

FINANCIAL STATEMENTS

Habitat For Humanity Nova Scotia
December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Habitat For Humanity Nova Scotia

Opinion

We have audited the financial statements of Habitat For Humanity Nova Scotia (the Organization), which comprise the statement of financial position as at December 31, 2018, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the financial statements which indicates that the Organization has experienced operating deficiencies in three of the last four years and as of December 31, 2018, its current liabilities exceeded its current assets by \$1,967,014. As stated in Note 3, these events or conditions, along with the other matters set forth in Note 3, indicate a material uncertainty that may cast significant doubt on the Organization's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

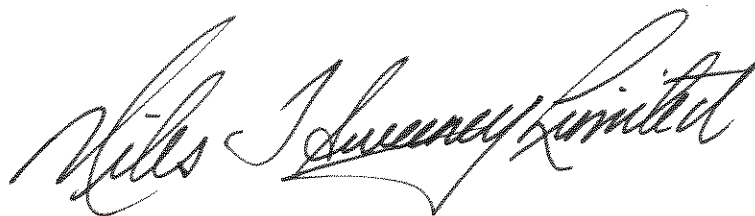
Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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



Dartmouth, Nova Scotia
June 20, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

HABITAT FOR HUMANITY NOVA SCOTIA STATEMENT OF FINANCIAL POSITION

As at December 31

2018

2017

Assets

Current

Cash

\$ 127,799 \$ 5,209

Temporary investments

2,456 2,537

Accounts receivable

99,593 70,133

Prepaid expenses

5,799 1,972

Current portion of mortgages receivable (Note 4)

141,975 93,716

377,622 173,567

Cash surrender value of life insurance policy (Note 15)

36,714 18,697

Mortgages receivable (Note 4)

3,468,727 2,626,835

Properties held for resale

531,795 998,869

Land held for development

920,851 869,123

Property and equipment (Note 6)

17,700 31,149\$5,353,409 \$4,718,240**Liabilities**

Current

Bank indebtedness (Note 10)

\$1,572,886 \$ 786,417

Accounts payable and accrued liabilities

735,526 552,420

Amounts held on behalf of homeowners (Note 12)

36,224 38,317

2,344,636 1,377,154

Deferred contributions

40,000 99,6272,384,636 1,476,781

Contingencies (Note 11)

Commitments (Note 8)

Net assets

Unrestricted net assets

2,968,773 3,241,459\$5,353,409 \$4,718,240

Approved on behalf of the Board:

Director_____
Director

(See accompanying notes to the financial statements)

HABITAT FOR HUMANITY NOVA SCOTIA
STATEMENT OF OPERATIONS

For the year ended December 31

2018

2017

Revenues

Home sales	\$ 966,087	\$ 529,227
Fundraising and grants	396,133	610,338
Sponsorships	8,756	45,000
ReStore (Note 14)	<u>1,078,291</u>	<u>983,398</u>
	<u>2,449,267</u>	<u>2,167,963</u>

Expenses

Fundraising	23,838	36,089
Building costs	762,904	415,321
ReStore (Note 14)	733,785	699,598
Administration expenses (Note 17)	<u>1,196,917</u>	<u>1,188,350</u>
	<u>2,717,444</u>	<u>2,339,358</u>

**Excess of revenues over expenses (expenses over revenues)
before undernoted**

(268,177) (171,395)

Other income (expense)

Change in cash surrender value	18,016	18,697
Gain on sale of assets	-	15,750
Write down of mortgages receivable to amortized cost	<u>(22,525)</u>	<u>(129,431)</u>
	<u>(4,509)</u>	<u>(94,984)</u>

Excess of revenues over expenses (expenses over revenues)

\$ (272,686) \$ (266,379)

(See accompanying notes to the financial statements)

HABITAT FOR HUMANITY NOVA SCOTIA
STATEMENT OF CHANGES IN NET ASSETS

 For the year ended December 31, 2018

	<u>Unrestricted</u>	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 3,241,459	\$ 3,241,459	\$ 3,507,838
Excess of revenue over expenses (expenses over revenue)	<u>(272,686)</u>	<u>(272,686)</u>	<u>(266,379)</u>
Balance, end of year	<u>\$ 2,968,773</u>	<u>\$ 2,968,773</u>	<u>\$ 3,241,459</u>

