

HABITAT FOR HUMANITY ONTARIO GATEWAY NORTH

Financial Statements

Year Ended December 31, 2023

HABITAT FOR HUMANITY ONTARIO GATEWAY NORTH

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Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Habitat for Humanity Ontario Gateway North

Qualified Opinion

We have audited the financial statements of Habitat for Humanity Ontario Gateway North (the organization), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and 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 cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 year ended December 31, 2023, current assets and net assets as at December 31, 2023. 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 of 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 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 audit 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 ASNPO, 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.

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.

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Independent Auditor's Report to the Members of Habitat for Humanity Ontario Gateway North *(continued)*

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.

Huntsville, Ontario

Pahapill and Associates Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

HABITAT FOR HUMANITY ONTARIO GATEWAY NORTH

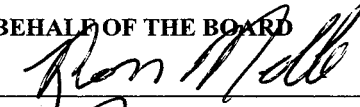
Statement of Financial Position


December 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 969,445	\$ 1,398,573
Cash - restricted	311,653	192,950
Accounts receivable, no allowance	20,421	17,036
Harmonized sales tax recoverable	80,356	53,912
Current portion of mortgages receivable (Note 5)	138,138	165,414
Prepaid expenses	152,114	93,998
Completed homes (Note 3)	1,341,215	-
Homes under construction (Note 4)	515,286	1,149,555
	3,528,628	3,071,438
MORTGAGES RECEIVABLE (Note 5)	2,086,244	2,362,086
CAPITAL ASSETS (Note 6)	1,910,366	1,111,901
LAND HELD FOR DEVELOPMENT (Note 4)	316,214	321,828
	\$ 7,841,452	\$ 6,867,253
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 211,558	\$ 177,393
Government remittances payable	3,918	3,584
Deferred revenues (Note 8)	1,022,320	580,914
	1,237,796	761,891
DEFERRED CONTRIBUTIONS (Note 10)	1,141,898	923,175
LOAN PAYABLE (Note 9)	-	60,000
	2,379,694	1,745,066
NET ASSETS		
Net assets invested in capital assets, properties and mortgages	5,165,565	4,187,607
Net assets	296,193	934,580
	5,461,758	5,122,187
	\$ 7,841,452	\$ 6,867,253

COMMITMENTS (Note 11)

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

The accompanying notes are an integral part of these financial statements

HABITAT FOR HUMANITY ONTARIO GATEWAY NORTH

Statement of Operations and Changes in Net Assets

Year Ended December 31, 2023

	2023	2022
REVENUES		
ReStore revenues (<i>Schedule 1</i>)	\$ 3,632,778	\$ 3,410,969
Less - ReStore expenses (<i>Schedule 1</i>)	<u>(2,916,050)</u>	<u>(2,989,856)</u>
	716,728	421,113
Donations, grants and fundraising	497,485	440,255
Other income	177,562	77,372
House sales and construction income	-	245,000
Generation Homes Rent	44,133	13,168
Present value adjustments on first mortgages (<i>Note 5</i>)		
Current year projects	(162,347)	-
Prior years' projects (deemed interest income)	<u>189,650</u>	<u>(13,032)</u>
	1,463,211	1,183,876
BUILDING COSTS	<u>-</u>	<u>187,565</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE ADMINISTRATIVE EXPENSES	<u>1,463,211</u>	<u>996,311</u>
ADMINISTRATIVE EXPENSES		
Amortization of capital assets	68,248	26,460
Board governance	20,934	17,181
Fees and memberships	9,176	6,558
Fundraising expenses	21,548	5,596
Occupancy costs	96,172	15,602
Operational expenses	195,822	89,600
Program expenses	50,418	35,373
Salaries, benefits and consulting	<u>661,322</u>	<u>500,522</u>
	1,123,640	696,892
EXCESS OF REVENUES OVER ADMINISTRATIVE EXPENSES FROM OPERATIONS	339,571	299,419
OTHER INCOME		
Loss on disposal of land, capital assets and mortgage buyouts	<u>-</u>	<u>(3,586)</u>
NET EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	339,571	295,833
NET ASSETS - BEGINNING OF YEAR	<u>5,122,187</u>	<u>4,826,354</u>
NET ASSETS - END OF YEAR	<u>\$ 5,461,758</u>	<u>\$ 5,122,187</u>
Represented by		
Net assets invested in capital assets, properties and mortgages	\$ 5,165,565	\$ 4,187,607
Unrestricted net assets	<u>296,193</u>	<u>934,580</u>
	<u>\$ 5,461,758</u>	<u>\$ 5,122,187</u>

