Financial Statements of

HABITAT FOR HUMANITY GREATER TORONTO AREA

And Independent Auditor's Report thereon

Year ended December 31, 2024

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Members of Habitat for Humanity Greater Toronto Area

Opinion

We have audited the financial statements of Habitat for Humanity Greater Toronto Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of revenue and expenditures 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 Entity 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 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 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 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 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 Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 15, 2025

HABITAT FOR HUMANITY GREATER TORONTO AREA

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	$ 11,449,664	$ 5,000,068
Accounts receivable	755,321	3,885,266
Prepaid expenses and deposits	539,758	497,135
Current portion of mortgages receivable (note 2)	1,537,473	1,440,164
	14,282,216	10,822,633
Mortgages receivable (note 2)	71,364,800	67,366,063
Projects under development (note 3)	28,135,325	29,053,088
Capital assets (note 4)	5,817,746	5,705,221
	$ 119,600,087	$ 112,947,005
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (notes 12)	$ 2,572,861	$ 3,744,057
Current portion of long-term debt (notes 5 and 6)	3,947,805	4,435,566
	6,520,666	8,179,623
Deferred contributions (note 7)	6,998,704	3,154,747
Deferred capital contributions (note 8)	273,401	302,045
HFHC forgivable loan (note 9)	6,537,913	5,800,413
Long-term debt (notes 5 and 6)	18,462,982	18,778,572
Due to City of Toronto affordable housing programs	1,104,211	1,069,435
	39,897,877	37,284,835
Net assets:		
Invested in projects under development (note 10)	67,333,960	68,348,988
Invested in capital assets (note 11)	3,300,579	2,747,753
Unrestricted	9,067,671	4,565,429
	79,702,210	75,662,170
Commitments (note 15)		
	$ 119,600,087	$ 112,947,005

See accompanying notes to financial statements.

On behalf of the Board:

Brooks Barnett Director

Director

HABITAT FOR HUMANITY GREATER TORONTO AREA
Statement of Revenue and Expenditures

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

	2024	2023
Revenue:		
Donations and fundraising, net (note 13)	$ 4,435,553	$ 4,273,039
Donations in kind - materials, fees and services	1,365,681	742,460
Government grants	128,000	15,165
Interest and other	344,300	123,168
ReStore revenue (schedule 1)	8,878,651	9,167,232
	15,152,185	14,321,064
Expenditures (note 14):		
Administrative (schedule 2)	(2,223,009)	(1,914,121)
Fundraising (schedule 3)	(2,460,637)	(1,173,917)
Program (schedule 4)	(5,308,652)	(4,918,909)
ReStore expenditures (schedule 1)	(8,210,332)	(7,687,043)
	(18,202,630)	(15,693,990)
Deficiency of revenue over expenditures before undernoted	(3,050,445)	(1,372,926)
Home sales and related activities (note 10):		
Proceeds from home sales	14,779,391	11,012,437
Development costs of homes sold	(13,350,825)	(11,188,186)
Mortgage discount expense	(1,295,840)	(737,368)
Imputed interest income on mortgages receivable	2,952,559	2,732,916
Mortgage realization and home sale appreciation	107,200	296,689
Donations in kind - land	3,898,000	1,726,000
	7,090,485	3,842,488
Excess of revenue over expenditures	$ 4,040,040	$ 2,469,562

See accompanying notes to financial statements.

HABITAT FOR HUMANITY GREATER TORONTO AREA

Statement of Changes in Net Assets

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

	Invested in projects under development (note 10)	Invested in capital assets (note 11)	Unrestricted	2024 Total	2023 Total
Net assets, beginning of year	$ 68,348,988	$ 2,747,753	$ 4,565,429	$ 75,662,170	$ 73,192,608
Excess of revenue over expenditures	8,454,477	(219,895)	(4,194,542)	4,040,040	2,469,562
Investment in capital assets	–	372,127	(372,127)	–	–
Proceeds from disposal of capital assets	–	(11,062)	11,062	–	–
Repayment of long-term debt	6,879,692	411,656	(7,291,348)	–	–
Deferred contributions	(3,847,503)	–	3,847,503	–	–
Proceeds from long-term debt	(6,487,998)	–	6,487,998	–	–
HFHC forgivable loan	(737,500)	–	737,500	–	–
Proceeds from home sales	(8,472,596)	–	8,472,596	–	–
Additions to projects under development	8,555,487	–	(8,555,487)	–	–
Mortgage receipts	(5,359,087)	–	5,359,087	–	–
Net assets, end of year	$ 67,333,960	$ 3,300,579	$ 9,067,671	$ 79,702,210	$ 75,662,170

See accompanying notes to financial statements.