(See accompanying notes to the financial statements)

HABITAT FOR HUMANITY NOVA SCOTIA
STATEMENT OF CASH FLOWS

For the year ended December 31

2018

2017

Operating activities

Working capital from operations		
Excess of revenues over expenses (expenses over revenues)	\$ (272,686)	\$ (266,379)
Items not requiring an outlay of cash		
Amortization	14,925	16,557
Write down of mortgages receivable to amortized cost	22,525	129,431
Deferred contributions	(59,627)	99,627
Gain (loss) on sale of assets	-	(15,750)
	<u>(294,863)</u>	<u>(36,514)</u>
Changes in non-cash working capital (Note 5)	147,726	109,242
	<u>(147,137)</u>	<u>72,728</u>

Financing activities

Mortgages advanced	(1,136,550)	(606,909)
Mortgage payments received, net of write down	223,874	162,348
Line of credit advances	786,469	401,417
	<u>(126,207)</u>	<u>(43,144)</u>

Investing activities

Increase in cash surrender value of life insurance policy	(18,017)	(18,697)
Properties sold, net of additions	467,074	49,303
Increase in land held for development	(51,728)	(70,105)
Decrease (increase) in temporary investments	81	(128)
Additions to property and equipment, net of sale proceeds	(1,476)	11,809
	<u>395,934</u>	<u>(27,818)</u>

Increase in cash flow
Cash, beginning of year

122,590 1,766
5,209 3,443

Cash, end of year

\$ 127,799 \$ 5,209

(See accompanying notes to the financial statements)

HABITAT FOR HUMANITY NOVA SCOTIA

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

1. STATUS AND NATURE OF ACTIVITIES

Habitat For Humanity Nova Scotia ("Habitat") is a not-for-profit organization whose purpose is to build stronger families by expanding opportunities for affordable homeownership. Habitat is registered under the Societies Act of the Province of Nova Scotia and is registered with the Canada Revenue Agency as a charitable organization.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and reflect the following policies:

Properties held for resale

Properties held for resale, which include land, buildings and building materials, both purchased and donated, are recorded at the lower of cost and net realizable value. Net realizable value is defined as the estimated costs to be recovered from partner families upon the sale of the property. Excess of carrying value of properties held for resale over proceeds received is expensed in the year in which title to the property is transferred to the partner families.

Gifts in kind which have been received for properties held for resale, but have not yet been allocated to a specific property, are recorded at the fair value of the goods donated.

Land held for development

Land held for development is recorded at cost when purchased and is evaluated for impairment at the end of each reporting period. If there is indication of impairment, the net realizable value of the asset is determined. Net realizable value is determined by estimated appraised value. If the net realizable value of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its net realizable value. An impairment loss is recognized immediately in the statement of earnings.

Income tax

Habitat is a charitable organization from which no part of the income is payable or otherwise available for the personal benefit of any director. Therefore is exempt from income tax pursuant to Section 149(1)(l) of the Income Tax Act.

HABITAT FOR HUMANITY NOVA SCOTIA
NOTES TO THE FINANCIAL STATEMENTS

 December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, bank overdrafts, and highly liquid temporary money instruments with original maturities of three months or less. Because of the short term maturity of these investments, their carrying amount approximates fair value.

Donated goods and services

Donated goods and services are recorded when a fair value can be reasonably estimated and they would otherwise be purchased if not donated. Donated goods that are received by Habitat from the HFHC gift in kind program are recorded at the fair value estimated by Habitat.

A substantial number of volunteers have made significant contributions of their time to Habitat's program and supporting services. The value of this contributed time is not reflected in these financial statements.

