

86223.005



# ATTACHMENT B: Application from Habitat for Humanity Mid-Vancouver Island Society

## CITY OF NANAIMO APPLICATION FOR PERMISSIVE TAX EXEMPTION

Office Use

ORGANIZATION: Habitat for Humanity Mid-Vancouver Island Society		DATE: June 1, 2022	
ADDRESS: 44 Pine Street		PRESIDENT: Bill Anderson (Chair)	
#1 - 4128 Mostar Road		SENIOR STAFF MEMBER: Jeff Krafta	
Nanaimo, BC		POSITION: Executive Director	
V9T 6C9		CONTACT: Jeff Krafta	
TELEPHONE: 250-758-8078 ext. 2		TELEPHONE: 250-758-8078 ext. 107	
GEOGRAPHIC AREA SERVED BY THE ORGANIZATION: Nanaimo; south to Duncan, north to Parksville, west to Ucluelet			
NO. OF FULL TIME STAFF: 10		NO. OF PART TIME STAFF: 11	
NO. OF COMMUNITY VOLUNTEERS:		NO. OF VOLUNTEER HOURS PER YEAR:	
CLIENTS SERVED, LAST YEAR: 7 families		CLIENTS SERVED, THIS YEAR (PROJECTED): 10 families	
B.C. SOCIETY ACT REG. NO.: S32950		REVENUE CANADA CHARITABLE REG. NO.: 881877781RR0001	
CURRENT BUDGET: 2022		LEGAL DESCRIPTION OF PROPERTY:	
INCOME \$2,276,436			
EXPENSES: \$1,609,388		TAX FOLIO NUMBER:	
NEXT YEAR PROJECTED: 2023			
INCOME: \$2,200,000		CURRENT YEAR TAXES (IF KNOWN): \$3,743.40	
EXPENSES: \$1,600,000			
SIGNATURE:		TITLE/POSITION: Executive Director	
		DATE: 24 June 2021	

**NOTE:** YOUR ORGANIZATION'S MOST RECENT YEAR-END FINANCIAL STATEMENTS AND CURRENT YEAR-TO-DATE FINANCIAL STATEMENTS MUST BE ATTACHED TO THE APPLICATION FORM (INCLUDING A BALANCE SHEET AND INCOME STATEMENT), AS WELL AS THE MOST RECENT SOCIETY ACT ANNUAL REPORT (FORM 11).

## Jamie Slater

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**From:** Donna Holland <Accounting@habitatmvi.org>  
**Sent:** Tuesday, July 12, 2022 3:04 PM  
**To:** Jamie Slater  
**Cc:** Jeff Krafta – Executive Director, HFHMVI  
**Subject:** FW: Permissive Tax Exemption 2022-2023  
**Attachments:** 1. Habitat Dec 21 - 704120 - Approved Financial Statements.pdf; Habitat Financials April 2022\_DH.xlsx; Form 4\_BC Online Annual Report.pdf; Permissive Tax Exemption City of Nanaimo 2022-2023.pdf

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Dear Jamie,

Delightful speaking with you this afternoon. Thank you so much for all your information. I understand you will return my email with a template letter I can forward to our landlord to sign as the lease in our operating location is Triple Net which includes the City Taxes. Once I have that back from our Landlord, I am to submit a *second* application for our leased location.

*Vacant Land*

Attached is our 2022-2023 Permissive Tax Exemption application for 474 Pine Street PID 030-670-951. My Executive Director sent this to Barbara Wardill in June. He asked me to follow up as he needs to be out of town on business the rest of this week.

We acknowledge that our 2021-2022 application was denied as the Property, which was donated to us by the City of Nanaimo, is currently land alone, however we have been expending cash and labour resources in our pre-development stage with no return on our investment.

As a non-profit, every dollar we can save is tremendously meaningful and directly invested in our Charitable Activities.

We are wondering (hoping) the City of Nanaimo may be able to take a second look and find a option to support us in our application this year. To date we have invested over \$20,000 in cash plus Human Resources and volunteers.

Sincerely,

Donna Holland for Jeff Krafta, Executive Director – Habitat for Humanity Mid-Vancouver Island Society.

Donna Holland  
Finance and Admin, Manager



#1, 4128 Mostar Road, Nanaimo, BC V9T 6C9  
Office: 250.758.8078 ext:105 Fax: 250.758.8096  
[accounting@habitatmvi.org](mailto:accounting@habitatmvi.org) [www.habitatmvi.org](http://www.habitatmvi.org)

*We build strength, stability and independence through affordable home ownership.*

## CITY OF NANAIMO GRANT QUESTIONNAIRE

1. Please describe the Purpose or Mandate of your organization in this community.

Habitat for Humanity Mid-Vancouver Island brings communities together  
to help families build strength, stability and independence through  
affordable home ownership.