HABITAT FOR HUMANITY GREATER TORONTO AREA

Statement of Cash Flows

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

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures	$ 4,040,040	$ 2,469,562
Adjustments required to reconcile excess of revenue over expenditures:		
Amortization of capital assets	247,152	248,858
Amortization of deferred capital assets contributions	(28,644)	(11,893)
Amortization of HFHC forgivable loan	(80,000)	(106,667)
Loss on disposal of capital assets	1,387	1,284
Amortization on deferred contributions	(93,546)	(269,002)
Change in non-cash operating working capital:		
Accounts receivable	3,129,945	2,572,850
Prepaid expenses and deposits	(42,623)	(17,445)
Accounts payable and accrued liabilities	(1,136,420)	287,347
Deferred contributions	3,937,503	3,118,713
Change in operating items relating to housing projects:		
Mortgages receivable	(4,096,046)	(2,317,254)
Projects under development	917,763	(7,469,257)
	6,796,511	(1,492,904)
Financing activities:		
Proceeds from long-term debt	6,487,998	2,915,855
Repayment of long-term debt	(7,291,348)	(1,833,628)
HFHC forgivable loan received	817,500	487,080
Repayment of capital lease obligation	–	(66,553)
	14,150	1,502,754
Investing activities:		
Deferred capital contributions received	–	117,976
Proceeds on disposal of capital assets	11,062	5,752
Purchase of capital assets, net of capital lease advances	(372,127)	(232,196)
	(361,065)	(108,468)
Increase (decrease) in cash and cash equivalents	6,449,596	(98,618)
Cash and cash equivalents, beginning of year	5,000,068	5,098,686
Cash and cash equivalents, end of year	$ 11,449,664	$ 5,000,068
Represented by:		
Cash	$ 2,098,808	$ 3,998,597
Cash equivalents	9,350,856	1,001,471
	$ 11,449,664	$ 5,000,068

See accompanying notes to financial statements.

Habitat for Humanity Greater Toronto Area ("Habitat") was created through the amalgamation of three Habitat affiliates and was incorporated without share capital by letters patent, dated April 1, 2014 under the Ontario Corporations Act. Habitat is a registered charitable organization under the Income Tax Act (Canada). New letters patent, dated April 1, 2020 were created after the amalgamation with Habitat for Humanity Durham Inc. in fiscal 2020.

The Mission of Habitat is to mobilize volunteers and communities to help working families build strength, stability and self-reliance through affordable homeownership. In order to support administrative and fundraising efforts, Habitat also operates retail stores ("ReStore"), which sell donated new and used materials.

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The accrual basis of accounting is used for reporting all revenue and expenses.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than one year at the date of acquisition.

(c) Financial instruments:

Habitat's financial instruments comprise of cash and cash equivalents, accounts receivable, mortgages receivable, bank indebtedness, accounts payable, obligations under capital leases and long-term debt.

Financial instruments obtained in arm's length transactions are initially measured at their fair value and financial assets or liabilities obtained in a related party transactions are measured at their exchange amount. Habitat subsequently measures all of its financial instruments at amortized cost less impairment. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.

Transaction costs incurred on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

1. Significant accounting policies (continued):

(d) Projects under development:

Projects under development, which include land, buildings and building materials, both purchased and donated, are recorded at the lower of cost and net realizable value. Net realizable value is defined as the lower of market value less costs of disposition and the amount of non-forgivable mortgages to be assumed by partner families. Any excess of carrying value over net realizable value is expensed in the year in which the impairment is determined.

Habitat has the policy to capitalize loan interest to the cost of various projects.

