

**HABITAT FOR HUMANITY ONTARIO GATEWAY NORTH**

**Financial Statements**

**Year Ended December 31, 2025**

**HABITAT FOR HUMANITY ONTARIO GATEWAY NORTH**

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**Year Ended December 31, 2025**

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## INDEPENDENT AUDITOR'S REPORT

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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 statements of financial position as at December 31, 2025 and 2024, and the statements of operations and changes in net assets and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (the "financial statements").

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, 2025 and 2024, and the results of its operations and cash flows for the years 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 years ended December 31, 2025 and 2024, current assets and net assets as at December 31, 2025 and 2024. Our audit opinion on the financial statements for the year ended December 31, 2024 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.

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*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Pahapill and Associates*

Huntsville, Ontario  
May 23, 2026

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, 2025

	2025	2024
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 293,347	\$ 774,570
Cash - restricted	1,072,081	191,494
Accounts receivable, no allowance	32,828	23,718
Harmonized sales tax recoverable	123,760	-
Current portion of mortgages receivable (Note 5)	456,745	432,171
Prepaid expenses	97,705	135,700
Completed homes (Note 3)	391,148	927,559
Homes under construction (Note 4)	1,230,656	88,864
	3,698,270	2,574,076
MORTGAGES RECEIVABLE (Note 5)	2,685,520	2,562,179
CAPITAL ASSETS (Note 6)	1,982,917	1,991,554
LAND HELD FOR DEVELOPMENT (Note 4)	442,081	431,081
	\$ 8,808,788	\$ 7,558,890
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Bank indebtedness (Note 7)	\$ -	\$ 105,000
Accounts payable and accrued liabilities	190,148	154,456
Harmonized sales tax payable	-	31,157
Government remittances payable	-	3,804
Deferred revenues (Note 8)	1,065,713	913,023
	1,255,861	1,207,440
LOAN PAYABLE (Note 9)	550,000	-
DEFERRED CONTRIBUTIONS (Note 10)	1,829,213	1,165,805
	3,635,074	2,373,245
<b>NET ASSETS</b>		
Net assets invested in capital assets, properties and mortgages	5,359,854	5,267,603
Net debt	(186,140)	(81,958)
	5,173,714	5,185,645
	\$ 8,808,788	\$ 7,558,890

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, 2025**

	2025	2024
<b>REVENUES</b>		
ReStore revenues ( <i>Schedule 1</i> )	\$ 4,051,003	\$ 3,480,308
Less - ReStore expenses ( <i>Schedule 1</i> )	<u>(3,697,023)</u>	<u>(3,178,994)</u>
	353,980	301,314
Donations, grants and fundraising	718,822	361,936
Other income	268,603	169,065
House sales and construction income	937,965	1,367,080
Generation Homes Rent	45,673	46,765
Present value adjustments on first mortgages		
Current year projects	(527,675)	(946,796)
Prior years' projects (deemed interest income)	<u>188,806</u>	<u>596,490</u>
	1,986,174	1,895,854
<b>BUILDING COSTS</b>	<u>957,859</u>	<u>1,001,426</u>
<b>EXCESS OF REVENUE OVER EXPENSES BEFORE ADMINISTRATIVE EXPENSES</b>	<u>1,028,315</u>	<u>894,428</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Amortization of capital assets	86,473	86,002
Board governance	22,036	20,409
Fees and memberships	9,280	8,664
Fundraising expenses	56,952	24,802
Occupancy costs	21,000	21,914
Operational expenses	80,467	193,132
Program expenses	63,317	49,497
Salaries, benefits and consulting	<u>700,721</u>	<u>762,991</u>
	1,040,246	1,167,411
<b>DEFICIENCY OF REVENUES OVER ADMINISTRATIVE EXPENSES FROM OPERATIONS</b>	(11,931)	(272,983)
<b>OTHER INCOME</b>		
Loss on disposal of land, capital assets and mortgage buyouts	<u>-</u>	<u>(3,130)</u>
<b>NET DEFICIENCY OF REVENUES OVER ADMINISTRATIVE EXPENSES</b>	(11,931)	(276,113)
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>5,185,645</u>	<u>5,461,758</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 5,173,714</u>	<u>\$ 5,185,645</u>
<b>Represented by</b>		
Net assets invested in capital assets, properties and mortgages	\$ 5,359,854	\$ 5,267,603
Unrestricted net assets (debt)	<u>(186,140)</u>	<u>(81,958)</u>
	<u>\$ 5,173,714</u>	<u>\$ 5,185,645</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, 2025**