2. Please list the programs and services provided by your organization.

Currently planning for a development at Pine and Albert, Nanaimo  
Currently planning for 10 homes in the Lost Lake area

3. Are you planning to change or add to current programs and services in the future?

No.

4. Please describe the role of volunteers in your organization.

We rely on extensive involvement of volunteers in two critical areas - the  
ReStore and building houses. The ReStore volunteers assist with receiving donated goods,  
refurbishing them and selling them. On the build site volunteers assist where  
applicable.

5. Please list all grants received from the City of Nanaimo, Regional District of Nanaimo, and  
other governments or service clubs.

Zero Waste Recycling Program

## CITY OF NANAIMO GRANT QUESTIONNAIRE

6. Please provide details of fees for service in your organization, and how costs and fees are determined.

Not applicable. We sell donated goods through our ReStore operations. The cost of the goods is determined by their condition and an appropriate price to sell the goods quickly.

7. If your organization is a branch of a larger organization, please indicate how this affects the financial and other information you have provided.

We are an affiliate of Habitat for Humanity Canada. However, we are independently constituted. We pay fees to the national office and receive funding back from them both in cash and donated goods for the houses under construction.

8. If you lease or rent out part of your premises: please note the amount of space rented (sq ft), total square feet of the premises, name of organization renting the space, and the annual rent received.

N/A

9. Please describe current or planned approaches to self generated income.

All of our net income is directed towards supporting the cost of building houses for our partner families.

## CITY OF NANAIMO GRANT QUESTIONNAIRE

10. Is there any other information about your organization that you would like to provide to support your application?

Habitat for Humanity Mid-Vancouver Island has a unique relationship with  
Vancouver Island University whereby we utilize students from the trades  
programs to assist with the building of the houses. This provides them with a  
hands on building experience. We estimate they contribute 5000 hours per house.

11. In what ways would you recognize the City's support, should you receive a Permissive Tax Exemption?

We currently recognize the City of Nanaimo as a supporter on the signage at  
our builds. We would continue to recognize the City in the future at the  
development sites and also on our website and newsletter.





# BC Registries and Online Services

## SOCIETY ANNUAL REPORT

Section 73 SOCIETIES ACT Form 4

Telephone: 1 877 526-1526  
[www.gov.bc.ca/Societies](http://www.gov.bc.ca/Societies)

**DO NOT MAIL THIS FORM** unless otherwise instructed to do so by registry staff.  
 BC Registries and Online Services requires that this filing be completed online at  
[www.gov.bc.ca/SocietiesOnline](http://www.gov.bc.ca/SocietiesOnline)

### Filing Fee: \$40.00

If you are instructed by registry staff to mail this form, please include a cheque/money order (payable to the Minister of Finance) or provide a BC OnLine account number.

*Freedom of Information and Protection of Privacy Act (FOIPPA):*  
 Personal information provided on this form is collected, used and disclosed under the authority of the FOIPPA and the Societies Act for the purposes of assessment. Questions regarding the collection, use and disclosure of personal information can be directed to the Manager of Registries Operations at 1 877 526-1526.  
 PO Box 9431 Stn Prov Govt, Victoria BC V8W 9V3

### A PRIMARY EMAIL ADDRESS

corporate@nanaimolaw.com

### ALTERNATE EMAIL ADDRESS

kcumpstone@nanaimolaw.com

### B INCORPORATION NUMBER OR BUSINESS NUMBER OF SOCIETY

S0032950

### C NAME OF SOCIETY

Habitat for Humanity Mid-Vancouver Island Society

### D ANNUAL GENERAL MEETING (AGM) DATE (A society must hold an Annual General Meeting once in each calendar year. The annual report must be filed within 30 days after the meeting is held.)

FOR CALENDAR YEAR

YYYY/MM/DD

2022

2022/04/25

OR

No meeting held

### E REGISTERED OFFICE ADDRESS

Has the registered office address changed from last year? ☐ Yes ☒ No

The Notice of Change of Address takes effect at the beginning of the day (12:01 a.m. Pacific Time) following the date on which this notice is filed with the registrar.

DELIVERY ADDRESS (PO Box alone is not accepted. Postal Code required.)

CITY

Prov.  
BC

POSTAL CODE

MAILING ADDRESS (If different from delivery address.)

