Financial Statements of

HABITAT FOR HUMANITY SASKATCHEWAN INC.

And Independent Auditor's Report thereon

Year ended December 31, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements for the year ended December 31, 2022 are the responsibility of management and have been reviewed and approved by 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 Saskatchewan Inc.'s administration.

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.

Gary Gutler
Interim Chief Executive Officer
Habitat for Humanity Saskatchewan Inc.

April 29, 2023

HABITAT FOR HUMANITY SASKATCHEWAN INC.

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INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

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

- the statement of financial position as at December 31, 2022
- 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, except for the possible effects of the matter described in the ***"Basis for Qualified Opinion"*** section of our auditor's report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Entity derives revenue from donations, 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, 2022 and December 31, 2021
- the donation revenue and deficiency of revenue over expenses reported in the statements of operations for the years ended December 31, 2022 and December 31, 2021
- 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, 2022 and December 31, 2021
- the deficiency of revenue over expenses reported in the statements of cash flows for the years ended December 31, 2022 and December 31, 2021

Our opinion on the financial statements for the year ended December 31, 2021 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 ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Regina, Canada

April 29, 2023

HABITAT FOR HUMANITY SASKATCHEWAN INC.

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	$ 897,081	$ 651,323
Accounts receivable	333,046	424,794
Other assets	57,168	93,813
Current portion of mortgages receivable (note 3)	1,666,103	1,077,521
Investments	69,000	-
	3,022,398	2,247,451
Capital assets (note 5)	1,954,190	2,148,555
Construction in progress (note 6)	64,597	2,171,222
Homes held for sale (note 6, Schedule 1)	1,121,985	3,567,390
Land held for future builds (note 6)	1,753,818	1,753,488
Mortgages receivable (note 3)	19,510,350	18,248,746
Second mortgages receivable (note 4)	2,257,302	2,444,965
	$ 29,684,640	$ 32,581,817
Liabilities and Net Assets		
Current liabilities:		
Bank indebtedness (note 9)	$ 537,271	$ 4,676,947
Accounts payable and accrued liabilities (note 11)	418,706	719,953
Other current liabilities (note 7)	335,656	2,326,131
	1,291,633	7,723,031
Long term debt (note 9)	5,466,753	196,116
Deferred revenue and contributions	374,013	706,810
Deferred capital contributions (note 8)	1,114,284	1,199,365
Forgivable loans (note 10)	3,607,138	3,847,628
Deferred second mortgage revenue (note 4)	2,257,302	2,444,965
	14,111,123	16,117,915
Commitments (note 13)		
Net assets:		
Invested in capital assets	839,906	936,773
Invested in programs	14,733,611	15,527,129
	15,573,517	16,463,902
	$ 29,684,640	$ 32,581,817

See accompanying notes to financial statements.

On behalf of the Board:

Janice Lutz

Gordon Jahn

HABITAT FOR HUMANITY SASKATCHEWAN INC.

Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

		2022		2021
Revenue:				
Donation revenue	$	772,666	$	1,042,197
Grant revenue		835,616		1,228,605
Build gift in kind donations		-		3,300
Other income		153,850		199,714
Restore revenue (Schedule 2)		2,043,734		2,299,788
		3,805,866		4,773,604
Expenses:				
Restore expenses (Schedule 2)		1,254,201		1,487,557
Program expenses (Schedule 3)		283,022		563,328
General and administration expenses (Schedule 4)		1,862,668		2,315,883
		3,399,891		4,366,768
Excess of revenue before the undernoted:		405,975		406,836
Home sales and related activities:				
Home sales		4,381,729		6,416,213
Imputed interest income on mortgages receivable		1,464,147		663,223
Cost of home sales and building operations		(5,250,239)		(8,008,092)
Mortgage discount expense		(1,891,997)		(1,765,311)
		(1,296,360)		(2,693,967)
Deficiency of revenue over expenses	$	(890,385)	$	(2,287,131)

See accompanying notes to financial statements.

HABITAT FOR HUMANITY SASKATCHEWAN INC.

Statement of Changes in Net Assets

Year ended December 31, 2022, with comparative information for 2021

	Invested in capital assets	Invested in programs	2022	2021
Balance, beginning of year	$ 936,773	$ 15,527,129	$ 16,463,902	$ 18,751,033
Deficiency of revenue over expenses	-	(890,385)	(890,385)	(2,287,131)
Amortization of capital assets	(211,534)	211,534	-	-
Amortization of deferred capital contributions (note 8)	85,081	(85,081)	-	-
Capital asset additions	17,169	(17,169)	-	-
Capital lease obligation (note 7)	12,417	(12,417)	-	-
Balance, end of year	$ 839,906	$ 14,733,611	$ 15,573,517	$ 16,463,902

See accompanying notes to the financial statements.