The accompanying notes are an integral part of these financial statements

HABITAT FOR HUMANITY ONTARIO GATEWAY NORTH

Statement of Cash Flows Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess of revenues over administrative expenses	\$ 339,571	\$ 295,833
Items not affecting cash:		
Amortization of capital assets	106,929	58,850
Present value adjustment on first mortgages	(27,303)	13,032
Loss on disposal of land, capital assets and mortgage buyouts	-	3,586
	419,197	371,301
Increase in mortgages receivable	(119,266)	-
Repayments on mortgages receivable	449,687	493,624
	749,618	864,925
Changes in non-cash working capital:		
HST and other accounts receivables	(29,829)	(4,931)
Prepaid expenses	(58,116)	(577)
Completed homes	(743,492)	174,748
Homes under construction	(482,907)	(931,716)
Accounts payable and accrued liabilities	34,166	(252,860)
Government remittances payable	334	447
Deferred revenues	441,406	219,380
	(838,438)	(795,509)
Cash flow from (used by) operating activities	(88,820)	69,416
INVESTING ACTIVITIES		
Decrease (increase) in land held for development	5,613	(869)
Purchase of capital assets	(385,941)	(45,723)
Cash flow used by investing activities	(380,328)	(46,592)
FINANCING ACTIVITIES		
Canada Emergency Business Account (CEBA) loan repayment	(60,000)	-
Forgivable loans received	278,965	121,265
Current portion of forgivable loan	(60,242)	(20,316)
Cash flow from financing activities	158,723	100,949
INCREASE (DECREASE) IN CASH FLOW	(310,425)	123,773
Cash - beginning of year	1,591,523	1,467,750
CASH - END OF YEAR	\$ 1,281,098	\$ 1,591,523
CASH CONSISTS OF:		
Cash	\$ 969,445	\$ 1,398,573
Cash - restricted	311,653	192,950
	\$ 1,281,098	\$ 1,591,523

The accompanying notes are an integral part of these financial statements

HABITAT FOR HUMANITY ONTARIO GATEWAY NORTH

Notes to Financial Statements

Year Ended December 31, 2023

1. PURPOSE OF THE ORGANIZATION

Habitat for Humanity Ontario Gateway North (the "organization") is a not-for-profit organization that was formed to assist in providing affordable housing in the Ontario Gateway North region. The organization is a registered charity and is exempt from the payment of income taxes under the Income Tax Act.

The organization is an affiliate of Habitat for Humanity Canada (HFHC). There is a covenant agreement between HFHC and all Canadian affiliates setting out the general operating principles for every autonomous affiliate. Currently, HFHC provides affiliates across the country with administrative and marketing support, training opportunities and gift-in-kind coordination.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO). The accrual basis of accounting is followed. The accrual basis of accounting recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent.

Measurement uncertainty

The preparation of financial statements in conformity 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 amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

The significant estimates within these financial statements include the determination of the discount rate used to present value the mortgages receivable and the estimated lives of the capital assets and the amortization rates used to amortize such assets.

Properties under development

Land held for development, completed homes and homes under construction, including property taxes and interest, are capitalized on a project-by-project basis until the project is complete and the house is sold. Land held for development, completed homes and homes under construction are recorded at the lower of cost and net realizable value. Net realizable value is defined as the estimated proceeds to be received from partner families upon the future sale of the property at its then fair market value.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Buildings	5%	diminishing balance method
Computer equipment	20%	diminishing balance method
Furniture and equipment	20%	diminishing balance method
Transportation equipment	30%	diminishing balance method

Leasehold improvements are recorded at cost and amortized on a straight line basis over the term of the premises lease.