CITY

Prov.  
BC

POSTAL CODE

### F PERSONS WHO HAVE BEEN ELECTED OR APPOINTED AS DIRECTORS

- A society must have a minimum of three directors (individuals) and at least one must be ordinarily resident in BC.
- A member-funded society must have at least one director who is not required to reside in BC.
- A director address must be a physical address. A post office box alone is not accepted. A director's address may be their residential address or an address at which the director may be served with records between the hours of 9:00am and 4:00pm, local time, Monday to Friday.
- Full names of directors are required, Initials only are not accepted.
- Attach additional sheet if more space is required.

FIRST NAME

MIDDLE NAME

LAST NAME

As Attached

ADDRESS

CITY

PROV/STATE

COUNTRY

POSTAL CODE/ZIP CODE

FIRST NAME

MIDDLE NAME

LAST NAME

ADDRESS

CITY

PROV/STATE

COUNTRY

POSTAL CODE/ZIP CODE

FIRST NAME

MIDDLE NAME

LAST NAME

ADDRESS

CITY

PROV/STATE

COUNTRY

POSTAL CODE/ZIP CODE

**G PERSONS WHO HAVE CEASED TO BE DIRECTORS**

FIRST NAME	MIDDLE NAME	LAST NAME
As attached		

**H CERTIFICATION** - I certify that I have relevant knowledge of the society, and that I am authorized to make this filing.

Note: It is an offence to make a false or misleading statement in respect of a material fact in a record submitted to the Corporate Registry for filing. See section 223 of the Societies Act.

NAME	SIGNATURE	DATE SIGNED YYYY / MM / DD
Karen Cumpstone		

**I ANNUAL REPORT REMINDER PREFERENCES** - Please indicate when you wish to receive your annual report reminder each year.

Anniversary of incorporation date.

Other date:

Do not send us a reminder.

**J DELIVERY METHOD** - Choose one delivery method for receipt of the society's documents.

Society Email

Other Email  
Address

Pickup (Victoria only)

Contact Person

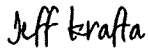
Telephone

By Mail to Registered Office Mailing Address

By Mail to another address. Please specify.

MAILING ADDRESS	CITY	PROV/STATE	COUNTRY	POSTAL CODE/ZIP CODE

I have read this form and confirm its accuracy and appoint Heath Law LLP as the Society's agent to electronically file this form with the Registrar of Companies.



\_\_\_\_\_  
Jeff Krafta

Habitat for Humanity Mid-Vancouver Island Society							Volunteer hours:		Restore Staff Hours	Vol YTD	Staff YTD
Income Statement - Summary							Nanaimo	201	818	418	3,412
For the Month Ending April 2022							Duncan	40	582	47	2,070
REVENUE		Apr-22	Apr-21	2022 Year-to-Date	2022 Budget	% of Budget Used to Date	Refresh	11	304	15	1,363
	Revenues:										
	Nanaimo Restore	79,617	69,284	300,587	875,000	34%				Admin hours	2,136
	Nanaimo ReFresh	25,511	15,607	111,166	250,000	44%				ReStore hours	5,482
	Duncan Restore	28,376	27,889	109,090	350,000	31%					
	Partner Family Homes	275,882	75,081	515,015	600,000	86%					
	Deferred Revenue Recognized	-	-	-							
	Build Grants	-	-	-							
	Admin	232	3,324	2,419	22,436	11%					
	Gifts and Disbursements	56,247	8,946	77,399	179,000	43%					
	Total Revenues	465,665	200,231	1,115,676	2,276,436	49%					
	Expenses:										
	Nanaimo Restore	56,352	61,664	208,454	618,190	34%					
	Nanaimo ReFresh	22,219	15,607	67,664	182,797	37%					
	Duncan Restore	27,579	25,545	97,189	310,839	31%					
	Cost of Partner Family Homes	51	-	2,891	4,000	72%					
	Marketing	1,436	286	6,499	32,286	20%					
	Families	3,981	6,270	16,670	48,410	34%					
	Volunteers	364	3,903	6,135	20,906	29%					
	Admin	37,545	32,090	110,434	312,751	35%					
	Gifts and Disbursements	4,070	2,624	11,861	79,209	15%					
	Total Expenses	153,598	147,968	527,797	1,609,388	33%					
	Net Surplus (Deficit):	312,267	52,243	587,879	667,048	88%					
	Notational remarks:										
	Debt Servicing	3,651	1,380	13,707	33,350						
	Depreciation/Amortization	2,065	2,065	8,260	19,260						
	Net Income Nanaimo Restore	23,265	7,620	92,134							
	Net Income Duncan Restore	797	2,444	11,901							
	Net Income Nanaimo ReFresh	3,292	-	43,502							
	Net Partner Homes	275,831	75,081	512,124							
DONATED GOODS		Current Month	YTD								
	Gifts in Kind - Nanaimo ReStore	47,696	168,778								
	Gifts in Kind - Duncan ReStore	5,650	29,518								
		53,346	198,296								