HABITAT FOR HUMANITY SASKATCHEWAN INC.

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	$ (890,385)	$ (2,287,131)
Non-cash items:		
Amortization of forgivable loans	(366,053)	(279,976)
Amortization of capital assets	211,534	285,733
Gain on sale of capital assets	(75,370)	(7,718)
Deferred contributions recognized as revenue	(442,877)	(1,116,452)
Mortgage discount expense	1,891,997	1,765,311
Imputed interest income on mortgages receivable	(1,464,147)	(663,223)
Changes in non-cash working capital:		
Accounts receivable	91,748	162,547
Other assets	36,645	(6,852)
Deferred mortgage payments	1,775	(277,865)
Accounts payable and accrued liabilities	(301,247)	73,763
Amounts held on behalf of tenants	(172,486)	(1,589)
	(1,478,866)	(2,353,452)
Financing:		
(Repayment) proceeds of bank overdraft	(4,139,676)	1,839,771
Repayment of long-term debt	(2,186,709)	(2,394,428)
Proceeds of long-term debt	5,650,000	490,000
Repayment of capital lease obligation	(12,417)	(43,136)
Proceeds from deferred capital contributions	25,000	43,000
Proceeds from forgivable loans	125,562	183,066
	(538,240)	118,273
Investing:		
Purchase of capital assets	(17,169)	(14,224)
Mortgage payments received	1,887,083	1,392,639
Proceeds on disposal of capital assets	75,370	20,722
Purchase of investments	(69,000)	-
Proceeds from disposal of investments	-	76,537
Proceeds on homes sold on the open market	386,580	1,050,470
	2,262,864	2,526,144
Increase in cash	245,758	290,965
Cash, beginning of year	651,323	360,358
Cash, end of year	$ 897,081	$ 651,323

See accompanying notes to financial statements.

1. Purpose of the organization:

Effective January 1, 2021, the Regina, Saskatoon and Prince Albert chapters of Habitat for Humanity amalgamated to form Habitat for Humanity Saskatchewan Inc. (the "Organization"). 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 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 (#891927030RR0001) 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 19th 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 (7th) through eighteenth (18th) 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 (7th) year to the eighteenth (18th) year of the difference between the fair market value of the land and the original amount of the mortgage.

1. Purpose of the organization (continued):

(e) The Organization incurs various Program Costs, which are expensed as incurred, as part of both its programs to support the homeownership mission.

2. Significant accounting policies:

(a) Basis of presentation:

These 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.

(b) Mortgages receivable:

First and second mortgages are held by the Organization and are interest free to Partner Families.

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.

Mortgages written prior to May 30, 2018 for Saskatoon properties were set up based on the following: At the time a house was sold, the organization provided a first mortgage to the homeowner, which was determined based on a formula using the cost of construction of the home, less prepayments received in advance of title transfer.

The home was then appraised and the difference between the appraised value and the value of the first mortgage was the value assigned to the second mortgage. Second mortgages are payable by the homeowner to the organization if they sell or move out of the home. There are two types of second mortgages; forgivable mortgages from prior to 2007 for which the payment is contingent upon certain criteria being met by the homeowner, and non-forgivable mortgages.

Any amount subsequently realized will be recognized as revenue in the period in which the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

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.

2. Significant accounting policies (continued):

(c) 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.

(d) Construction in progress:

Construction in progress comprises land, materials, labour, and other direct 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.

(e) 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.

(f) 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 over the assets' estimated useful lives as follows:

Building	20-25 years
Portable building and fencing	10 years
Leasehold improvements	3-5 years
Office equipment	3-5 years
Warehouse equipment	5-8 years
Construction vehicles and equipment	5 years
Assets under capital lease	5 years

(g) 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.

(h) 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.

2. Significant accounting policies (continued):

(i) 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 year 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.

(j) 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.

(k) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost.

Transaction costs incurred on acquisition and financing costs are amortized using the straight-line method.

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

2. Significant accounting policies (continued):

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.

(l) Use of estimates:

The preparation of the 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. Significant estimates include mortgage discount expense and imputed interest income from mortgages receivable.

3. Mortgages receivable:

	2022	2021
Gross mortgages receivable	$ 30,304,282	$ 28,026,245
Unamortized mortgage discount	(9,127,829)	(8,699,978)
Present value of mortgages receivable	21,176,453	19,326,267
Less: current portion	1,666,103	1,077,521
Long-term portion	$ 19,510,350	$ 18,248,746

During 2022, 25 (2021 - 37) homes were sold to Partner Families. At December 31, 2022, 194 (2021 -180) first mortgages remain outstanding.

