

FINANCIAL STATEMENTS
Habitat For Humanity Nova Scotia
December 31, 2020

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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, 2020, 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, 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 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.

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.

A handwritten signature in blue ink, appearing to read "Ms. Sweeney Limited", is written in a cursive style.

Dartmouth, Nova Scotia
June 24, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS

HABITAT FOR HUMANITY NOVA SCOTIA
STATEMENT OF FINANCIAL POSITION

As at December 31

2020

2019

Assets

Current

Cash	\$ 388,596	\$ 45,644
Temporary investments	2,911	2,764
Accounts receivable	39,123	96,126
Prepaid expenses	12,273	1,200
Current portion of mortgages receivable (Note 3)	<u>79,864</u>	<u>111,694</u>

	<u>522,767</u>	<u>257,428</u>
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Cash surrender value of life insurance policy	92,855	62,259
Mortgages receivable (Note 3)	3,000,844	3,103,759
Properties held for sale	277,988	446,820
Work in progress	282,186	224,978
Land held for development	968,060	960,943
Property and equipment (Note 5)	<u>22,570</u>	<u>23,491</u>

	<u>\$5,167,270</u>	<u>\$5,079,678</u>
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Liabilities

Current

Bank indebtedness (Note 9)	\$1,695,781	\$1,775,926
Accounts payable and accrued liabilities	110,343	161,436
Amounts held on behalf of homeowners (Note 11)	65,762	49,182
Current portion of loan payable to Dexter Construction (Note 12)	<u>142,800</u>	<u>-</u>

	<u>2,014,686</u>	<u>1,986,544</u>
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Loan payable to Dexter Construction (Note 12)	142,975	336,381
Deferred contributions	<u>266,410</u>	<u>219,850</u>

	<u>2,424,071</u>	<u>2,542,775</u>
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Commitments (Note 7)		
Contingencies (Note 10)		
COVID-19 (Note 19)		
Subsequent events (Note 20)		

Net assets

Unrestricted net assets	<u>2,743,199</u>	<u>2,536,903</u>
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	<u>\$5,167,270</u>	<u>\$5,079,678</u>
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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

2020 **2019**

Revenues

Home sales	\$ 386,087	\$ 206,500
Fundraising and grants	394,758	134,087
Sponsorships	31,382	227,500
ReStore (Note 14)	<u>636,806</u>	<u>1,107,175</u>
	<u>1,449,033</u>	<u>1,675,262</u>

Expenses

Fundraising	13,240	3,373
Building costs	203,725	190,252
ReStore (Note 14)	502,582	888,133
Administrative and build expenses (Note 16)	<u>599,412</u>	<u>1,100,778</u>
	<u>1,318,959</u>	<u>2,182,536</u>

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

130,074 (507,274)

Other income (expense)

Change in cash surrender value of life insurance policy	30,597	25,545
Write up (down) of mortgages receivable to fair value (Note 3)	(19,608)	49,853
Sublet income	7,000	-
Mortgage relief funding	<u>58,233</u>	<u>-</u>
	<u>76,222</u>	<u>75,398</u>

Excess of revenues over expenses (expenses over revenues)

\$ 206,296 \$ (431,876)

(See accompanying notes to the financial statements)

HABITAT FOR HUMANITY NOVA SCOTIA
STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31

2020**2019**

Unrestricted balance, beginning of year	\$ 2,536,903	\$ 2,968,779
Excess of revenue over expenses (expenses over revenue)	<u>206,296</u>	<u>(431,876)</u>
Unrestricted balance, end of year	<u><u>\$ 2,743,199</u></u>	<u><u>\$ 2,536,903</u></u>

(See accompanying notes to the financial statements)

HABITAT FOR HUMANITY NOVA SCOTIA
STATEMENT OF CASH FLOWS
For the year ended December 31

	2020	2019
Operating activities		
Working capital from operations		
Excess of revenues over expenses (expenses over revenues)	\$ 206,296	\$ (431,876)
Items not requiring an outlay of cash		
Gain on home sales	(190,548)	(28,478)
Amortization	10,221	12,076
Write down (up) of mortgages receivable to amortized cost	19,608	(49,853)
Increase in cash surrender value of life insurance policy	(30,596)	(25,545)
Interest accrued (forgiven) on payable to Dexter Construction	(50,606)	14,289
	<u>(35,625)</u>	<u>(509,387)</u>
Changes in non-cash working capital (Note 4)	<u>(5,163)</u>	<u>(243,918)</u>
	<u>(40,788)</u>	<u>(753,305)</u>
Financing activities		
Line of credit advances (repayments)	<u>(80,145)</u>	<u>203,040</u>
Investing activities		
Deferred contributions	46,560	179,842
Expenditures on projects under development	(83,915)	(140,003)
Proceeds on home sales	386,087	188,000
Mortgage payments received	115,137	285,580
Increase in land held for development	(7,117)	(40,092)
Decrease (increase) in temporary investments	(147)	(308)
Additions to property and equipment	(9,300)	(17,867)
Increase in amounts held on behalf of homeowners	16,580	12,958
	<u>463,885</u>	<u>468,110</u>
Increase in cash flow	342,952	(82,155)
Cash, beginning of year	45,644	127,799
Cash, end of year	\$ 388,596	\$ 45,644