**Habitat For Humanity Mid-Vancouver Island Society**  
**Financial Statements**  
*December 31, 2021*

# Habitat For Humanity Mid-Vancouver Island Society

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For the year ended December 31, 2021

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Draft - For Discussion Purposes Only

## **Independent Auditor's Report**

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To the Members of Habitat For Humanity Mid-Vancouver Island Society:

### **Report on the Audit of the Financial Statements**

#### **Qualified Opinion**

We have audited the financial statements of Habitat For Humanity Mid-Vancouver Island Society (the "Society"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net assets, cash flows and the related schedules for the year then ended, notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2021, and the results of its 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 charitable organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records and we were not able to determine whether adjustments might be necessary to donation revenue and excess of revenue over expenses for the years ended December 31, 2021 and 2020, and assets and net assets as at December 31, 2021 and 2020. Our audit opinion on the financial statements for the year ended December 31, 2020 was also modified 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 report. We are independent of the Society 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 qualified opinion.

#### **Other Information**

Management is responsible for the other information, comprising of the annual report, which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### **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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society 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.

## **Report on Other Legal and Regulatory Requirements**

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied by the Habitat For Humanity Mid-Vancouver Island Society in preparing and presenting the financial statements in accordance with Canadian Accounting Standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Nanaimo, British Columbia

Chartered Professional Accountants

# Habitat For Humanity Mid-Vancouver Island Society

## Statement of Financial Position

As at December 31, 2021

	2021	2020
<b>Assets</b>		
<b>Current</b>		
Cash	149,496	84,661
Accounts receivable (Note 3)	21,120	50,326
Prepaid expenses and deposits	7,954	6,862
Current portion of mortgages receivable (Note 4)	345,790	218,921
Construction in progress	385,992	1,802,213
	910,352	2,162,983
<b>Capital assets (Note 5)</b>	59,296	97,203
<b>Mortgages receivable (Note 4)</b>	3,290,339	3,834,939
	4,259,987	6,095,125
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals (Note 6)	107,746	143,298
Demand loans (Note 7)	1,022,335	1,226,583
Deferred contributions (Note 8)	12,188	553,081
	1,142,269	1,922,962
<b>Commitments (Note 9)</b>		
<b>Significant event (Note 12)</b>		
<b>Net Assets</b>		
General fund	10,827	(41,447)
Capital asset fund	59,295	97,203
Fund for humanity	3,047,596	4,116,407
	3,117,718	4,172,163
	4,259,987	6,095,125

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

# Habitat For Humanity Mid-Vancouver Island Society

## Statement of Operations

For the year ended December 31, 2021

	2021	2020
<b>Revenue</b>		
ReStore revenue	1,266,544	1,038,429
Fundraising revenue		
Donations (Note 10)	252,838	90,602
Fundraising revenue	424	22,090
Other income	32	333
Build revenue		
Other revenue	-	6,741
Grants and donations	856,951	-
House sales	3,396,123	-
<b>Total revenue</b>	<b>5,772,912</b>	<b>1,158,195</b>
<b>Cost of sales</b>		
Fundraising costs	9,860	4,236
House construction costs	2,734,783	1,638
	<b>2,744,643</b>	<b>5,874</b>
<b>Gross profit</b>	<b>3,028,269</b>	<b>1,152,321</b>
<b>Expenses</b>		
Administrative	54,785	46,556
Advertising	6,873	5,630
Amortization	37,908	27,730
Automotive	17,727	26,028
Bank charges and interest	61,440	37,641
Conferences	2,458	1,440
Insurance	12,673	11,872
Membership fees	487	230
National contribution (Note 10)	45,687	41,593
Office	23,255	23,585
Procurement and freight	55,810	42,667
Professional fees	17,415	24,204
Rent	274,571	178,859
Repairs and maintenance	6,885	11,088
Salaries and benefits	770,261	574,976
Supplies	14,277	9,299
Telephone	13,540	7,892
Tithes (Note 10)	-	2,500
Training and education	3,658	846
Utilities	31,550	16,079
Volunteers	2,231	2,323
<b>Total expenses</b>	<b>1,453,491</b>	<b>1,093,038</b>
<b>Excess of revenue over expenses before other items</b>	<b>1,574,778</b>	<b>59,283</b>