Capital grants

Grants received for the purchase of capital assets are deferred and amortized in the statement of operations on the same basis as the related assets.

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HABITAT FOR HUMANITY ONTARIO GATEWAY NORTH

Notes to Financial Statements

Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Contributions received for specific building projects are deferred and recognized as revenue upon completion of the project. Operating grants received are deferred and recognized as revenue as the related expenses are incurred. Unrestricted contributions are recognized as revenue in the year received.

House sales are recognized as revenue on the date that title to the home is transferred to the partner family.

Sale of products at the ReStore are on a non-credit basis only. Revenues are recognized at the time payment is received.

Interest income is recognized as revenue when earned.

Contributed materials

Donations in kind received by the organization for the purpose of constructing homes are recognized in the financial statements when a fair value can be reasonably estimated and when the materials are used in the normal course of the organization's operations and would otherwise have been purchased.

Donations in kind of goods received by the organization for sale in the ReStores are not recognized in the financial statements.

Contributed services

A number of volunteers contribute a significant amount of time each year to the organization. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The organization subsequently measures its financial assets and financial instruments at amortized cost. Financial instruments measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write down or subsequent recovery is recognized in net revenue (expense).

Financial assets measured at fair value include mortgages receivable.

Financial assets measured at amortized cost include cash and HST and other accounts receivable.

Financial liabilities measured at amortized cost include bank indebtedness, accounts payable and accrued liabilities, government remittances payable and loans payable.

3. COMPLETED HOMES

Completed homes represents the cost of building homes that have been fully constructed and are being occupied by the partner families at year-end. Under the current ownership model, the partner families live in their homes for a one year trial basis. At the end of the one year trial the homes are sold to the partner families subject to certain conditions being met.

HABITAT FOR HUMANITY ONTARIO GATEWAY NORTH

Notes to Financial Statements

Year Ended December 31, 2023

4. HOMES UNDER CONSTRUCTION

	2023	2022
<u>LAND HELD FOR DEVELOPMENT</u>		
Birchwood Drive, Midland	\$ -	\$ 1,837
Elm Street, Bala	-	32,777
Muskoka Beach Road, Gravenhurst	104,767	104,767
Muskoka Road, Bracebridge	182,447	182,447
South Street, Magnetawan	29,000	-
	\$ 316,214	\$ 321,828
<u>HOMES UNDER CONSTRUCTION</u>		
Birchwood Drive, Midland	\$ -	\$ 588,990
Elm Street, Bala	-	519,453
Muskoka Beach Road, Gravenhurst	32,304	24,933
Muskoka Road, Bracebridge	19,683	16,179
South Street, Magnetawan	463,299	-
	\$ 515,286	\$ 1,149,555

5. MORTGAGES RECEIVABLE

	2023	2022
First mortgages receivable at face values	\$ 3,901,253	\$ 4,231,674
Less present value adjustments on first mortgages	(1,676,871)	(1,704,174)
	2,224,382	2,527,500
Less current portion	(138,138)	(165,414)
	\$ 2,086,244	\$ 2,362,086

First mortgages receivable are payable over periods of up to 35 years. The first mortgages are interest free. Monthly repayments are reviewed annually and adjusted accordingly based on a means test. The first mortgages receivable have been discounted for accounting presentation purposes at December 31, 2023 at 7.04% per annum (2022 - 6.49%) which is based on the estimated interest rate in effect at year end on similar term, arms-length mortgages.

	2023	2022
Second mortgages receivable at face values	\$ 197,994	\$ 226,647
Less present value adjustments on second mortgages	(197,994)	(226,647)
Present value of second mortgages receivable	\$ -	\$ -

The second mortgages are also interest-free and the principal amounts are forgivable at various dates in the future provided certain conditions are met.