(e) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is provided over the assets' estimated useful lives as follows:

Asset	Basis	Rate
Building - 155 Bermondsey Road	Straight-line	50 years
Automotive	Declining balance	30%
Machinery and equipment	Declining balance	20%
Computers and software	Declining balance	30%
Furniture and fixtures	Declining balance	20%
Leasehold improvements	Straight line	Over the term of the lease to a maximum of 10 years

(f) Revenue recognition:

Habitat follows the deferral method of accounting. Unrestricted donations are recognized as revenue when received or receivable. Restricted donations and government grants are recognized as revenue in the year in which the related expenditures are incurred. Deferred contributions represent unspent restricted donations. The amount of any pledges are not recognized as revenue until collection is assured.

1. Significant accounting policies (continued):

Deferred capital contributions arise from funds that have been received that are to be used to fund capital asset purchases. Deferred capital contributions are recognized over the estimated useful life of the corresponding capital asset.

The ReStore sell donated new and used materials. Revenue from ReStore is recognized upon purchase of the goods by the customer.

Revenue from home sales is recognized when Habitat has transferred the significant risks and rewards of home ownership to the partner family, in that all significant acts have been completed and Habitat retains no continuing managerial involvement in, or effective control of, the home to a degree usually associated with ownership, and reasonable assurance exists regarding the measurement of consideration. Generally, this occurs upon transfer of property title to the partner family. The proceeds recognized are determined by reference to fair market value of the homes transferred. The proceeds are satisfied by cash received and mortgages issued by Habitat. These mortgages are recorded at amortized cost.

Revenue from contracts related to home sales is recognized on the percentage of completion method as work is performed, and when the customer takes ownership and assumes risk of loss, collection of the related receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable. The percentage of completion is determined by the costs incurred. Costs are the most reasonably determinable measure of performance which relate as directly as possible to the activities critical to completion of the contract. Provision is made for the total anticipated loss when the estimates of total costs on a contract indicate a loss.

Government assistance received during the year is recorded as income in the year the related expenses are incurred.

(g) Net assets:

Net assets invested in projects under development is equal to the carrying value of the mortgages receivable plus the projects under development less long-term liabilities and deferred contributions related thereto.

Net assets invested in capital assets is equal to the carrying value of capital assets less the long-term liabilities and deferred capital contributions related thereto.

Unrestricted net assets represent the residual net assets of Habitat.

1. Significant accounting policies (continued):

(h) Donated goods and services:

Donated goods are recorded when a fair value can be reasonably estimated and they would otherwise be purchased by Habitat. Donated goods that are received by Habitat from the Habitat for Humanity Canada's ("HFHC") gifts in kind program, are recorded at the fair value estimated by HFHC.

Goods donated to the ReStore outlets are not recorded as assets in the financial statements.

A substantial number of volunteers make significant contributions of time to Habitat's programs and supporting services. The value of this contributed time is not reflected in the financial statements.

(i) Allocation of support expenses:

Salaries and benefits expenses are allocated to various activities based on the time and efforts dedicated by staff to support those activities. Facilities expenses are allocated to various activities based on the space usage of each activity (note 14).

(j) 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the year. Actual results could differ from those estimates. Significant estimates may include donated items, the recoverability and useful life of capital assets and projects under development.

1. **Significant accounting policies (continued):**

(k) Mortgages receivable and related items:

(i) Mortgages receivable:

First mortgages bear no interest, are secured by a charge on the specific property and are receivable in monthly payments with a twenty, twenty-five or thirty-five year term. Monthly payments are set annually based on the partner family's income.

Second and third mortgages bear no interest, are secured by a charge on the specific property, and require no monthly payments with terms up to 99 years. Certain second and third mortgages issued by predecessor affiliates include terms for forgiveness. Forgiveness is contingent upon the occurrence of certain future events including the length of occupancy by the homeowner. The forgivable portion of any mortgage is valued at nil as the likelihood of collection is remote considering the forgivable feature. In the year that the forgivable portions are required to be paid, or the right to forgiveness has been forfeited, the previously forgivable portion will be recognized as mortgage realization.