Continued on next page

The accompanying notes are an integral part of these financial statements

# Habitat For Humanity Mid-Vancouver Island Society

## Statement of Operations

For the year ended December 31, 2021

	2021	2020
<b>Excess of revenue over expenses before other items</b> <i>(Continued from previous page)</i>	<b>1,574,778</b>	59,283
<b>Other items</b>		
COVID relief funding <i>(Note 13)</i>	40,536	104,393
Mortgage discount rate adjustment	(2,669,759)	626,226
Gifts in kind	356,922	439,981
Cost of donated gifts	(356,922)	(439,981)
	(2,629,223)	730,619
<b>Excess (deficiency) of revenue over expenses</b>	<b>(1,054,445)</b>	789,902

Draft - For Discussion Purposes Only

The accompanying notes are an integral part of these financial statements



# Habitat For Humanity Mid-Vancouver Island Society

## Statement of Changes in Net Assets

*For the year ended December 31, 2021*

	<i>General Fund</i>	<i>Capital Asset Fund</i>	<i>Fund for Humanity</i>	<b>2021</b>	<b>2020</b>
Net assets beginning of year	(41,447)	97,203	4,116,407	4,172,163	3,382,261
Excess (deficiency) of revenue over expenses	(1,016,537)	(37,908)	-	(1,054,445)	789,902
	(1,057,984)	59,295	4,116,407	3,117,718	4,172,163
Transfers to fund mortgages receivable	417,732	-	(417,732)	-	-
Transfers to fund construction in progress	1,416,221	-	(1,416,221)	-	-
Transfers to fund demand loan	(224,249)	-	224,249	-	-
Transfers to fund deferred contributions	(540,893)	-	540,893	-	-
	1,068,811	-	(1,068,811)	-	-
Net assets, end of year	10,827	59,295	3,047,596	3,117,718	4,172,163

Draft - For Discussion Purposes Only

*The accompanying notes are an integral part of these financial statements*

# Habitat For Humanity Mid-Vancouver Island Society

## Statement of Cash Flows

For the year ended December 31, 2021

	2021	2020
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess (deficiency) of revenue over expenses	(1,054,445)	789,902
Amortization	37,907	27,730
Mortgage Discount	2,669,759	(626,226)
Mortgages cancelled	477,905	-
	2,131,126	191,406
Changes in working capital accounts		
Accounts receivable	29,206	(26,728)
Construction in progress	1,416,221	(783,388)
Prepaid expenses and deposits	(1,092)	65,507
Accounts payable and accruals	(35,552)	(837)
Deferred contributions	(540,893)	457,750
	2,999,016	(96,290)
<b>Financing</b>		
Advances on demand loans	-	40,000
Repayments of bank indebtedness	(204,248)	(131,248)
	(204,248)	(91,248)
<b>Investing</b>		
Purchase of capital assets	-	(3,068)
Advances of mortgages receivable	(2,945,686)	-
Repayment of mortgages receivable	215,753	199,032
	(2,729,933)	195,964
<b>Increase in cash</b>	64,835	8,426
<b>Cash resources, beginning of year</b>	84,661	76,235
<b>Cash, end of year</b>	149,496	84,661

The accompanying notes are an integral part of these financial statements

# Habitat For Humanity Mid-Vancouver Island Society

## Notes to the Financial Statements

For the year ended December 31, 2021

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### 1. Incorporation and nature of the organization

Habitat For Humanity Mid-Vancouver Island Society (the "Society") was incorporated under the authority of the Societies Act of British Columbia and is a registered charity and thus is exempt from income taxes under section 149(1)(f) of the Income Tax Act ("the Act"). In order to maintain its status as a registered charity under the Act, the Society must meet certain requirements within the Act. In the opinion of management these requirements have been met.

The Society's mission is to work within the Mid-Vancouver Island region to mobilize volunteers and community partners in building affordable housing and promoting home ownership as a means to break the cycle of poverty. In order to support administrative and fundraising efforts, the Society also operates a used building supply store called "ReStore".

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, and include the following significant accounting policies:

#### ***Fund accounting***

The Society follows the deferral method of accounting for contributions and reports using fund accounting, and maintains three funds: General Fund, Capital Asset Fund and Fund for Humanity.

The General Fund reports the Society's revenue and expenses related to program delivery and administrative activities.

