

**HABITAT FOR HUMANITY REGINA INC.**  
**Financial Statements**  
**For the Year Ended December 31, 2020**

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements for the year ended December 31, 2020 are the responsibility of management and have been reviewed and approved by senior management. The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and of necessity include some amounts that are based on estimates and judgment.

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

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

Habitat for Humanity Regina Inc., which has amalgamated on January 1, 2021 with two other Habitat for Humanity chapters to form Habitat for Humanity Saskatchewan Inc., carries out its responsibility for the financial statements through its Board of Directors. The Board of Directors meets with management and KPMG LLP to review financial matters, and to approve the financial statements upon finalization of the audit. KPMG LLP has free access to the Board of Directors.

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

  
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Duane Hayunga  
Interim Chief Executive Officer  
Habitat for Humanity Saskatchewan Inc.

May 26, 2021



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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of Habitat for Humanity Regina Inc.

### *Qualified Opinion*

We have audited the financial statements of Habitat for Humanity Regina Inc. (the Entity), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit.

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Entity derives revenue from donations and 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 Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at December 31, 2020 and December 31, 2019
- the donation and fundraising revenues and excess (deficiency) of revenues over expenses reported in the statements of operations for the years ended December 31, 2020 and December 31, 2019
- the net assets, at the beginning and end of the year, reported in the statements of changes in net assets for the years ended December 31, 2020 and December 31, 2019



- the excess (deficiency) of revenues over expenses reported in the statements of cash flows for the years ended December 31, 2020 and December 31, 2019

Our opinion on the financial statements for the year ended December 31, 2019 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “*Auditors’ Responsibilities for the Audit of the Financial Statements*” section of our auditors’ 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 responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### *Other Information*

Management is responsible for the other information. Other information comprises the 2020 Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statement or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors’ report thereon, included in the 2020 Annual Report document as at the date of this auditors’ report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors’ report. We have nothing to report in this regard.

#### *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.

*Auditors' 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 auditors' 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.
- 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 auditors' 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 auditors' 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.



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- 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*

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Chartered Professional Accountants

Regina, Canada

May 26, 2021

**HABITAT FOR HUMANITY REGINA INC.**  
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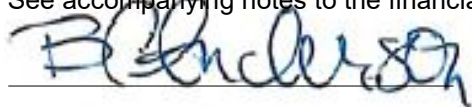
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**HABITAT FOR HUMANITY REGINA INC.**  
**Statement of Financial Position**  
**December 31, 2020 with comparative information for 2019**

	2020	2019
<b>ASSETS</b>		
Current assets		
Cash	\$ 56,321	\$ 277,069
Accounts receivable	545,449	249,904
Prepaid expenses	27,009	33,339
Mortgages receivable, current portion (Note 3)	673,922	589,931
Homes held for sale (Note 5, Schedule 1)	941,039	1,412,182
Construction in progress (Note 5)	3,016,790	1,460,311
Land for future builds (Note 5)	1,697,488	523,111
	<u>6,958,018</u>	<u>4,545,847</u>
Mortgages receivable (Note 3)	13,367,110	13,232,009
Capital assets (Note 6)	1,368,352	1,502,035
	<u>14,735,462</u>	<u>14,734,044</u>
	<u>\$ 21,693,480</u>	<u>\$ 19,279,861</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Bank overdraft (Note 8)	\$ 2,837,309	\$ 2,357,400
Accounts payable and accrued liabilities	398,027	390,196
Tenancy deposits	-	42,740
Deferred capital contributions, current portion (Note 7)	83,433	83,433
Debt, current portion (Note 8)	1,596,199	1,744,922
Forgivable loan, current portion (Note 9)	247,830	185,825
Capital lease obligation, current portion (Note 10)	20,539	32,320
	<u>5,183,337</u>	<u>4,836,836</u>
Deferred capital contributions (Note 7)	1,168,063	1,251,496
Debt (Note 8)	1,711,801	1,368,945
Forgivable loan (Note 9)	2,382,775	1,976,073
Capital lease obligation (Note 10)	12,355	33,820
	<u>5,274,994</u>	<u>4,630,334</u>
<b>NET ASSETS</b>		
Invested in capital assets	83,962	100,966
Invested in programs	11,151,187	9,711,755
	<u>11,235,149</u>	<u>9,812,721</u>
	<u>\$ 21,693,480</u>	<u>\$ 19,279,891</u>

Commitments (Note 16)  
Subsequent Event (Note 18)

See accompanying notes to the financial statements.



