest free mortgages receivable are subject to interest rate risk at the time of a home sale, as the discount brought into income is calculated with reference to the Society's lending rates at the time of sale.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Society's investments in fixed income fund, Canadian equities and Global equities fund (note 6) are subject to price risk as their fair values will change with the change in prevailing quoted market prices for these investments.

Foreign currency risk

Foreign currency risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The investments in non-Canadian equities expose the Society to foreign currency risk. The Society does not hold any other financial instruments that expose it to material foreign currency risk.

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Schedule 1 - Homes Asset Inventory

Year ended December 31, 2024

	Number of Homes		2024
Homes held for sale:			
Edmonton	6	\$	1,481,996
Stony Plain	12		1,918,488
Cold Lake	1		479,621
Edson	2		405,597
Spruce Grove	1		303,199
Lloydminster	1		100,000
	23	\$	4,688,901
	2024		2023
Homes held for sale	23 homes		38 homes
Construction in progress	7 homes		6 homes
Land for future builds	2 lots		4 lots

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Schedule 2 - Program Expenses

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Homeowner and community support		
Salaries and benefits	\$ 399,261	\$ 410,555
Homeowner expenses	313,928	389,738
Habitat for Humanity Canada tithe	85,000	105,000
Other	25,606	41,225
Contracted services	140,166	91,114
Travel	3,102	3,341
	967,063	1,040,973
Interest on bank overdraft and debt (note 8)		
Interest on debt	691,608	759,829
Interest on bank overdraft	180,824	180,380
	872,432	940,209
Volunteer support		
Salaries and benefits	69,088	94,626
Volunteer meals and other expenses	7,056	17,859
Amortization	-	600
	76,144	113,085
Capacity building		
Facilities	220,030	378,863
Allocations to builds	-	(1,758)
	220,030	377,105
	\$ 2,135,669	\$ 2,471,372

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Schedule 3 - ReStore

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Revenue		
Sales	\$ 5,189,394	\$ 5,641,009
Donations	150,000	227,616
Other income	96,031	20,430
	5,435,425	5,889,055
Expenses		
Salaries and benefits	2,497,511	2,410,659
Facilities	1,384,249	1,379,370
Fees and dues	215,090	231,536
Product costs	135,973	125,981
Travel	81,912	49,611
Other	65,299	79,615
Advertising and promotion	50,878	34,230
Amortization	45,908	46,946
Bank charges	49,767	50,753
	4,526,587	4,408,701
ReStore contribution	\$ 908,838	\$ 1,480,354

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Schedule 4 - General and Administrative Expenses

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Salaries and benefits	\$ 1,990,076	\$ 2,013,620
Advertising and promotion	139,437	102,665
Contracted services	121,552	196,044
Professional fees	90,126	106,549
Amortization	132,727	104,773
Facilities	73,110	89,921
Bank charges	32,936	39,405
Office	72,159	71,404
Habitat for Humanity Canada fees	73,410	51,970
Travel	19,143	19,796
Insurance	57,630	56,692
	\$ 2,802,306	\$ 2,852,839

Total costs of fundraising of \$396,596 (2023 - \$370,584) are included in General and Administrative Expenses. Excluding salaries and benefits of \$247,159 (2023 - \$267,919), a portion of these costs represent in-kind donations. During the year, \$10,000 (2023 - \$nil) was paid as remuneration to a fund-raising business, including any expense or fees paid by the Society on behalf of the fund-raising business.