The Capital Asset Fund reports the Society's assets, liabilities, revenue and expenses related to Habitat For Humanity Mid-Vancouver Island Society's capital assets.

The Fund for Humanity reports the Society's assets, liabilities, revenue and expenses related to Habitat For Humanity Mid-Vancouver Island Society's housing construction and mortgages receivable from partner families.

#### ***Revenue recognition***

The Society follows the deferral method of accounting for contributions which include donations and grants. Restricted contributions and donations are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

ReStore revenue is recognized when the sales process is complete, which is when the product is sold to the customer, title has been transferred and the price is determined.

Grants and donations restricted for use on house builds are recognized when the related housing units are sold and the related costs of construction are recognized.

The Society uses the completed contract method for house sales, under which the Society recognizes no profits on construction projects in progress, billed or unbilled, until such time as title is transferred to the homeowners.

Government assistance for COVID relief is recognized as revenue in the same year that the eligible expenses are paid.

#### ***Contributed materials and services***

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Society's operations and would otherwise have been purchased. When this occurs the Society reports the donation as a gift-in-kind.

A substantial number of volunteers make significant contributions of their time to the Society's programs and supporting services. The value of this contributed time cannot be reasonably estimated and is not reflected in these financial statements.

#### ***Financial instruments***

The Society recognizes its financial instruments when the Society becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

# Habitat For Humanity Mid-Vancouver Island Society

## Notes to the Financial Statements

For the year ended December 31, 2021

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### 2. Significant accounting policies (Continued from previous page)

At initial recognition, the Society may irrevocably elect to subsequently measure any financial instrument at fair value. The Society has not made such an election during the year.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

#### **Construction in progress**

Construction in progress consists of the cost of land plus direct construction costs. They do not include the value of volunteer labour.

#### **Mortgages receivable**

Mortgages receivable from sales of homes are interest free and repayable over periods of time normally ranging from twenty to thirty years.

Management discounts the interest free mortgages receivable at year end at the current inflation rate. The Society uses Statistics Canada's Consumer Price Index (CPI) at December 31 as the discount rate.

The Society also holds second mortgages on certain properties. These second mortgages are not recognized in the financial statements and represent a contingent asset of the Society.

#### **Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined. When fair value cannot be reasonably determined, capital assets have been recorded at nominal value.

Amortization is provided using the following methods at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Automotive	declining balance	30 %
Computer equipment	declining balance	30 %
Equipment	declining balance	20 %
Leasehold improvements	straight-line	5 - 10 years
Fencing	declining balance	20 %

#### **Measurement uncertainty (use of estimates)**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Mortgages receivables are stated after evaluating their collectibility and appropriate discount rate. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

#### **Impairment of long lived assets**

The Society 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 amount exceeds its fair value.

**Habitat For Humanity Mid-Vancouver Island Society**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2021*

**3. Accounts receivable**

	2021	2020
Accounts receivable	21,120	9,750
Goods and Services Tax recoverable	-	40,576
	<b>21,120</b>	<b>50,326</b>

**4. Mortgages receivable**

All mortgages receivable are secured by first mortgages over the property transferred to the purchaser. Certain mortgages receivable also carry second mortgages over the property transferred.

Under the terms of the existing agreements with the purchaser of the home, if the purchaser sells the property within ten years of the date of purchase the Society retains all proceeds from the sale and all mortgage payments are reclassified as rental payments. If the property is sold after that date the Society retains a portion of the proceeds, depending upon the length of ownership and the sale proceeds.

For all mortgages issued in 2020 and beyond, there will be no participation in Market Value increases.

The value of second mortgages at year end is \$310,755 (2020 - \$384,870) which has not been recorded in the assets of the Society in accordance with its accounting policy stated in Note 2.

Notes receivable consist of the following:

	2021	2020
Mortgages receivable, interest free, being repaid in monthly installments totaling \$28,816 (adjusted annually, based upon the purchaser's income)	6,795,792	4,543,764
Mortgage discount based of CPI 4.80% (2020 - 0.70%)	(3,159,663)	(489,904)
	<b>3,636,129</b>	<b>4,053,860</b>
Less: current portion	<b>345,790</b>	<b>218,921</b>
	<b>3,290,339</b>	<b>3,834,939</b>

**5. Capital assets**

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Automotive	146,891	129,061	17,830	25,471
Computer equipment	27,673	19,724	7,949	11,356
Equipment	57,292	52,665	4,627	6,610
Fencing	4,875	4,205	670	745
Leasehold improvements	152,338	124,118	28,220	53,021
	<b>389,069</b>	<b>329,773</b>	<b>59,296</b>	<b>97,203</b>

The Society regularly reviews its capital assets to eliminate obsolete items.