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization. Amortization is calculated using the straight-line method, at rates based on the estimated useful life of the assets as follows:

Equipment	3 years
Computer	4 years
Leasehold improvements	6 years

Habitat regularly reviews its property and equipment to eliminate obsolete items. Habitat tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Allocation of expenses

Administration expenses are allocated to ReStore operations based on the proportionate floor space occupied for occupancy costs and allocated directly for expenses that are specific to the ReStore and its operations.

HABITAT FOR HUMANITY NOVA SCOTIA

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 amount of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, and the differences could be material, as additional information becomes available in the future.

Revenue recognition

Revenue from sales of homes is recognized and measured in the financial statements based on the appraised value of the property when title is transferred to the selected partner family.

Habitat follows the deferral method of accounting for grants and donations. Unrestricted donations and grants are recognized as revenue when received. Restricted grants and donations are recognized as revenue in the year in which the related expenditures are incurred. The amount of any donations pledged to Habitat are not included in revenue until collection is assured.

Habitat operates a retail store known as the "ReStore". This store sells donated new and used building materials to the general public. Revenue for Restore is recognized upon sale of goods to customers.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses recorded in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

When financial instruments that include both a debt and an equity component are issued, the proceeds are allocated firstly to the component for which the fair value is more readily determinable, and the residual is allocated to the other component.

3. GOING CONCERN AND FUTURE OPERATIONS

These financial statements have been prepared on the going concern basis which assumes that Habitat will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business. Habitat has experienced an operating deficiency in the current year and in three of the last four years. As of December 31, 2018, Habitat's current liabilities exceeded current assets by \$1,967,014. As disclosed in Note 10, Habitat has a line of credit with CUA for \$5,000,000 in addition to its existing line of credit with RBC for \$125,000. The application of the going concern basis is dependent on the support of the financial institutions and Habitat's ability to generate operational surpluses.

HABITAT FOR HUMANITY NOVA SCOTIA NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

3. GOING CONCERN AND FUTURE OPERATIONS (continued)

Management and the Board believe that Habitat will be able to sustain operational surpluses. A management restructuring plan has been in progress since year end with the objective to reduce operating costs and increase donations revenue and ReStore sales. An operational cash flow has been prepared to support the belief that a surplus can be achieved. Assistance is being provided by the Board and experts who are volunteering their time. Habitat will be balancing the spend on builds with actual cash received to ensure expenditures do not exceed donation revenue. While current liabilities exceed current assets, a large portion (67%) of the current liabilities includes advances on the CUA line of credit of \$1,572,886. The loan is secured by long term assets and is expected to be converted to long term debt when the project is complete.

4. MORTGAGES RECEIVABLE

	2018		2017	
	Mortgages At Face Value	Mortgages At Amortized Cost	Mortgages At Face Value	Mortgages At Amortized Cost
First mortgages receivable	\$4,656,820	\$3,610,702	\$3,744,145	\$2,720,551
Forgivable second mortgages	698,095	-	751,616	-
	<u>5,354,915</u>	<u>3,610,702</u>	<u>4,495,761</u>	<u>2,720,551</u>
Less: current portion	<u>141,975</u>	<u>141,975</u>	<u>93,716</u>	<u>93,716</u>
	<u>\$5,212,940</u>	<u>\$3,468,727</u>	<u>\$4,402,045</u>	<u>\$2,626,835</u>

Upon completion of construction, homes are sold to selected applicants who are provided an interest-free mortgage, which is amortized on the basis of both the appraised value of the home, and the family's financial capacity. The mortgages have a fixed term of between 25 and 30 years, with principal repayments calculated and adjusted annually based on the homeowner's previous net income as reported to the Canada Revenue Agency.

Although the mortgages are non-interest bearing, they are accounted for using the effective interest method which results in interest income on each mortgage being recognized in the statement of operations over the life of the mortgage based on current inflation rates. Fair value and amortized costs are revalued at each balance sheet date on the amount and frequency of the homeowner's calculated principal repayments, with any adjustment to amortized costs recognized as write down of mortgages receivable to amortized cost on the statement of operations. Mortgages are measured at amortized costs as follows:

- current inflation rates;
- monthly payment for the subsequent year; and
- mortgage terms to a maximum of 30 years.