(ii) Imputed interest income:

All mortgages are non-interest bearing, however, imputed interest income on mortgages is calculated and recognized in the statement of revenue and expenditures over the life of the mortgage based on the prevailing interest rate in effect at the time of inception of the mortgage. Amortized cost is the present value of the expected cash flows of the financial instrument over the remaining life of the financial instrument, discounted using the effective (or market) interest rate at the time of inception.

(iii) Mortgage realization and home sale appreciation:

Mortgages that are repaid earlier than scheduled payments will result in the realization in excess of the amortized cost and will be recognized as mortgage realization on the statement of revenue and expenditures. Since 2016, shared equity mortgages have been issued and any discharges that include an increase for shared equity will be recognized as a mortgage realization.

1. Significant accounting policies (continued):

(iv) Mortgage discount recovery and expenses:

As a result of the measurement of mortgages at amortized cost, the statement of revenue and expenditures includes a mortgage discount recovery (expense) to reflect the discount of new mortgages issued during the year as well as discount or recovery from a revaluation of the portfolio at year end based on any change to the terms of the mortgages, including subsequent payments.

Mortgages are measured at amortized cost, as follows:

- effective interest rates of 1.80% to 6.40%;
- monthly payment for the subsequent year; and
- mortgage terms to a maximum of 35 years.

2. Mortgages receivable:

	2024		2023	
	Face value	Amortized cost	Face value	Amortized cost
Non-forgivable:				
First mortgages	$ 57,369,012	$ 38,783,815	$ 60,400,926	$ 40,221,410
Second mortgages	54,583,705	32,645,835	45,157,282	27,178,922
Third mortgages	5,711,969	1,472,623	5,746,369	1,405,895
	117,664,686	72,902,273	111,304,577	68,806,227
Forgivable:				
Second mortgages	6,406,182	–	6,478,473	–
Third mortgages	4,726,531	–	4,790,185	–
	128,797,400	72,902,273	122,573,235	68,806,227
Less current portion	3,102,012	1,537,473	3,064,910	1,440,164
	$ 125,695,388	$ 71,364,800	$ 119,508,325	$ 67,366,063

Significant accounting policies for mortgages receivable, imputed interest income, mortgage realization and mortgage discount recovery and expenses are disclosed in note 1.

3. Projects under development:

	2024	2023
485 - 501 Normandy, Oshawa	$ 10,362,802	$ 9,297,610
25 William Street, Brampton	5,208,773	2,702,252
355 - 363 Coxwell Ave, Toronto	3,548,773	3,158,347
Mayfield West Phase II Stage 1	1,893,717	–
Mayfield West Phase II Stage 2	1,859,394	–
1524 Countryside Dr, Brampton	1,741,048	1,274,506
383 - 425 Old Weston Road, Toronto	1,691,117	10,048,234
253 Markham Road, Toronto	825,732	1,061,496
411 Victoria Park, Toronto	614,967	400,732
Various projects and construction inventory	274,375	202,653
3060 Eglinton Avenue East, Toronto	114,627	111,472
1926 Lakeshore Blvd W, Toronto	–	630,068
200 Baseline, Clarington	–	165,718
	$ 28,135,325	$ 29,053,088

During the year, loan interest of $468,573 (2023 - $245,890) has been capitalized to the cost of various projects.

4. Capital assets:

	2024		2023	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land - 155 Bermondsey Road	$ 1,788,876	$ –	$ 1,788,876	$ –
Building - 155 Bermondsey Road	4,813,245	1,273,745	4,551,299	1,182,719
Automotive	403,281	348,356	490,809	406,044
Machinery and equipment	349,859	242,617	301,811	219,393
Computers and software	409,768	292,868	361,062	252,613
Furniture and fixtures	202,606	95,233	264,877	123,732
Leasehold improvements	260,732	157,802	251,141	120,153
	$ 8,228,367	$ 2,410,621	$ 8,009,875	$ 2,304,654
Net book value		$ 5,817,746		$ 5,705,221

5. Credit facilities:

Habitat has access to letters of credit/letters of guarantee bearing a fee of 1%, to a combined maximum of $2,000,000 (2023 - $1,304,081). The credit facility is secured by a general security agreement over all assets other than real property. As at December 31, 2024, Habitat has letters of credit outstanding under the facility in the amount of $1,640,866 (2023 - $1,304,081).