Chair, Board of Directors



Chair, Audit and  
Finance Committee



**HABITAT FOR HUMANITY REGINA INC.**  
**Statement of Operations**  
**Year ended December 31, 2020 with comparative information for 2019**

	2020	2019
<b>REVENUE</b>		
Government grants	\$ 269,258	\$ 513,988
In kind donations	1,588,181	96,397
Other donations and fundraising	1,149,384	610,068
Other income ( <i>Note 14</i> )	285,888	129,561
	3,292,711	1,350,014
 <b>SALES AND COST OF SALES</b>		
Home sales	1,630,417	3,056,541
Mortgage discount income ( <i>Note 3</i> )	655,183	572,836
Cost of home sales and building operations ( <i>Note 3</i> )	(2,125,315)	(3,500,780)
Mortgage discount expense ( <i>Note 3</i> )	(377,881)	(1,060,878)
	(217,596)	(932,281)
 <b>PROGRAM EXPENSES</b> <i>Schedule 3</i>	(418,486)	(465,936)
 <b>NET PROGRAM ACTIVITY</b>	2,527,819	(48,203)
 <b>RESTORE OPERATIONS</b> <i>Schedule 2</i>		
Revenue	874,375	1,169,711
Expenses	(862,325)	(1,070,864)
	12,050	98,847
 <b>GENERAL AND ADMINISTRATIVE</b> <i>Schedule 4</i>	(1,246,251)	(1,220,525)
 <b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	\$ 1,422,428	\$ (1,169,881)

See accompanying notes to the financial statements.

**HABITAT FOR HUMANITY REGINA INC.**  
**Statement of Changes in Net Assets**  
**Year ended December 31, 2020 with comparative information for 2019**

	Invested in Capital Assets	Invested in Programs	2020	2019
Balance, beginning of year	\$ 100,966	\$ 9,711,755	\$ 9,812,721	\$ 10,982,602
Excess (deficiency) of revenue over expenses	-	1,422,428	1,422,428	(1,169,881)
- Amortization of capital assets	(139,122)	139,122	-	-
- Amortization of deferred capital contributions	83,433	(83,433)	-	-
Investment in capital assets				
- Capital asset additions	5,440	(5,440)	-	-
- Capital lease obligation	33,245	(33,245)	-	-
Balance, end of year	<u>\$ 83,962</u>	<u>\$ 11,151,187</u>	<u>\$ 11,235,149</u>	<u>\$ 9,812,721</u>

**HABITAT FOR HUMANITY REGINA INC.****Statement of Cash Flows****Year ended December 31, 2020 with comparative information for 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATIONS:</b>		
Excess (deficiency) of revenue over expenses	\$ 1,422,428	\$ (1,169,881)
Non-cash items:		
Amortization of forgivable loan	(185,825)	(105,556)
Amortization of capital assets	139,122	142,200
Amortization of deferred capital contributions	(83,433)	(83,433)
	<u>1,292,292</u>	<u>(1,216,670)</u>
Changes in non-cash working capital:		
Accounts receivable	(295,545)	(81,184)
Prepaid expenses	6,330	1,680
Homes held for sale	599,953	417,910
Construction in progress	(1,556,479)	(93,484)
Land for future builds	(1,174,377)	216,431
Accounts payable and accrued liabilities	7,831	149,461
Tenancy deposits	(42,740)	10,960
	<u>(2,455,027)</u>	<u>621,774</u>
	<u>(1,162,735)</u>	<u>(594,896)</u>
<b>INVESTMENTS:</b>		
Increases in mortgages receivable, net	(347,903)	(1,296,414)
Purchase of capital assets	(5,440)	(28,097)
	<u>(353,343)</u>	<u>(1,324,511)</u>
<b>FINANCING:</b>		
Proceeds of bank overdraft	479,909	763,592
Proceeds from debt	450,000	840,000
Proceeds from forgivable loans	654,532	650,000
Repayments of debt principal	(255,866)	(105,405)
Repayments of capital lease obligations	(33,245)	(34,424)
	<u>1,295,330</u>	<u>2,113,763</u>
(Decrease) increase in cash	(220,748)	194,356
Cash, beginning of year	277,069	82,713
<b>Cash, end of year</b>	<u>\$ 56,321</u>	<u>\$ 277,069</u>

See accompanying notes to the financial statements.