**Habitat For Humanity Mid-Vancouver Island Society**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2021*

**6. Accounts payable and accruals**

	2021	2020
Accounts payable and accruals	26,411	100,100
Employee deductions payable	16	-
Provincial sales tax payable	4,516	6,735
Wages payable	27,028	36,463
Goods and Services Tax payable	49,775	-
	<b>107,746</b>	<b>143,298</b>

**7. Demand loans**

Demand loans include an operating loan facility, a fixed rate term loan and a CEBA loan facility of up to \$1,400,000, \$1,000,000 and \$60,000 respectively with VanCity. Amounts drawn on the loan fund the construction in progress.

The Vancity loans have been collateralized as follows:

- General security agreement; and
- Assignment of rents from all mortgages receivable.

	2021	2020
VanCity line of operating loan bearing interest at prime plus 1% or 3.45% (2020 - 3.45%). Interest only payments are due monthly. The loan is repayable on demand.	70,763	243,729
VanCity Fixed Rate Term Loan bearing interest at 4.16%. Repayable in monthly blended payments of \$7,459 per month. The loan is due October 23, 2023 and is repayable on demand.	891,572	942,854
Canada Emergency Business Account (CEBA) forgivable loan up to \$20,000 (2020: \$10,000), bearing interest at 0% per annum until December 31, 2023 and interest at 5% per annum starting on January 1, 2023 with maturity date December 31, 2025.	60,000	40,000
	<b>1,022,335</b>	<b>1,226,583</b>

Capitalized Interest and services charges totaling \$87,363 (2020: \$0) were expensed as part of the cost of houses sold during the year. The capitalized interest and service charges expensed included \$16,260 paid in 2021, \$39,389 capitalized in 2020, and \$31,714 capitalized in prior years..

**8. Deferred contributions**

Deferred contributions consist of unspent contributions externally restricted for certain construction projects. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are recognized. Changes in the deferred contribution balance are as follows:

	2021	2020
Balance, beginning of year	553,081	95,331
Amount received during the year	346,641	476,750
Less: Amount recognized as revenue during the year	(887,534)	(19,000)
Balance, end of year	<b>12,188</b>	<b>553,081</b>

# Habitat For Humanity Mid-Vancouver Island Society

## Notes to the Financial Statements

For the year ended December 31, 2021

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### 9. Commitments

The Society has entered into various lease agreements with estimated minimum annual payments as follows:

2022	302,591
2023	12,508
	<hr/>
	315,099

The Society occupies leased premises in Nanaimo, BC subject to minimum monthly rent of \$18,983 until September 30, 2022. There is no option to renew this agreement.

Minimum monthly payments on leased premises in Duncan, BC increase from \$5,806 to \$6,011 until February 28, 2023. This agreement contains an option for renewal of an additional 5 year term.

### 10. Habitat for Humanity Canada

Habitat for Humanity Mid-Vancouver Island Society is an affiliate of Habitat for Humanity Canada ("HFHC"). There is a covenant agreement between HFHC and all Canadian affiliates whereby HFHC provides administrative and marketing support, training opportunities and gift in kind coordination. Pursuant to its affiliate covenant agreement with HFHC, the Society contributes a tithe for international work in the amount of \$2,500 per home built by the Society. The Society also pays an affiliation fee consisting of \$12,500 per annum, 20% on all nationally procured gifts in kind used for home building, and 4% of the gross ReStore outlet sales, paid quarterly. At year end, amounts due to HFHC amounted to \$9,924 (2020 - \$17,509) and is included in accounts payable and accrued liabilities.

In addition, Habitat for Humanity Canada Foundation distributes the excess of nationally procured donations over the costs of its fundraising to the affiliates based on a formula that includes the number of homes built in the previous year. These distributions are recognized by the Society when received and amounted to \$103,622 (2020 - \$32,095) for the year.

### 11. Financial instruments

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

#### **Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Society is exposed to interest rate price risk on its floating rate demand loan and credit facilities.

#### **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from its ReStore operations and from the payments on the mortgages receivable in amounts necessary to pay vendors, callable debts and other payables.



## Habitat For Humanity Mid-Vancouver Island Society

### Notes to the Financial Statements

For the year ended December 31, 2021

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#### 12. Significant event

In early 2020, 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 quarantine/isolation orders. While there was minimal impact for 2021, it is unknown the extent of the impact the COVID-19 outbreak may have on the Society 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.