	2025	2024
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over administrative expenses	\$ (11,931)	\$ (276,113)
Items not affecting cash:		
Amortization of capital assets	158,969	147,086
Present value adjustment on first mortgages	338,869	350,306
Loss on disposal of land, capital assets and mortgage buyouts	-	3,130
	<u>485,907</u>	<u>224,409</u>
Increase in mortgages receivable	(963,257)	(1,479,573)
Repayment on mortgages receivable	476,474	359,299
	<u>(876)</u>	<u>(895,865)</u>
Changes in non-cash working capital:		
HST and other accounts receivables	(164,026)	108,216
Prepaid expenses	37,995	16,414
Completed homes	536,411	413,656
Homes under construction	(1,141,791)	311,555
Accounts payable and accrued liabilities	35,691	(57,102)
Government remittances payable	(3,804)	(114)
Deferred revenues	152,690	(109,297)
	<u>(546,834)</u>	<u>683,328</u>
Cash flow used by operating activities	<u>(547,710)</u>	<u>(212,537)</u>
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in land held for development	(11,000)	-
Purchase of capital assets	(150,333)	(231,404)
Cash flow used by investing activities	<u>(161,333)</u>	<u>(231,404)</u>
<b>FINANCING ACTIVITIES</b>		
Bank indebtedness	(105,000)	105,000
Canadian National Christian Foundation Loan	550,000	-
Forgivable loans received	729,000	87,000
Current portion of forgivable loan	(65,593)	(63,093)
Cash flow from financing activities	<u>1,108,407</u>	<u>128,907</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>399,364</b>	<b>(315,034)</b>
Cash - beginning of year	<u>966,064</u>	<u>1,281,098</u>
<b>CASH - END OF YEAR</b>	<b>\$ 1,365,428</b>	<b>\$ 966,064</b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 293,347	\$ 774,570
Cash - restricted	1,072,081	191,494
	<u>\$ 1,365,428</u>	<u>\$ 966,064</u>

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, 2025

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### 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.

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### 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, 2025

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### 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.

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### 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.

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**HABITAT FOR HUMANITY ONTARIO GATEWAY NORTH**

**Notes to Financial Statements**

**Year Ended December 31, 2025**

4. HOMES UNDER CONSTRUCTION

	2025	2024
<u>LAND HELD FOR DEVELOPMENT</u>		
Muskoka Beach Road, Gravenhurst	\$ 104,767	\$ 104,767
Muskoka Road, Bracebridge	182,447	182,447
South Street, Magnetawan	-	29,000
Hillcrest Ave, Parry Sound	114,867	114,867
Melvin Ave, Sudbudy	40,000	-
	<b>\$ 442,081</b>	<b>\$ 431,081</b>
<u>HOMES UNDER CONSTRUCTION</u>		
Muskoka Beach Road, Gravenhurst	\$ 1,187,171	\$ 66,351
Muskoka Road, Bracebridge	24,067	21,510
Hillcrest Ave, Parry Sound	17,079	1,003
Sudbury builds	2,339	-
	<b>\$ 1,230,656</b>	<b>\$ 88,864</b>

5. MORTGAGES RECEIVABLE

	2025	2024
First mortgages receivable at face values	\$ 5,508,311	\$ 5,021,527
Less present value adjustments on first mortgages	(2,366,046)	(2,027,177)
	3,142,265	2,994,350
Less current portion	(456,745)	(432,171)
	<b>\$ 2,685,520</b>	<b>\$ 2,562,179</b>

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, 2025 at 6.09% per annum (2024 - 6.49%) which is based on the estimated interest rate in effect at year end on similar term, arms-length mortgages.

	2025	2024
Second mortgages receivable at face values	\$ 169,557	\$ 183,775
Less present value adjustments on second mortgages	(169,557)	(183,775)
Present value of second mortgages receivable	<b>\$ -</b>	<b>\$ -</b>

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, 2025**

6. CAPITAL ASSETS

	2025		2024	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Buildings	\$ 1,779,948	\$ 249,673	\$ 1,779,948	\$ 170,857
Computer equipment	22,919	22,919	22,919	20,143
Furniture and equipment	24,270	21,222	24,270	20,461
Land	91,743	-	91,743	-
Leasehold improvements	626,932	304,211	500,505	234,586
Store equipment	13,700	11,214	13,700	11,208
Transportation equipment	49,872	17,228	25,967	10,243
	<b>\$ 2,609,384</b>	<b>\$ 626,467</b>	<b>\$ 2,459,052</b>	<b>\$ 467,498</b>
Net book value	<b>\$ 1,982,917</b>		<b>\$ 1,991,554</b>	

7. BANK INDEBTEDNESS

The organization has a \$440,000 line of credit of which \$NIL was used as at December 31, 2025 (2024 - \$105,000). 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.