# HABITAT FOR HUMANITY REGINA INC.

## Notes to Financial Statements

Year ended December 31, 2020

### 1. PURPOSE OF THE ORGANIZATION

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

The Organization operates throughout southern Saskatchewan with a mission to mobilize volunteers and community partners in building affordable housing and promoting home ownership through interest free mortgages as a means to breaking the cycle of poverty. In order to support administrative and fundraising efforts, the Organization also sells donated goods and materials at stores called ReStore.

The Organization is incorporated under the *Non-Profit Corporation Act* of the Province of Saskatchewan and is a registered charity with the Canada Revenue Agency and is not subject to income taxes.

The Organization's homeownership program is established as follows:

- a) A family who meets the eligibility criteria is granted an interest free mortgage on newly constructed homes, making them a Partner Family;
- b) For repurchased homes, a Partner Family is considered a tenant until they complete the requirements to become a home owner. During this phase, monthly tenancy deposits are paid to the Organization. Tenancy deposits become Partner Family home equity when all requirements for home ownership are fulfilled and a mortgage is established;
- c) A Partner Family's monthly payments to the Organization include amounts for property taxes which are remitted annually through MCAP, a third party billing and collection agency;
- d) If a Partner Family leaves the program, the Organization holds an option to purchase the home sold to the Partner Family at any time after the date of the mortgage, but before the first day of the 19<sup>th</sup> year following registration of the title to the land in the name of the owner (the Option). If the Option is exercised at any time during the first six (6) years immediately following registration of title to the land in the name of the Partner Family, then the purchase price shall be an amount equal to all mortgage payments made by the Partner Family under the mortgage, without interest. If the Option is exercised during the seventh (7<sup>th</sup>) through eighteenth (18<sup>th</sup>) years following registration of title to the land in the name of the Partner Family, then the purchase price shall be an amount equal to all mortgage payments made by the Partner Family under the mortgage, without interest plus an amount equal to 1/12 per complete year from the seventh (7<sup>th</sup>) year to the eighteenth (18<sup>th</sup>) year of the difference between the fair market value of the land and the original amount of the mortgage.
- e) The cumulative payments made by a Partner Family either in tenancy or in mortgage are considered to be part of the Fund for Humanity. These funds, less any amounts used to repay Partner Family equity on repurchased homes are reinvested in the program to build or renovate homes.
- f) The Organization incurs various Program Costs, which are expensed as incurred, as part of both its programs to support the homeownership mission as follows:
  - i. Volunteers are mobilized in all facets of the organization including the building of homes, the operation of the ReStores, the Partner Family selection process and other ancillary tasks such as administration;

# HABITAT FOR HUMANITY REGINA INC.

## Notes to Financial Statements

Year ended December 31, 2020

### 1. PURPOSE OF THE ORGANIZATION (continued)

- ii. In rural communities, committees are formed to facilitate the family selection process, the day-to-day build activities and local fundraising;
- iii. As the primary mission is to serve families, the Organization operates a Family Services department which supports Partner Families from selection through the duration of the mortgages. This department is responsible for numerous family related services such as family selection, homeownership training (covering budgeting, home maintenance and other related aspects of homeownership) and collection of payments to the Fund for Humanity;
- iv. A yearly voluntary payment is allocated through Habitat for Humanity Canada (HfHC) as a tithe to build homes elsewhere in the world.
- v. The use of debt to help fund the construction of new homes is one of the four funding sources (which also include government funding, business/individual donations and the Fund for Humanity).

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### a) COVID-19 impact assessment

During the current year, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The resulting uncertainty created from the pandemic, along with lockdowns that were put into place across the country, affected the Organization's ability to operate the ReStore and continue construction of homes. There are also other factors which present uncertainty over future cash flows, and may cause significant changes to assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect of these items is not practicable at this time. The Organization has applied for and received financial assistance from the Government of Canada under the Canadian Emergency Wage Subsidy and Temporary Wage Subsidy for Employers (note 14).

#### b) Basis of Presentation

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

#### c) Controlled Entities

There is one condominium corporation controlled by the Organization is not consolidated into these statements (Note 15).