HABITAT FOR HUMANITY ONTARIO GATEWAY NORTH

Notes to Financial Statements

Year Ended December 31, 2023

6. CAPITAL ASSETS

	2023		2022	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Buildings	\$ 1,779,948	\$ 87,893	\$ 906,958	\$ 22,674
Computer equipment	22,919	19,449	22,919	18,582
Furniture and equipment	24,270	19,508	24,270	18,318
Land	91,743	-	91,743	-
Leasehold improvements	279,427	178,647	259,525	143,147
Store equipment	13,700	9,816	13,700	8,844
Transportation equipment	19,814	6,142	7,312	2,961
	<u>\$ 2,231,821</u>	<u>\$ 321,455</u>	<u>\$ 1,326,427</u>	<u>\$ 214,526</u>
Net book value	<u>\$ 1,910,366</u>		<u>\$ 1,111,901</u>	

7. BANK INDEBTEDNESS

The organization has a \$440,000 line of credit of which \$NIL was used as at December 31, 2023 (2022 - \$NIL). The credit line is secured by a general security agreement constituting a first ranking security interest in all personal property of the organization. The line of credit bears interest at the Royal Bank's prime rate plus 0.75%.

8. DEFERRED REVENUES

Deferred contributions include contributions received for specific building projects, deferred grants and other deferred income.

	2023	2022
Balance, beginning of year	\$ 580,914	\$ 361,534
Contributions received during the year	784,489	329,950
Contributions taken into income during the year	(343,083)	(110,570)
Balance, end of year	<u>\$ 1,022,320</u>	<u>\$ 580,914</u>
Restricted contributions	\$ 945,878	\$ 503,747
Deferred grants	43,000	62,711
Deferred rental income	33,442	14,456
	<u>\$ 1,022,320</u>	<u>\$ 580,914</u>

9. LOAN PAYABLE

The Canada Emergency Business Account loan was an interest-free Government loan with no principal repayments required until January 18, 2024. \$20,000 of the loan was forgivable provided that the remaining \$40,000 was repaid in full no later than January 18, 2024. If any part of the loan was not repaid by January 18, 2024 the remaining balance would be converted into a 3-year term loan, paid monthly and bearing interest at 5% per annum. During the year the loan was repaid and the forgivable portion of \$20,000 was included in other income.

HABITAT FOR HUMANITY ONTARIO GATEWAY NORTH

Notes to Financial Statements

Year Ended December 31, 2023

10. DEFERRED CONTRIBUTIONS

	<u>2023</u>	<u>2022</u>
Deferred contribution relating to CMHC forgivable loan	\$ 400,548	\$ 376,191
Deferred contribution relating to Municipal forgivable loans	666,425	482,535
CMHC forgivable loan for COVID-19 relief	74,925	64,449
	<u>\$ 1,141,898</u>	<u>\$ 923,175</u>

Deferred Contribution Related to CMHC Forgivable Loan

The deferred contributions are related to the unamortized portion of forgivable loans granted by Canada Mortgage and Housing Corporation (CMHC) in October 2019 for the construction of a house in Pointe an Baril, Ontario, in 2021 for the construction of houses in Midland, Ontario and Huntsville, Ontario and in 2023 for the construction of a house in Magnetawan, Ontario.

Under the Agreement with CMHC forgiveness of both the accrued interest over the 20 year term of the loan and the full principal will be permitted, provided that the conditions of the Agreements have been satisfied. As at December 31, 2023 management believes that the requirements of the Agreement have been fulfilled. The loan principal amounts of \$82,500, \$101,500, \$210,991 and \$50,000 will be amortized into revenue over 20 years upon the completion and sale of the homes.

Deferred Contributions Related to Municipal Forgivable Loans

This deferred contribution is related to the unamortized portion of forgivable loans granted by the District Municipality of Muskoka (The District) in the total amount of \$458,500, of which \$458,500 had been received as of December 31, 2023 for the construction of 4 affordable rental units in Huntsville, Ontario.

A further forgivable loan was granted by The District in the total amount of \$243,000, of which \$243,000 had been received as of December 31, 2023 for the construction of 2 affordable rental units in Bala, Ontario.

Under the Agreements with The District the accrued interest shall be forgiven annually and the principal shall be forgiven at the end of the 20 year term provided that the conditions of the Agreements have been satisfied. As at December 31, 2023 management believes that the requirements of the Agreements are being fulfilled. The loan principal will be amortized into revenue over 20 years upon the completion and occupation of the rental units.