HABITAT FOR HUMANITY NOVA SCOTIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

4. MORTGAGES RECEIVABLE (continued)

Habitat has recorded a write down of mortgages receivable of \$22,525 (\$129,431 - 2017) as a result of recording the mortgages receivable using the effective interest method. The write down of mortgages receivable to amortized cost is included in the statement of operations in the net excess of revenues and expenses.

Second mortgages bear no interest, are secured by a charge on the specific property, and require no monthly payments with a term up to 30 years. Certain second mortgages include terms for forgiveness. Forgiveness is contingent upon the occurrence of certain events including the length of the occupancy of the homeowner. In 2018 there were no second mortgages paid out and in 2017 there was one second mortgage paid out in the amount of \$15,750.

5. CHANGES IN NON-CASH WORKING CAPITAL

	2018	2017
Accounts receivable	(29,460)	\$ 247,700
Prepaid expenses	(3,827)	621
Payables and accruals	183,106	(134,869)
Amounts held on behalf of homeowners	<u>(2,093)</u>	<u>(4,210)</u>
	<u>\$ 147,726</u>	<u>\$ 109,242</u>

6. PROPERTY AND EQUIPMENT

	2018	2018	2017		
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Rates
Computer	\$ 59,340	\$ 51,535	\$ 7,805	\$ 12,229	4 years
Equipment and furniture	13,188	13,188	-	4,396	3 years
Leasehold improvements	<u>40,540</u>	<u>30,645</u>	<u>9,895</u>	<u>14,524</u>	6 years
	<u>\$ 113,068</u>	<u>\$ 95,368</u>	<u>\$ 17,700</u>	<u>\$ 31,149</u>	

HABITAT FOR HUMANITY NOVA SCOTIA NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

7. CAPITAL MANAGEMENT

Habitat considers its capital to be the balance maintained in its Unrestricted Net Assets. The primary objective of Habitat is to invest its capital in a manner that will allow it to continue as a going concern and comply with its stated objectives. Capital is invested under the direction of the Board of Directors of Habitat with the objective of providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements. Habitat is not subject to any externally imposed capital requirements.

8. COMMITMENTS

Habitat has entered into lease agreements for its premises, vehicle and equipment. Minimum payments required until expiry are as follows:

2019	\$ 122,672
2020	323,970
2021	262,553
2022	<u>686</u>
	<u>\$ 709,881</u>

Habitat for Humanity Canada

Pursuant to its affiliate covenant with Habitat for Humanity Canada, Habitat pays an affiliation fee consisting of \$12,500 per vote for the affiliate, 15% on all nationally-procured gifts in kind for the ReStore, 20% on all nationally-procured gifts for the builds, 23% on all nationally-procured cash gifts and 4% of gross ReStore sales. In addition, Habitat contributes a tithe for international work.

9. DONATED GOODS AND SERVICES

In accordance with the accounting policy whereby Habitat records only donated goods and services when a fair value can be reasonably estimated and they would otherwise be purchased, Habitat recognizes the value of these goods when sold or used in the construction of a property held for resale. During the current year, Habitat recorded \$81,934 (2017 - \$162,854) as gifts in kind.

Habitat's practice is to recover the costs of construction plus the value of the land from partner families. As such, any donated goods and services relating to the construction of the homes are not included in the final selling price of the home. Donated goods and services not recovered from partner families are recorded in costs of construction not to be recovered from partner families in the statement of operations.

HABITAT FOR HUMANITY NOVA SCOTIA NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

10. CREDIT FACILITIES

Habitat has an authorized line of credit of \$125,000 with RBC, to be reviewed annually. The line of credit bears interest at prime plus 1.4% and is secured by a general security agreement. At December 31, 2018, the line of credit had a balance of \$0.