#### d) Cash

Cash consists of cash on hand and short-term investments in a high yield account with the RBC Bank.

#### e) Mortgages Receivable

First and second mortgages (second mortgages exist on 2 homes sold in 2005) are held by the Organization and are interest free to Partner Families.

# HABITAT FOR HUMANITY REGINA INC.

## Notes to Financial Statements

Year ended December 31, 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

First mortgages are originally recognized at fair value based on the Organization's borrowing rate in the year of inception. In subsequent years, first mortgages receivable are recognized at amortized cost by means of the recognition of a deemed interest income, calculated using a declining balance method over the life of the mortgage.

Second mortgages include terms for forgiveness, which are contingent upon the occurrence of certain future events, including the length of occupancy by the Partner Family. Due to the uncertainty of collection, second mortgages are originally recognized at a fair value of zero. If conditions arise that require forgivable portions to be repaid, or the right to forgiveness has been forfeited, the previously forgivable portion will be recognized as revenue.

All proceeds from mortgage receivables are reinvested into a Fund for Humanity fund. These funds are invested into the build program to serve families.

#### f) Homes Held for Sale

Homes held for sale are reported at the lower of cost or net realizable value. Net realizable value is determined as market value (appraised value) less any available new home GST rebate. Any excess costs over net realizable value are expensed in the year in which the impairment is identified.

#### g) Construction in Progress

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

#### h) Land for Future Builds

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

#### i) Capital Assets

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

Building	25 years
Construction vehicles and equipment	5 years
Warehouse equipment	5-8 years
Office equipment	3-5 years
Assets under capital lease	5 years

# HABITAT FOR HUMANITY REGINA INC.

## Notes to Financial Statements

Year ended December 31, 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Tenant Deposits

Security deposits and monthly tenancy payments received from Partner Families while in the tenancy phase are offset against the sales price of the home at the time a first mortgage is granted by the Organization.

k) Net Assets Invested in Programs

In accordance with the Organization's mission, all net assets not invested in capital assets are invested in program delivery.

l) Revenue Recognition

The Organization follows the deferral method of accounting for contributions, which include donations and government grants. Restricted contributions are recognized as revenue during the year in which the related expenses are incurred. Forgivable loans are restricted contributions that are recorded as revenue in the years in which the Organization is entitled to recognize them, based on meeting conditions within the associated agreements. Unrestricted contributions and pledges are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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

Home sales are recognized at the date of the first mortgage which transfers substantially all the rights and responsibilities of ownership to partner families.

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

m) Donated Goods and Services

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

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

A substantial number of volunteers make significant contributions of their time to the Organization; the fair value of this contributed time is not quantifiable and thus is not reflected in these financial statements.

n) Financial Instruments

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

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

# HABITAT FOR HUMANITY REGINA INC.

## Notes to Financial Statements

Year ended December 31, 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### n) Financial Instruments (continued)

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

#### o) Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the year. Actual results could differ from these estimates.

### 3. MORTGAGES RECEIVABLE

	2020	2019
Gross mortgages receivable	\$ 20,185,417	\$ 20,167,231
Unamortized mortgage discount	<u>(6,144,385)</u>	<u>(6,345,291)</u>
Present value of mortgages receivable	14,041,032	13,821,940
Less: Current portion	(673,922)	(589,931)
Long-term portion	<u>\$ 13,367,110</u>	<u>\$ 13,232,009</u>

During 2020, 8 (2019 - 15) homes were sold to Partner Families. At December 31, 2020, 110 (2019 - 105) first mortgages remain outstanding.

### 4. SECOND MORTGAGES

Two second mortgages signed relate to properties sold by the Organization in 2005. Repayments of second mortgages, based on the resale of the home, are governed by the following terms: within the first 12 years of issuance, full repayment is required; from 12 years to 20 years a predetermined discounted repayment is required; and after 20 years the mortgage is fully forgiven.

At December 31, 2020, these mortgages totaled \$33,500 (2019 - \$33,500). These balances are reflected at a fair value of \$0 (2019 - \$0).