4. Second mortgages:

Second mortgages bear no interest, are secured by a charge on the specific property and are due upon sale of the related property by the partner family. Certain second mortgages are forgivable, provided certain conditions have been met.

Provisions for the payment of the mortgages receivable have been established by an agreement between partner families and the organization to ensure that the partner families do not profit by selling a home shortly after taking residence.

4. Second mortgages (continued):

The revenue associated with the second mortgages has been deferred.

		2022		2021
Second mortgage receivables - forgivable	$	395,250	$	425,750
Second mortgage receivables - non-forgivable		1,862,052		2,019,215
	$	2,257,302	$	2,444,965

5. Capital assets:

		Cost		Accumulated amortization		2022 Net book value		2021 Net book value
Buildings	$	4,303,517	$	2,447,654	$	1,855,863	$	2,015,359
Portable building and fencing		25,915		17,531		8,384		9,146
Land		68,850		-		68,850		68,850
Leasehold improvements		98,000		96,125		1,875		12,251
Office equipment		190,018		172,260		17,758		23,171
Warehouse equipment		24,842		24,186		656		3,292
Construction vehicles and equipment		175,180		174,376		804		4,923
Assets under capital leases		178,950		178,950		-		11,563
	$	5,065,272	$	3,111,082	$	1,954,190	$	2,148,555

Total amortization recognized during the year is $211,534 (2021 - $285,733).

6. Home asset inventory:

	2022	2021
Homes held for sale *(Schedule 1)*	6 units	18 units
Construction in progress	2 units	10 units
Land for future builds	19 units	19 units

7. Other current liabilities:

Other liabilities consists of the following:

		2022		2021
Current portion of long-term debt	$	264,522	$	2,071,869
Amounts held on behalf of tenants		-		172,486
Deferred mortgage payments		71,134		69,359
Current portion of capital lease obligation		-		12,417
	$	335,656	$	2,326,131

8. Deferred capital contributions:

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

		2022		2021
Balance, beginning of year	$	1,199,365	$	1,284,446
Recognized as grant revenue		(85,081)		(85,081)
Balance, end of year	$	1,114,284	$	1,199,365

9. Bank overdraft and debt:

Long-term debt consists of the following:

	2022	2021
Conexus Credit Union term loan bearing interest at 3.04% per annum, combined monthly payments of $19,963, due March 2027, secured by demand promissory notes and assignment of specific Partner Family mortgages;	$ 4,111,531	$ -
Conexus Credit Union term loan bearing interest at 3.925% per annum, combined monthly payments of $7,568, due March 2027, secured by demand promissory notes and assignment of specific Partner Family mortgages;	1,422,653	-
Conexus Credit Union demand overdraft, authorized $2,000,000, interest at prime plus 1.0% per annum paid monthly, secured by demand promissory notes and assignment of specific Partner Family mortgages;	537,271	2,028,150
Royal Bank of Canada, Canada Emergency Business Account, 25% of the loan will be eligible for loan forgiveness, up to $20,000, if the loan is fully repaid on or before December 31, 2023. The remaining principal balance will be repayable and will bear interest at a rate of 5% per annum beginning on January 1, 2024. The loan is due in full December 31, 2025;	50,000	50,000
Conexus Credit Union, Canada Emergency Business Account, 25% of the loan will be eligible for loan forgiveness, up to $20,000, if the loan is fully repaid on or before December 31, 2023. The remaining principal balance will be repayable and will bear interest at a rate of 5% per annum beginning on January 1, 2024. The loan is due in full December 31, 2025;	60,000	60,000
Carried forward	6,181,455	2,138,150

9. Bank overdraft and debt (continued):

		2022	2021
Carried forward		6,181,455	2,138,150
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;		-	2,648,797
Canadian Western Bank term loans bearing interest at prime plus 0.75% per annum, combined monthly payments of $13,930, due March 2022, secured by demand promissory notes and assignment of specific Partner Family mortgages; and		-	2,070,893
Regina Inner City Family Foundation Inc. advance, non-interest bearing, repayable at $2,468per year.		100,981	100,981
		6,282,436	6,958,821
Unamortized Regina Inner City Family Foundation Inc. loan discount		(13,890)	(13,890)
	$	6,268,546	$ 6,944,931

The financing agreement with Conexus Credit Union contains financial covenants in which a minimum debt service ratio of 1.25 is maintained. The Organization was in breach of this covenant at December 31, 2022. The Organization has obtained agreement from the lender to waive the covenant breach at December 31, 2022 for one year plus one day. Therefore, the Organization has classified the related debt as a long-term liability according to its terms.