Habitat has an authorized line of credit of \$5,000,000 with CUA, to be reviewed annually. The line of credit bears interest at prime plus 1.5%. It is secured by a collateral first mortgage against the *forty-five properties identified as the Drysdale Project and an assignment of the mortgage receivable portfolio including existing and new mortgages*. The line of credit is available in four phases, as mutually agreed by both parties. Habitat is currently in phase one which has a limit of \$1,900,000. At the end of phase four the existing line of credit will be converted to a term loan with a *maximum amortization period of twenty years*. At December 31, 2018, the line of credit had a balance of \$1,572,886.

11. CONTINGENCIES

Warranty

Habitat extends a warranty to homeowners for deficiencies resulting from poor workmanship, poor quality materials, and/or improper installation. The warranty is extended for a period of twelve months from the date of occupancy or the date of the deficiency report, whichever is earliest. No liability has been recorded in these financial statements for future claims or expenditures which may be incurred as a result of the warranty.

12. AMOUNTS HELD ON BEHALF OF HOMEOWNERS

Mortgage prepayments represent payments from families that occupy their homes prior to title transfer. Upon title transfer, these amounts will be credited to the family's first mortgage.

HABITAT FOR HUMANITY NOVA SCOTIA NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

13. FINANCIAL INSTRUMENTS

Habitat 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 Habitat's risk exposure and concentrations at the balance sheet date.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. Habitat is exposed to credit risk on the mortgages receivable from its partner families. Habitat believes that this credit risk is minimized due to a first charge held on the related properties. Habitat is also exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. Habitat does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

Liquidity risk

Liquidity risk is the risk that Habitat will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of Habitat's cash requirements. Additional cash requirements are met with the use of the available operating line of credit. Available operating line of credit provides flexibility in the short term to meet operational needs and bridge long term financing.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. Habitat is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, Habitat manages exposure through its normal operating and financing activities. Habitat is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

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

HABITAT FOR HUMANITY NOVA SCOTIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

14. NET EXCESS OF REVENUES OVER EXPENSES FROM RESTORE OPERATIONS

	2018	2017
Revenue		
Sales	\$ 996,357	\$ 904,420
Gifts in kind	<u>81,934</u>	<u>78,978</u>
	<u>1,078,291</u>	<u>983,398</u>
Expenses		
Advertising	3,798	8,726
Fees and goods for resale	161,341	156,074
Insurance	5,962	4,328
Interest and bank charges	7,418	9,539
Office supplies and miscellaneous	15,913	23,709
Rent and utilities	275,729	249,325
Repairs and maintenance	32,644	980
Vehicle	22,452	20,342
Wages and benefits	<u>208,528</u>	<u>226,575</u>
	<u>733,785</u>	<u>699,598</u>
Net excess of revenue over expenses from ReStore operations	<u>\$ 344,506</u>	<u>\$ 283,800</u>

15. CORRECTION OF AN ERROR

A material error was found during the current period. In a prior year Habitat received a donation in the form of an assignment of a personal life insurance policy. Habitat is both the owner and beneficiary of the policy. The annual premiums are paid by the individual donor. The policy has a cash surrender value that was not recorded in the period in which the cash surrender value was earned. The error has been retrospectively corrected and the following adjustments to the comparative amounts have been made:

Increase in cash surrender value of life insurance policy	\$18,697
Increase in unrestricted net assets	\$18,697

16. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified from those previously presented to conform with the current year's presentation.

HABITAT FOR HUMANITY NOVA SCOTIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

17. ADMINISTRATIVE EXPENSES

	2018	2017
Advertising and promotion	\$ 35,464	\$ 15,608
Amortization of property and equipment	14,925	16,557
Dues and fees	32,795	40,435
Habitat Canada tithe	2,500	2,500
Insurance	33,440	30,059
Interest and bank charges	88,524	64,692
Office supplies	26,492	18,919
Professional fees	89,442	50,673
Rent	96,127	99,543
Repairs and maintenance	5,983	45,911
Severance	27,294	25,666
Telephone	15,439	15,035
Travel and training	36,929	33,287
Wages and benefits	<u>691,563</u>	<u>729,465</u>
	<u>\$1,196,917</u>	<u>\$1,188,350</u>