**HABITAT FOR HUMANITY REGINA INC.**  
**Notes to Financial Statements**  
**Year ended December 31, 2020**

**5. HOME ASSET INVENTORY**

	<u>2020</u>	<u>2019</u>
Homes held for sale <i>Schedule 1</i>	5 units	7 units
Construction in progress	19 units	12 units
Land for future builds	17 units	7 units

**6. CAPITAL ASSETS**

	Cost	Accumulated Amortization	<u>Net Book Value</u>	
			2020	2019
Building	\$ 2,156,880	\$ 861,746	1,295,134	\$ 1,381,409
Assets under capital lease	178,955	144,911	34,044	70,490
Leasehold Improvements	4,993	1,493	3,500	4,771
Office equipment	149,751	119,028	30,723	39,992
Warehouse equipment	94,549	94,549	-	-
Construction vehicles and equipment	105,518	100,567	4,951	5,373
	<u>\$ 2,690,646</u>	<u>\$ 1,322,294</u>	<u>\$ 1,368,352</u>	<u>\$ 1,502,035</u>

Total amortization recognized during the year is \$139,122 (2019 - \$142,200).

**7. DEFERRED CAPITAL CONTRIBUTIONS**

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

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 1,334,929	\$ 1,418,362
Recognized as Government Grants	<u>(83,433)</u>	<u>(83,433)</u>
Balance, end of year	1,251,496	1,334,929
Less: Current portion	<u>(83,433)</u>	<u>(83,433)</u>
Long-term portion	<u>\$ 1,168,063</u>	<u>\$ 1,251,496</u>

**HABITAT FOR HUMANITY REGINA INC.**  
**Notes to Financial Statements**  
**Year ended December 31, 2020**

**8. BANK OVERDRAFT AND DEBT**

The long term debt consists of the following:

	2020	2019
Canadian Western Bank demand overdraft, authorized \$3,300,000, interest at prime plus 0.75% per annum paid monthly, secured by demand promissory notes and assignment of specific Partner Family mortgages	\$ 2,837,309	\$ 2,357,400
Non revolving fixed term loan with Royal Bank, authorized \$1,287,996, interest at prime +1.5% per annum, monthly payment of \$4,667, due September 2021, secured by a first fixed charge over 1740 Broder Street, Regina, SK and a general security agreement covering all property	1,087,330	1,101,330
Non revolving fixed term loan with Royal Bank, authorized \$483,000, interest at prime plus 1.25% per annum, monthly payment of \$2,462, due August 2021, secured by a first fixed charge over 1740 Broder Street, Regina, SK and a general security agreement covering all property	421,692	431,797
Canadian Western Bank term loan bearing interest at prime plus 0.75% per annum, monthly payment of \$1,848, due February 2023, secured by demand promissory notes and assignment of specific Partner Family mortgages	271,280	283,550
Canadian Western Bank term loan bearing interest at prime plus 0.75% per annum, monthly payment of \$1,321, due January 2025, secured by demand promissory notes and assignment of specific Partner Family mortgages	192,068	-
Canadian Western Bank term loan bearing interest at prime plus 0.75% per annum, monthly payment of \$1,288, due August 2024, secured by demand promissory notes and assignment of specific Partner Family mortgages	189,428	198,031
Canadian Western Bank term loan bearing interest at prime plus 0.75% per annum, monthly payment of \$1,284, due February 2024, secured by demand promissory notes and assignment of specific Partner Family mortgages	185,959	195,054
Canadian Western Bank term loan bearing interest at prime plus 0.75% per annum, monthly payment of \$873, due April 2025, secured by demand promissory notes and assignment of specific Partner Family mortgages	146,398	-
Canadian Western Bank term loan bearing interest at prime plus 0.75% per annum, monthly payment of \$971, due December 2024, secured by demand promissory notes and assignment of specific Partner Family mortgages	143,665	150,000