Habitat has a revolving demand credit facility in the amount of $200,000 (2023 - $200,000). The facility bears interest at the prime rate and is secured by a general security agreement. As at December 31, 2024, nil (2023 - nil) was utilized.

6. Long-term debt:

	2024	2023
Promissory note - bears interest at 1.00%, secured by assignment of mortgages on related property, requires monthly payments of $50,274, maturing on August 2031	$ 6,685,461	$ 7,174,661
355 Coxwell Ave, City of Toronto MMAH Funds - non-interest bearing, secured by land, no payments required, will be discharged upon transfer of property and security to partner family	3,800,000	–
485 - 501 Normandy, Oshawa, HFHC construction loan - non-interest bearing, secured by land, no payments required, will be discharged upon transfer of property and security to partner family	2,687,998	–
155 Bermondsey Road Mortgage - multiple tranches, bearing interest at 3.74% to 3.84%, secured by the property and a general security agreement, requires blended monthly payments of $26,774 based on 20-year amortization, maturing March 2031 to November 2036 (note 11)	2,243,766	2,655,423
Term loan - bears interest at 3.30%, secured by assignment of mortgages receivable on 140 Pinery project, requires blended monthly payments of $11,025, maturing November 2025	1,996,707	2,061,760
Term loan - bears interest at 4.39%, secured by assignment of mortgages receivable from the Mclaughlin project, requires blended monthly payments of $10,947, matures May 2031	1,828,620	1,879,221
Term loan - multiple draw downs, bearing interest at 2.48% to 6.46%, secured by a general security agreement, requires blended monthly payments of $43,538 based on 15-year amortization, matures October 2028 to November 2033	1,647,213	3,389,968
Carried forward	20,889,765	17,161,033

6. Long-term debt (continued):

	2024	2023
Brought forward	20,889,765	17,161,033
Term revolving loan - multiple draw downs, bearing interest at 2.63% to 3.33%, secured by a general security agreement, requires blended monthly payments of $17,021 based on a 15-year amortization, matures August 2028 to August 2038	1,280,986	1,420,157
423 Old Weston, City of Toronto mortgage - non-interest bearing, secured by a second mortgage on the property, no payments required until maturity, interest and principal will be discharged upon transfer of property and security to partner family	240,036	1,600,240
Construction demand loan - bears interest at the prime lending rate+ 1.5%, secured by a $4,700,000 collateral mortgage on 51 Ed Clark Gardens, Toronto, due on November 2024	–	3,032,708
	22,410,787	23,214,138
Less current portion	3,947,805	4,435,566
	$ 18,462,982	$ 18,778,572

Total interest for the year was $903,772 (2023 - $680,198). Of that amount, $468,573 (2023 - $245,890) was capitalized to projects (note 3), $100,928 (2023 - $104,912) is included with facilities expense and $334,271 (2023 - $329,396) was included as interest expenditures (schedule 4).

6. Long-term debt (continued):

Regular principal payments required over the next five years and thereafter are as follows:

2025	$ 3,947,805
2026	1,293,965
2027	1,324,142
2028	1,326,837
2029	1,147,482
Thereafter	13,370,556
	$ 22,410,787

As at December 31, 2024, Habitat is in compliance with financial covenants related to long-term debt.

7. Deferred contributions:

	2024	2023
Deferred ReStore revenue	$ –	$ 3,547
Deferred contributions designated for projects	6,998,704	3,151,200
	$ 6,998,704	$ 3,154,747

	2024	2023
Balance, beginning of year	$ 3,154,747	$ 305,036
Contributions received	3,937,503	3,118,713
Amortization	(93,546)	(269,002)
Balance, end of year	$ 6,998,704	$ 3,154,747

8. Deferred capital contributions:

	2024	2023
Balance, beginning of year	$ 302,045	$ 195,962
Contributions received	–	117,976
Amortization	(28,644)	(11,893)
Balance, end of year	$ 273,401	$ 302,045

9. HFHC forgivable loan:

	2024	2023
Balance, beginning of year	$ 5,800,413	$ 5,420,000
Received during the year	817,500	487,080
Recognized in revenue	(80,000)	(106,667)
Balance, end of year	$ 6,537,913	$ 5,800,413

In 2024, Habitat received $817,500 (2023 - $487,080) of forgivable loans from HFHC, which will be forgiven over a period of 20 years.