	2025	2024
Balance, beginning of year	\$ 913,023	\$ 1,022,320
Contributions received during the year	766,524	145,410
Contributions taken into income during the year	(613,834)	(254,707)
Balance, end of year	<b>\$ 1,065,713</b>	<b>\$ 913,023</b>
Restricted contributions	\$ 1,061,669	\$ 846,190
Deferred grants	-	43,000
Deferred rental income	4,044	23,833
	<b>\$ 1,065,713</b>	<b>\$ 913,023</b>

# HABITAT FOR HUMANITY ONTARIO GATEWAY NORTH

## Notes to Financial Statements

Year Ended December 31, 2025

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### 9. LOAN PAYABLE

	<u>2025</u>	<u>2024</u>
Loan payable to the Canadian National Christian Foundation, for construction of affordable housing, repayable in monthly interest only instalments during the construction period after which the loan is repayable in lump sum payments including interest at 5.00% per annum, with final lump sum payment due June 2028.	<u>\$ 550,000</u>	<u>\$ -</u>

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### 10. DEFERRED CONTRIBUTIONS

	<u>2025</u>	<u>2024</u>
Deferred contribution relating to CMHC forgivable loan	\$ 386,012	\$ 409,530
Deferred contribution relating to Municipal forgivable loans	1,376,575	685,500
CMHC forgivable loan for COVID-19 relief	<u>66,626</u>	<u>70,775</u>
	<u>\$ 1,829,213</u>	<u>\$ 1,165,805</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 au 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, 2025 management believes that the requirements of the Agreement have been fulfilled. The loan principal amounts of \$82,500, \$126,875, \$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 \$300,000, of which \$300,000 had been received as of December 31, 2024 for the construction of 2 affordable rental units in Bala, Ontario.

In 2025 an additional forgivable loan was granted by The District in the total amount of \$729,000 which was received as of December 31, 2025 for the construction of 6 affordable rental units in Gravenhurst, 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, 2025 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.

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# HABITAT FOR HUMANITY ONTARIO GATEWAY NORTH

## Notes to Financial Statements

Year Ended December 31, 2025

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### 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 \$1,171 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 \$6,241 per month.

The organization has leased its Huntsville, Ontario ReStore location for a term of ten years ending December 1, 2035. The minimum lease payments are \$180,000 per annum in the first year, increasing by 3% annually, and includes additional rent, currently in the amount of \$4,763 per month.

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 \$3,187 per month.

The organization has leased its Sudbury, Ontario ReStore location for a term of ten years ending March 31, 2034. The minimum lease payments are \$157,913 per annum for the first year, \$167,202 for the second year, \$171,847 for the third year, \$176,491 for the fourth year, \$181,136 for the fifth year and increasing by the CPI on April 1 of each subsequent year. The lease also requires the payment of additional rent, currently in the amount of \$6,702 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 one vehicle with terms ending August 2026. The minimum annual payments until expiry of the lease is \$9,008.

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

2026	\$	584,000
2027		526,000
2028		383,000
2029		282,000
2030		271,000
Thereafter		<u>1,125,000</u>
	\$	<u>3,171,000</u>

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### 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, 2025.

Credit risk

(continues)

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# HABITAT FOR HUMANITY ONTARIO GATEWAY NORTH

## Notes to Financial Statements

Year Ended December 31, 2025

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### 12. FINANCIAL INSTRUMENTS *(continued)*

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, and government remittances payable. There has been no change in the risk from the prior year.

#### Cash flow risk

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.

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### 13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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**HABITAT FOR HUMANITY ONTARIO GATEWAY NORTH****ReStore Operations****(Schedule 1)****Year Ended December 31, 2025**

	<b>2025</b>	<b>2024</b>
<b>REVENUE</b>		
Sales	\$ 3,916,990	\$ 3,358,762
Wage subsidies	30,888	34,537
Other revenues	103,125	87,009
	<u>4,051,003</u>	<u>3,480,308</u>
<b>EXPENSES</b>		
Amortization of capital assets	72,496	61,084
Fees and memberships	321,372	225,975
Occupancy costs	1,017,471	872,323
Operating costs	334,576	329,175
Wages, benefits and consulting	1,951,108	1,690,437
	<u>3,697,023</u>	<u>3,178,994</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 353,980</u>	<u>\$ 301,314</u>

The accompanying notes are an integral part of these financial statements