# HABITAT FOR HUMANITY REGINA INC.

## Notes to Financial Statements

Year ended December 31, 2020

### 8. BANK OVERDRAFT AND DEBT (con't)

	2020	2019
Canadian Western Bank term loan bearing interest at prime plus 0.75% per annum, monthly payment of \$942, due August 2023, secured by demand promissory notes and assignment of specific Partner Family mortgages	136,996	143,764
Canadian Western Bank term loan bearing interest at prime plus 0.75% per annum, monthly payment of \$804, due May 2024, secured by demand promissory notes and assignment of specific Partner Family mortgages	117,433	122,839
Canadian Western Bank term loan bearing interest at prime plus 0.75% per annum, monthly payment of \$786, due August 2023, secured by demand promissory notes and assignment of specific Partner Family mortgages	114,679	120,119
Canadian Western Bank term loan bearing interest at prime plus 0.75% per annum, monthly payment of \$771, due May 2023, secured by demand promissory notes and assignment of specific Partner Family mortgages	114,283	119,369
Canadian Western Bank term loan bearing interest at prime plus 0.75% per annum, monthly payment of \$573, due November 2021, secured by demand promissory notes and assignment of specific Partner Family mortgages	99,698	-
Royal Bank demand overdraft, authorized \$200,000, interest at prime plus 0.75% per annum paid monthly, secured by 1740 Broder Street, Regina, SK	-	165,000
	<u>6,058,218</u>	<u>5,388,253</u>
 RICFF advance, non-interest bearing, repayable at \$2,468 per year	 100,981	 100,981
	6,159,199	5,489,234
Unamortized RICFF loan discount	(13,890)	(17,967)
	<u>\$ 6,145,309</u>	<u>\$ 5,471,267</u>
 Bank overdraft	 \$ 2,837,309	 \$ 2,357,400
Current portion of debt	1,596,199	1,744,922
Long-term portion of debt	<u>1,711,801</u>	<u>1,368,945</u>
	<u>\$ 6,145,309</u>	<u>\$ 5,471,267</u>

# HABITAT FOR HUMANITY REGINA INC.

## Notes to Financial Statements

Year ended December 31, 2020

### 8. BANK OVERDRAFT AND DEBT (continued)

The funds available under the Canadian Western Bank and Royal Bank revolving credit facility are reduced by any outstanding letters of credit issued pursuant to this facility agreement. At December 31, 2020, the Organization had outstanding letters of credit with the Canadian Western Bank, totaling \$430,380 (2019 - \$430,380) and with the Royal Bank of Canada, totaling \$0 (2019 - \$165,000).

Scheduled principal payments required for the next five years on fixed term loan are due as follows:

2021	\$	1,596,200
2022		90,261
2023		93,135
2024		96,138
2025		99,240
Thereafter		<u>1,333,026</u>
	\$	<u>3,308,000</u>

### 9. FORGIVABLE LOANS:

The Organization has received forgivable loans from Saskatchewan Housing Corporation ("SHC") and Canada Mortgage and Housing Corporation ("CMHC") for the sole purpose of constructing homes for Partner Families. Each SHC forgivable loan bears interest at 0% per annum and is forgivable over 10 years, commencing on the first day of the month following the occupancy date of the home for which the loan was provided; the CMHC forgivable loan bears interest at 0% per annum and is forgivable over 20 years. In the event of default, the loans will no longer be forgiven and interest will be calculated on the principal amounts outstanding at rates noted below.

	<u>2020</u>	<u>2019</u>
SHC forgivable loan in the amount of \$650,000 which is repayable on demand in event of default, plus interest of 5.34% per annum, maturing May 2031	\$ 643,500	\$ 650,000
SHC forgivable loan in the amount of \$675,000 which is repayable on demand in event of default, plus interest of 5.14% per annum, maturing January 2030	607,500	675,000
SHC forgivable loan in the amount of \$500,000 which is repayable on demand in event of default, plus interest of 4.64% per annum, maturing November 2027	347,083	397,083
SHC forgivable loan in the amount of \$555,556 which is repayable on demand in event of default, plus interest of 4.74% per annum, maturing November 2027	384,260	439,815
SHC forgivable loan in the amount of \$455,000 which is repayable on demand in event of default, plus interest of 5.04% per annum, maturing June 2031	455,000	-

## HABITAT FOR HUMANITY REGINA INC.

### Notes to Financial Statements

Year ended December 31, 2020

#### 9. FORGIVABLE LOANS (continued):

	<u>2020</u>	<u>2019</u>
CMHC forgivable loan in the amount of \$199,531 which is repayable on demand in event of default, plus interest of 5.34% per annum, maturing June 2041	193,262	-
	<u>2,630,605</u>	<u>2,161,898</u>
Less: current portion of forgivable loans	<u>(247,830)</u>	<u>(185,825)</u>
Long-term portion of forgivable loans	<u>\$ 2,382,775</u>	<u>\$ 1,976,073</u>

During the year, \$185,825 (2019 - \$105,556) was forgiven and included in government grants on the Statement of Operations.