(See accompanying notes to the financial statements)

HABITAT FOR HUMANITY NOVA SCOTIA

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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 operations.

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, 2020

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
Vehicle	3 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 that 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. Wages and benefits, professional fees and subcontractor costs are allocated based on the time and effort dedicated to supporting Restore operations.

HABITAT FOR HUMANITY NOVA SCOTIA
NOTES TO THE FINANCIAL STATEMENTSDecember 31, 2020

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 amounts 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. 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.

Work in progress

Work in progress, which includes 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 lower of market value less costs of disposition and the amount of non-forgivable mortgages to be assumed by partner families. Any excess of carrying value over net realizable value is expensed in the year in which the impairment is determined.

HABITAT FOR HUMANITY NOVA SCOTIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

3. MORTGAGES RECEIVABLE

	2020		2019	
	Mortgages At Face Value	Mortgages At Fair Value	Mortgages At Face Value	Mortgages At Fair Value
First mortgages receivable	\$4,039,999	\$3,080,708	\$4,157,412	\$3,215,453
Forgivable second mortgages	673,656	-	687,691	-
Allowance for forgiveness	(673,656)	-	(687,691)	-
	<u>4,039,999</u>	<u>3,080,708</u>	<u>4,157,412</u>	<u>3,215,453</u>
Less: current portion	<u>79,864</u>	<u>79,864</u>	<u>111,694</u>	<u>111,694</u>
	<u>\$3,960,135</u>	<u>\$3,000,844</u>	<u>\$4,045,718</u>	<u>\$3,103,759</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.

Mortgages receivable are financial assets measured at fair value. Fair value is calculated as the net present value of expected cash flows, discounted using the five-year average inflation rate in Nova Scotia. In prior years, the annual inflation rate was used as the discount rate. Using annual inflation as the discount rate would have resulted in a \$639,508 write up of mortgage receivables in the current year due to a decrease in inflation during COVID-19. The change to a five-year average inflation rate was made to mitigate year-over-year volatility, resulting in a write down of mortgages receivable of \$19,608 (2019 - \$49,853 write up). The write down of mortgages receivable to fair value is included in the statement of operations in the net excess of revenues over expenses.

Fair value is revalued at each balance sheet date based on the amount and frequency of the homeowner's calculated principal repayments, with any adjustments recognized as a gain or loss on the statement of operations.

HABITAT FOR HUMANITY NOVA SCOTIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

3. MORTGAGES RECEIVABLE (continued)

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. As of December 31, 2020, Habitat believes the terms and conditions of forgiveness will be met, and therefore the forgivable second mortgages are valued at \$nil on the statement of financial position. There is no impact to Habitat's financial position or operating results.

A \$56,250 correction to the forgivable second mortgages balance at December 31, 2019 was recorded in the current year for three mortgages paid out in 2018. This correction is reflected in the face value of forgivable second mortgages presented above.

4. CHANGES IN NON-CASH WORKING CAPITAL

	2020	2019
Accounts receivable	\$ 57,003	\$ 3,467
Prepaid expenses	(11,073)	4,599
Payables and accruals	<u>(51,093)</u>	<u>(251,984)</u>
	<u>\$ (5,163)</u>	<u>\$ (243,918)</u>

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	2020 Net Book Value	2019 Net Book Value	Rates
Computer	\$ 69,577	\$ 61,743	\$ 7,834	\$ 9,574	4 years
Equipment and furniture	15,072	14,078	994	1,622	3 years
Leasehold improvements	48,062	41,531	6,531	12,295	6 years
Vehicles	7,525	314	7,211	-	5 years
	<u>\$ 140,236</u>	<u>\$ 117,666</u>	<u>\$ 22,570</u>	<u>\$ 23,491</u>	

HABITAT FOR HUMANITY NOVA SCOTIA
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

6. 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.

7. COMMITMENTS

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

2021	\$ 263,226
2022	<u>686</u>
	<u>\$ 263,912</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.

8. 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 \$nil (2019 - \$22,634) 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, 2020

9. 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 Royal Bank Prime plus 3.00% and is secured by a general security agreement. At December 31, 2020, the line of credit had a balance of \$nil.