10. Invested in projects under development:

Funds invested in projects under development consists of the following:

	2024	2023
Projects under development (note 3)	$ 28,135,325	$ 29,053,088
Mortgages receivable (note 2)	72,902,273	68,806,227
Less:		
Deferred contributions - designated for projects	(6,998,704)	(3,151,200)
HFHC forgivable loan	(6,537,913)	(5,800,413)
Long-term debt pertaining to capital assets (note 11)	(20,167,021)	(20,558,714)
	$ 67,333,960	$ 68,348,988

Capital assets that have long-term debt associated with them include 155 Bermondsey Road mortgage. Amounts invested in capital assets have been reduced for this mortgage in note 11.

10. Invested in projects under development (continued):

Excess of revenue over expenditures for amounts invested in projects under development:

	2024
Donations in kind - materials, fees and services	$ 1,365,681
Proceeds from home sales	14,779,391
Development costs of homes sold	(13,167,390)
Write-offs	(185,124)
Mortgage discount expense	(1,295,840)
Imputed interest income on mortgages receivable	2,952,559
Mortgage realization and home sale appreciation	107,200
Donations in kind - land	3,898,000
	$ 8,454,477

Development costs of homes sold per the statement of revenue and expenditures includes warranty provisions for homes sold in 2024 in the amount of $183,435 (2023 - ($94,744)). These costs are excluded from amount invested in projects under development as per above.

Write-offs in the amount of $185,124 (2023 - nil) relate to projects that are not moving forward to full development stage. Write-offs are included in program expenditures on the statement of revenue and expenditures (Schedule 4).

11. Invested in capital assets:

Invested in capital assets consists of the following:

	2024	2023
Capital assets (note 4)	$ 5,817,746	$ 5,705,221
Less:		
Deferred capital contributions (note 8)	(273,401)	(302,045)
Long-term debt for capital assets (notes 6 and 10)	(2,243,766)	(2,655,423)
	$ 3,300,579	$ 2,747,753

11. Invested in capital assets (continued):

Excess of revenue over expenditures for amounts invested in capital assets:

	2024
Amortization	$ (247,152)
Loss of disposal of capital assets	(1,387)
Amortization of deferred contributions	28,644
	$ (219,895)

12. Habitat for Humanity Canada:

Habitat is an affiliate of HFHC. There is an agreement between HFHC and all Canadian affiliates whereby HFHC provides administrative and marketing support, training opportunities and gifts in kind coordination. Pursuant to the by-laws of HFHC which were updated effective March 10, 2015, Habitat pays an affiliation fee consisting of $50,000 per annum, 20% on all nationally procured gifts in kind used for homebuilding, 15% on nationally procured gifts in kind sold through the ReStore, 20% on nationally raised donations, and quarterly, a range of 2.5% to 4% of gross ReStore sales. Amounts due to HFHC under these various agreements but not yet paid, amounted to $113,576 (2023 - $122,677) and is included in accounts payable and accrued liabilities.

Affiliation fees in the amount of $673,789 (2023 - $774,025) were recorded in the current year (note 14).

13. Donations and fundraising, net:

	2024	2023
Donations and fundraising on a cash basis	$ 6,965,120	$ 7,429,252
Deferred contribution and deferred capital contributions	(2,529,567)	(3,156,213)
Donations and fundraising revenue recognized	$ 4,435,553	$ 4,273,039

14. Allocation of support expenses:

Salaries, benefits, facility expenses and affiliation fees were allocated to various activities in schedules 2, 3 and 4 as follows:

	Salaries and benefits	Facility	Affiliation fees	2024	2023
Administrative	$ 1,374,256	$ 90,236	$ 126,558	$ 1,591,050	$ 1,579,164
Fundraising	1,069,309	–	–	1,069,309	1,006,381
Program	3,331,410	111,742	547,231	3,990,383	3,590,744
	$ 5,774,975	$ 201,978	$ 673,789	$ 6,650,742	$ 6,176,289

Facility expense includes rent, loan interest, realty taxes, utilities, insurance, amortization, maintenance and communication costs relating to Habitat's building located at 155 Bermondsey Road in Toronto. Affiliation fees paid to HFHC relate to the agreement described in note 12.