#### 10. GOVERNMENT REMITTANCES

Included in accounts payable at year-end are government remittances of nil (2019 – \$19,002).

#### 11. CAPITAL LEASE OBLIGATIONS

Amounts outstanding on third-party capital leases are as follows:

	<u>2020</u>	<u>2019</u>
Capital lease, authorized \$81,500, 1.22% interest, maturing in March 2021, secured by the vehicle	\$ 4,197	\$ 20,858
Capital lease, authorized \$81,500, 1.50% interest, maturing in September 2022, secured by the vehicle	28,697	44,797
Capital lease, authorized \$5,955, 3.70% interest, maturing in January 2020, secured by the photocopier	-	485
	<u>\$ 32,894</u>	<u>\$ 66,140</u>
Current portion of capital lease obligations	\$ 20,539	\$ 32,320
Long-term portion of capital lease obligations	<u>12,355</u>	<u>33,820</u>
	<u>\$ 32,894</u>	<u>\$ 66,140</u>

Scheduled principal payments required for the next two years on the capital lease obligations are due as follows:

2021	\$ 20,539
2022	13,483
Total minimum lease payments	<u>34,022</u>
Amount representing interest	<u>(1,128)</u>
Balance of the obligation	<u>\$ 32,894</u>

**HABITAT FOR HUMANITY REGINA INC.**  
**Notes to Financial Statements**  
**Year ended December 31, 2020**

**12. RIGHT OF FIRST REFUSAL**

During 2020, 3 homes (2019 - 3) were repurchased from Partner Families. The home equity repayment from 2020 was \$126,384 (2019 - \$48,138).

**13. HABITAT FOR HUMANITY CANADA FEES**

The Organization remits payments for national programs and initiatives based on the number of builds, ReStore sales and nationally administered gifts in kind. Fees incurred during the year consist of the following:

	2020	2019
ReStore fees	\$ 46,231	\$ 53,048
Annual fee	50,000	50,000
Build gift in kind fees	20,295	49,793
Tithe fees	8,500	15,000
	\$ 125,026	\$ 167,841

Construction related gift in kind fees are included in the cost of the builds and thus are not reflected in the Statement of Operations.

**14. GOVERNMENT ASSISTANCE**

The Organization has applied for and received financial assistance during the year from the Canadian government under the Canada Emergency Wage Subsidy (CEWS) amounting to \$133,635 and under the Temporary Wage Subsidy for Employers (TWSE) amount to \$16,457. The CEWS and TWSE are government assistance and have been recognized as other income on the Statement of Operations.

**15. CONTROLLED ENTITIES**

The revenue and expenses of the condominium corporation controlled by the Organization are collected and paid respectively by the Organization and reimbursed by the condominium corporation. If the condominium corporation does not have sufficient cash to reimburse the Organization, the balance remains until sufficient funds exist.

Required maintenance work performed by the Organization's construction employees is recorded at cost.

At December 31, 2020, the Organization's accounts receivables include \$0 due from the condominium corporation (2019 – receivable of \$0).

**HABITAT FOR HUMANITY REGINA INC.**  
**Notes to Financial Statements**  
**Year ended December 31, 2020**

**15. CONTROLLED ENTITIES (continued)**

The financial summary of this unconsolidated entity as at December 31, 2020 and 2019 and for the years then ended is as follows:

	<u>2020</u>	<u>2019</u>
<b>Financial Position</b>		
Total assets	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	89,526	19,101
Total net deficit	<u>(89,526)</u>	<u>(19,101)</u>
	<u>\$ -</u>	<u>\$ -</u>
<b>Results from Operations</b>		
Total revenue	\$ -	58,950
Total expenses	<u>(70,425)</u>	<u>(78,051)</u>
Excess of revenue over expenses	<u>\$ (70,425)</u>	<u>\$ (19,101)</u>
<b>Cash Flows</b>		
Cash from operations	\$ -	\$ -
Cash used in financing and investing activities	<u>-</u>	<u>-</u>
(Decrease) Increase in cash	<u>\$ -</u>	<u>\$ -</u>

**16. COMMITMENTS**

The Organization leases office space in Regina. Rents are fixed and include fixed maintenance costs. Minimum annual base lease payments on this property are as follows:

2021	104,644
2022	107,550
2023	107,550
2024	107,550
2025	107,550
Thereafter	<u>367,463</u>
	<u>\$ 902,307</u>

## **HABITAT FOR HUMANITY REGINA INC.**

### **Notes to Financial Statements**

**Year ended December 31, 2020**

#### **17. FINANCIAL RISK**

The Organization is not exposed to significant market, currency or other price risk through its financial instruments.