		2022		2021
Bank overdraft	$	537,271	$	4,676,947
Current portion of debt (note 7)		264,522		2,071,869
Long-term portion of debt		5,466,753		196,115
	$	6,268,546	$	6,944,931

9. Bank overdraft and debt (continued):

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

2023	$	264,522
2024		157,491
2025		163,138
2026		168,482
2027		174,005
Thereafter		4,803,637
	$	5,731,275

10. 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 on the following page.

10. Forgivable loans (continued):

		2022		2021
SHC forgivable loan in the amount of $195,000 which is repayable on demand in event of default, plus interest of 5.04% per annum, maturing April 2032;	$	195,000	$	195,000
SHC forgivable loan in the amount of $975,000 which is repayable on demand in event of default, plus interest of 5.34% per annum, maturing October 2032;		903,500		962,000
SHC forgivable loan in the amount of $1,000,000 which is repayable on demand in event of default, plus interest of 5.14% per annum, maturing December 2031;		750,500		850,500
SHC forgivable loan in the amount of $1,000,000 which is repayable on demand in event of default, plus interest of 4.64% per annum, maturing February 2032;		755,000		845,000
SHC forgivable loan in the amount of $1,000,000 which is repayable on demand in event of default, plus interest of 4.74% per annum, maturing December 2030;		527,778		627,777
CMHC forgivable loan in the amount of $508,159 which is repayable on demand in event of default, plus interest of 5.34% per annum, maturing June 2041.		475,360		367,351
	$	3,607,138	$	3,847,628

11. Government remittances:

Included in accounts payable at year-end are government remittances of $222,780 (2021 – $323,978) which include amounts for GST and PST.

12. 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:

	2022	2021
ReStore fees	$ 69,965	$ 23,777
Annual fee	40,789	60,655
Tithe fees	25,000	5,000
	$ 135,754	$ 89,432

13. 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:

	2022
2023	$ 107,550
2024	107,550
2025	107,550
2026	107,550
2027	107,550
Thereafter	259,913
	$ 797,663

14. Financial risks:

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

(a) 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.

(b) Liquidity risk:

The Organization manages its liquidity risk by monitoring forecasted and actual cash flows and financial liabilities. The Organization also bears liquidity risk with respect to debt arrangements. As at December 31, 2022, the Organization was in breach of a financial covenant on its debt with its lender Conexus Credit Union; refer to Note 9. The lender has waived its right to call the debt.

(c) 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.

15. Comparative information:

Certain of the comparative information has been reclassified to conform with the current year's presentation.

HABITAT FOR HUMANITY SASKATCHEWAN INC.
Schedules to Financial Statements

Year ended December 31, 2022, with comparative information for 2021

Schedule 1: Homes Held for Sale

		2022	2021
Prince Albert	2 Homes (2021 – 8)	$ 375,000	$ 1,447,757
Saskatoon	2 Homes (2021 – 6)	417,795	1,382,794
Regina	1 Homes (2021 – 3)	197,000	604,649
Duck Lake	1 Homes (2021 – 1)	132,190	132,190
		$ 1,121,985	$ 3,567,390

Schedule 2: ReStore Operations

	2022	2021
Sales	$ 2,043,734	$ 2,299,788
Expenses:		
Salaries and benefits	755,382	1,013,839
Amortization	136,386	109,554
Facilities	112,243	96,435
Other	101,607	118,305
Habitat for Humanity Canada fees	69,965	23,777
Vehicle and other	43,205	43,078
Warehouse	31,852	69,648
Advertising and promotion	1,796	7,868
Office	1,765	5,053
	1,254,201	1,487,557
Restore contribution	$ 789,533	$ 812,231

HABITAT FOR HUMANITY SASKATCHEWAN INC.

Schedules to Financial Statements (continued)

Year ended December 31, 2022, with comparative information for 2021

Schedule 3: Program Expenses

		2022		2021
Other	$	106,667	$	252,928
Salaries and benefits		118,937		210,234
Interest expense		24		58,137
Professional fees		32,394		37,029
Habitat for Humanity Canada tithe		25,000		5,000
Total program expense	$	283,022	$	563,328

Schedule 4: General and Administrative Expenses

		2022		2021
Salaries and benefits	$	556,677	$	641,765
Professional fees		399,633		368,511
Interest and bank charges		247,511		214,478
Other		247,360		396,987
Facilities		234,837		305,724
Amortization		75,148		176,179
Habitat for Humanity Canada fees		40,789		60,655
Equipment rental		25,347		28,449
Office		20,357		64,541
Vehicle and travel		6,558		23,660
Advertising and promotion		8,451		34,934
	$	1,862,668	$	2,315,883