15. Commitments:

Minimum annual payments due under lease agreements for the ReStore, office locations, and operating leases for vehicles for the next five years are as follows:

2025	$ 2,050,151
2026	931,980
2027	569,273
2028	394,394
2029	7,395
	$ 3,953,193

16. Financial instrument risks:

(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 and obligation. Habitat is exposed to credit risk arising from its accounts receivable. Habitat is also exposed to credit risk arising in the event of non-payment of mortgages receivable by the partner families. Management believes that the credit risk from non-collection of mortgages is minimal as the carrying value of the mortgages is substantially less than the value of the underlying homes. This risk has not changed from the prior year.

(b) 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. Habitat is exposed to interest rate risk on its fixed and variable interest rate financial instruments. The variable rate construction credit facilities expose Habitat to a cash flow risk, while the fixed rate long-term debt subjects Habitat to a fair value risk. This risk has not changed from the prior year.

(c) Liquidity risk:

Liquidity risk is the risk that the Habitat will encounter difficulty in meeting obligations associated with financial liabilities. Habitat is exposed to this risk mainly in respect of its long-term debt, forgivable loan and accounts payable. Habitat expects to meet these obligations as they come due by generating sufficient cash flow from operations. There has been no change in the risk assessment from the prior year.

HABITAT FOR HUMANITY GREATER TORONTO AREA

Schedule 1 - ReStore

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

	2024	2023
Revenue:		
ReStore	$ 8,807,066	$ 8,926,970
Recognition of deferred donation	15,703	232,068
Other	55,882	8,194
	8,878,651	9,167,232
ReStore expenditures:		
Salaries and benefits	4,283,477	3,940,484
Rent and utilities	2,881,529	2,677,288
Truck and salvage	295,247	161,084
Office/store	231,168	187,069
Amortization	118,727	122,048
Credit card commission	112,652	114,290
Advertising	86,517	72,473
Cleaning and disposal	83,512	95,236
Other	79,350	168,594
Computer	21,982	94,508
Insurance	7,182	40,229
Loss on disposal of capital assets	6,482	1,284
Training, health and safety	2,507	12,456
	8,210,332	7,687,043
Excess of revenue over expenditures for ReStore	$ 668,319	$ 1,480,189

HABITAT FOR HUMANITY GREATER TORONTO AREA

Schedule 2 - Administrative Expenditures

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

	2024	2023
Salaries and benefits (note 14)	$ 1,374,256	$ 1,344,276
Office and general	347,994	138,916
Professional fees	156,228	101,194
Affiliation fees (note 12)	126,558	145,711
Facility (note 14)	90,236	89,177
Computer service	78,486	49,259
Amortization	29,972	27,308
Insurance	19,279	18,280
	$ 2,223,009	$ 1,914,121

Schedule 3 - Fundraising Expenditures

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

	2024	2023
Donor cultivation and recognition	$ 1,248,570	$ 38,645
Salaries and benefits (note 14)	1,069,309	1,006,381
Communications	52,136	40,198
Office and general	48,028	38,579
Computer service	36,878	38,888
Professional fees	5,717	11,226
	$ 2,460,638	$ 1,173,917

Schedule 4 - Program Expenditures

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

	2024	2023
Salaries and benefits (note 14)	$ 3,331,410	$ 2,843,725
Affiliation fees (note 12)	547,231	628,314
Interest	334,271	329,396
Office and general	218,772	248,045
Professional fees	190,916	223,677
Warranty and project investigation	188,371	233,440
Computer service	181,571	90,242
Facility (note 14)	111,742	118,705
Amortization	98,454	100,714
Communications	88,406	85,016
Insurance	17,508	17,635
	$ 5,308,652	$ 4,918,909