##### Credit Risk

The Organization is exposed to credit risk in the event of non-payment of mortgages by Partner Families or from non-collection of accounts receivable. Management believes that the credit risk from non-collection of mortgages is minimal as the carrying value of the mortgages is secured by the value of the underlying homes. Further, the credit risk arising from non-payment of accounts receivable balances is minimal as the amounts are due primarily from government bodies.

The Organization is exposed to real estate fluctuation risks on repurchased homes. The repurchase price is based on the fair market value at the time of the original Partner Family's move in date, while the subsequent sales price to the new Partner Family is based on the current market value.

##### Liquidity Risk

The Organization manages its liquidity risk by monitoring forecasted and actual cash flows and financial liabilities.

##### Interest Rate Risk

The Organization is exposed to fluctuations in interest rates as the banking facilities bear interest at variable rates. The mortgages receivable do not bear interest rate risk given that they are non-interest bearing.

#### **18. SUBSEQUENT EVENT**

On January 1, 2021 the Organization amalgamated with two other Habitat for Humanity affiliates, Habitat for Humanity Saskatoon Inc. and Prince Albert Habitat for Humanity Inc., and continued as Habitat for Humanity Saskatchewan Inc.



**HABITAT FOR HUMANITY REGINA INC.**  
**Schedules to financial statements**  
**Year ended December 31, 2020**

**SCHEDULE 1: Homes Held for Sale**

		2020	2019
Regina	5 Homes (2019 – 6)	\$ 941,039	\$ 1,279,682
Estevan	0 Homes (2019 – 0)	-	-
Moose Jaw	0 Homes (2019 – 1)	-	132,500
Fort Qu'Appelle	0 Homes (2019 – 0)	-	-
		<u>\$ 941,039</u>	<u>\$ 1,412,182</u>

**SCHEDULE 2: ReStore Operations**

		2020	2019
<b>REVENUE</b>			
Sales		<u>\$ 874,345</u>	<u>\$ 1,169,711</u>
<b>EXPENSES</b>			
Salaries and benefits		406,788	498,881
Warehouse and other costs of goods sold		81,522	161,982
Facilities		94,992	112,459
Amortization		120,355	78,769
Advertising and promotion		16,356	65,753
Habitat for Humanity Canada fees		46,231	53,048
Vehicle and other		89,171	56,921
Office		6,880	43,051
		<u>862,295</u>	<u>1,070,864</u>
<b>RESTORE CONTRIBUTION</b>		<u>\$ 12,050</u>	<u>\$ 98,847</u>
<b>GROSS MARGIN</b>		<u>1%</u>	<u>8%</u>

**HABITAT FOR HUMANITY REGINA INC.**  
**Schedules to financial statements**  
**Year ended December 31, 2020**

**SCHEDULE 3: Program Expenses**

	2020	2019
<b>PROGRAM EXPENSES</b>		
Salaries and benefits	\$ 199,851	\$ 191,507
Interest expense	175,766	195,860
Other	34,369	63,569
Habitat for Humanity Canada tithe	8,500	15,000
<b>TOTAL PROGRAM EXPENSE</b>	<b>\$ 418,486</b>	<b>\$ 465,936</b>

**SCHEDULE 4: General and Administrative Expenses**

	2020	2019
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Salaries and benefits	\$ 672,089	\$ 692,134
Office	36,910	112,185
Facilities	140,957	111,997
Habitat for Humanity Canada fees	86,625	99,793
Professional fees	30,805	78,663
Amortization	18,360	59,626
Advertising and promotion	39,007	36,375
Travel	439	15,852
Other	221,059	13,900
	<b>\$ 1,246,251</b>	<b>\$ 1,220,525</b>

Total 2020 costs of fundraising \$280,080 (2019 - \$282,309) are included in the General and Administrative Expenses which equates to 9% (2019 – 15%) of government grants, in kind donations, other donations and fundraising, and other income.