11. COMMITMENTS

The organization has leased its Bracebridge, Ontario Head Office for a term of ten years ending May 31, 2028. The minimum lease payments are \$34,375 per annum for the first five years and \$35,750 per annum for the last five years. The lease also requires the payment of additional rent, currently in the amount of \$606 per month. Effective May 1, 2021 the organization has subleased the Head Office property to an unrelated party for the balance of the lease term.

The organization has leased its Bracebridge, Ontario ReStore location for a term of ten years ending July 31, 2028. The minimum lease payments are \$112,932 per annum for the first five years and \$125,480 per annum for the last five years. The lease also requires the payment of additional rent, currently in the amount of \$5,961 per month.

The organization has leased its Huntsville, Ontario ReStore location for a term of three years ending December 31, 2025. The minimum lease payments are \$132,000 per annum and includes additional monthly rent.

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HABITAT FOR HUMANITY ONTARIO GATEWAY NORTH

Notes to Financial Statements

Year Ended December 31, 2023

11. COMMITMENTS *(continued)*

The organization has leased its Orillia, Ontario ReStore location for a term of ten years ending June 30, 2026. The minimum lease payments are \$62,100 per annum. The lease also requires the payment of additional rent, currently in the amount of \$2,709 per month.

The organization has leased its Sudbury, Ontario ReStore location on a month-by-month basis up to a maximum period of two years, commencing July 1, 2023. The minimum lease payments are \$10,800 per month.

The organization has leased its Midland, Ontario ReStore location for a term of six years ending October 31, 2028. The minimum lease payments are \$99,000 per annum for the first two years, \$105,000 for the next two years, \$108,000 for the next year, and \$110,000 per annum for the balance of the term. The lease also requires the payment of additional rent, currently in the amount of \$1,875 per month.

HST is payable on all of the above amounts. The additional rent amounts on each lease are subject to annual adjustment.

The organization has leased two vehicles for terms ending January 2025 and August 2026. The minimum annual payments until expiry of the leases are \$8,556 and \$13,512.

The minimum annual lease payments for the next five years and thereafter until expiry of the leases are approximately as follows:

2024	\$	389,000
2025		361,000
2026		217,000
2027		178,000
2028		72,000
		<hr/>
	\$	<u>1,217,000</u>

12. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2023.

Credit risk

Credit risk arises from the potential that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk arising from its cash and mortgages receivable. The organization reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. The organization reduces its credit risk on mortgages receivable by regularly meeting with the mortgagors and adjusting the mortgage payments based on the mortgagors incomes and ability to pay. There has been no change in the risk from the prior year.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date or will be forced to sell financial assets at amounts less than they are worth or may be unable to settle or recover a financial asset. The organization is exposed to this risk arising from its accounts payable, government remittances payable and CEBA loan payable. There has been no change in the risk from the prior year.

Cash flow risk

(continues)

HABITAT FOR HUMANITY ONTARIO GATEWAY NORTH

Notes to Financial Statements

Year Ended December 31, 2023

12. FINANCIAL INSTRUMENTS *(continued)*

The organization receives a substantial portion of its cash flow from various donors and fundraisers and can be subject to significant fluctuations in cash flow. The organization manages these cash flow fluctuations by maintaining adequate cash reserves and by following approved budgets. There has been no change in the risk from the prior year.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

HABITAT FOR HUMANITY ONTARIO GATEWAY NORTH

ReStore Operations

(Schedule 1)

Year Ended December 31, 2023

	2023	2022
REVENUE		
Sales	\$ 3,533,711	\$ 3,296,514
Wage subsidies	23,095	45,306
Insurance proceeds and other revenues	75,972	69,149
	<u>3,632,778</u>	<u>3,410,969</u>
EXPENSES		
Amortization of capital assets	38,681	32,389
Fees and memberships	207,982	165,241
Occupancy costs	839,629	933,652
Operating costs	312,178	298,610
Wages, benefits and consulting	1,517,580	1,559,964
	<u>2,916,050</u>	<u>2,989,856</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 716,728</u>	<u>\$ 421,113</u>