Habitat has an authorized line of credit of \$5,000,000 with CUA, to be reviewed annually. The line of credit bears interest at 4.6%. It is secured by a collateral first mortgage against the forty-five properties included in the Habitat Way affordable housing development 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, 2020, the line of credit had a balance of \$1,695,781.

10. 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.

11. 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.

12. LOAN PAYABLE TO DEXTER CONSTRUCTION COMPANY LIMITED

During the current year, Habitat was able to renegotiate the terms of the loan with Dexter Construction Company Limited. As a result, the interest payable was forgiven and Habitat recognized an interest expense recovery of \$50,606. This recovery is included in interest and bank charges on the schedule of administrative and build expenses (Note 16). In the prior year, interest of \$14,289 on the loan was included in interest and bank charges.

In exchange for forgiving the interest payable, Habitat agreed to repay the loan principal in equal monthly instalments of \$11,900 from January 1, 2021 to December 31, 2022, without interest. Total principal repayments per year are as follows:

2021	142,800
2022	<u>142,975</u>
	<u>\$ 285,775</u>

HABITAT FOR HUMANITY NOVA SCOTIA NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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 counterparty 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, 2020

14. NET EXCESS OF REVENUES OVER EXPENSES FROM RESTORE OPERATIONS

	2020	2019
Revenue		
Sales	\$ 636,806	\$1,103,041
Gifts in kind	<u>-</u>	<u>4,134</u>
	<u>636,806</u>	<u>1,107,175</u>
Expenses		
Advertising	481	23
Fees and goods for resale	80,454	119,878
Interest and bank charges	6,935	9,997
Office supplies and miscellaneous	9,572	7,682
Professional fees	45,738	55,233
Rent and utilities (Note 19)	213,691	320,879
Repairs and maintenance	2,477	8,217
Vehicle	21,335	29,022
Subcontractor costs	7,917	18,105
Wages and benefits (Note 19)	<u>113,982</u>	<u>319,097</u>
	<u>502,582</u>	<u>888,133</u>
Net excess of revenue over expenses from ReStore operations	<u>\$ 134,224</u>	<u>\$ 219,042</u>

15. 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, 2020

16. ADMINISTRATIVE AND BUILD EXPENSES

	2020	2019
Amortization	\$ 10,221	\$ 12,076
Advertising and promotion	4,299	12,381
Bad debt expense	-	35,940
CEO and Board expenses	18,421	10,090
Dues and fees	49,281	98,741
Insurance	42,020	32,951
Interest and bank charges, net of forgiven interest (Note 12)	39,049	121,530
Miscellaneous expenses	9,558	11,951
Office supplies	11,096	35,203
Professional fees	182,952	220,930
Repairs and maintenance	-	2,456
Rent and utilities	71,856	70,884
Subcontractor costs	69,914	155,027
Telephone	10,795	13,349
Travel and training	262	6,081
Volunteer expenses	30	5,646
Wages and benefits	79,658	255,542
	<u>\$ 599,412</u>	<u>\$1,100,778</u>

For the year ended December 31, 2020, \$89,462 (2019 - \$170,860) of total administration and build expenses are related to the build division.

17. RELATED PARTY TRANSACTIONS

A member of the Board of Directors provided real estate services in connection with the sale of two properties during the year. Real estate commissions paid in 2020 were \$14,537 (2019- \$3,324).

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

HABITAT FOR HUMANITY NOVA SCOTIA
NOTES TO THE FINANCIAL STATEMENTSDecember 31, 2020

18. GOVERNMENT ASSISTANCE**Canada Emergency Rent Subsidy**

Habitat received \$1,878 from the federal Canada Emergency Rent Subsidy (CERS) due to the impact of COVID-19, which is netted against the Restore rent and utility expense presented in Note 14 to the financial statements.

Canada Emergency Wage Subsidy

Habitat received \$54,582 from the federal Canada Emergency Wage Subsidy (CEWS) due to the impact of COVID-19, which is netted against the Restore wages and benefits expense presented in Note 14 to the financial statements.

19. COVID-19

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

It is unknown what the extent of the impact of the ongoing situation will be on Habitat as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently or may be put in place by Canada and other countries to fight the virus.

20. SUBSEQUENT EVENTS

On May 4, 2021, Habitat signed a lease amending agreement for the Dartmouth Restore premises. The amending agreement extends the lease term for a further five years commencing on December 1, 2021 and expiring on November 30, 2026. Rent for the extended lease term is \$10,221 per month, plus applicable taxes.

The commitments disclosure in Note 7 excludes rent payments for the extended lease term as the agreement was signed subsequent to year end.