#### 13. COVID relief funding

On April 11, 2020, the Canadian government launched the Canada Emergency Wage Subsidy (the "CEWS"), an emergency economic relief program to lessen the financial fallout on Canadian businesses from the effects of COVID-19. The program ended on October 24, 2021.

The CEWS program is designed to help businesses struggling with the economic effects of the coronavirus retain and/or rehire their employees. The CEWS program provides a salary subsidy of 75% of an employee's wages (up to a weekly cap of \$857). The subsidy is intended to make it easier for eligible employers to avoid laying off or terminating employees, as well as to bring back staff that were laid-off due to COVID-19 by significantly lessening the organization's payroll costs.

During the year, the Society claimed \$31,038 of CEWS related to eligible remuneration paid during the year. In May 2021, the Society claimed \$13,702 of CEWS related to eligible remuneration paid in December 2020. Of this amount, \$44,740 was received during the year.

On January 25, 2022, the CRA reassessed the Society's CEWS claim from June 7 to July 4, 2020. The CRA determined that the Society was not eligible for \$4,204 of the CEWS claim for that period. The CEWS relief funding has been reduced by this amount.

Any subsidies received that are subsequently determined to not meet the eligibility criteria are subject to repayment with interest and possibly penalties in certain cases. Management believes the Society has met the eligibility criteria for these subsidies and that they have been calculated correctly. As such, no contingent liability for repayment has been recorded in relation to these subsidies.

**Habitat For Humanity Mid-Vancouver Island Society**  
**Schedule 1 - Schedule of Nanaimo Restore Revenues and Expenses**  
*For the year ended December 31, 2021*

	2021	2020
<b>Revenue</b>		
ReStore revenue	834,317	884,744
<b>Expenses</b>		
Advertising	1,293	2,810
Administrative	1,941	-
Amortization	8,405	19,381
Automotive	9,419	21,013
Bank charges and interest	13,401	10,403
Conferences (recovery)	(218)	-
Insurance	1,104	-
National contribution (Note 10)	33,387	35,374
Office	6,185	2,293
Procurement and freight	44,728	37,249
Rent	136,240	98,462
Repairs and maintenance	2,678	8,453
Salaries and benefits	304,703	270,779
Supplies	2,548	5,645
Telephone	6,443	4,412
Training and education	868	108
Utilities	15,635	12,540
Volunteers	1,492	2,179
	590,252	531,101
<b>Excess of revenue over expenses before other items</b>	<b>244,065</b>	<b>353,643</b>
<b>Other items</b>		
Gifts in kind	270,481	382,738
Cost of donated gifts	(270,481)	(382,738)
	-	-
<b>Excess of revenue over expenses</b>	<b>244,065</b>	<b>353,643</b>

**Habitat For Humanity Mid-Vancouver Island Society**  
**Schedule 2 - Schedule of Duncan Restore Revenues and Expenses**  
*For the year ended December 31, 2021*

	2021	2020
<b>Revenue</b>		
ReStore revenue	311,677	153,685
<b>Expenses</b>		
Advertising	175	591
Administrative	339	-
Amortization	6,125	3,604
Automotive	7,310	4,817
Bank charges and interest	4,273	1,169
Conferences	30	35
Insurance	5,849	9,588
National contribution (Note 10)	12,300	6,218
Procurement and freight	11,082	1,901
Office	4,740	11,740
Rent	68,168	68,929
Repairs and maintenance	919	-
Telephone	1,551	-
Salaries and benefits	139,787	78,461
Supplies	1,898	611
Training and education	-	108
Utilities	7,336	142
Volunteers	-	143
	271,882	188,057
<b>Excess (deficiency) of revenue over expenses before other items</b>	<b>39,795</b>	<b>(34,372)</b>
<b>Other items</b>		
Gifts in kind	86,441	57,243
Cost of donated gifts	(86,441)	(57,243)
	-	-
<b>Excess (deficiency) of revenue over expenses</b>	<b>39,795</b>	<b>(34,372)</b>

# Habitat For Humanity Mid-Vancouver Island Society

## Schedule 3 - Schedule of Refresh Revenues and Expenses

*For the year ended December 31, 2021*

	2021	2020
<b>Revenue</b>		
Fundraising revenue	52,973	-
Donations	116,915	-
Workshop and recycling revenue	169,888	-
<b>Cost of sales</b>		
Fundraising costs	8,114	-
<b>Gross profit</b>	161,774	-
<b>Expenses</b>		
Administrative	91	-
Bank charges and interest	1,762	-
Office	2,459	-
Rent	58,739	-
Repairs and maintenance	1,184	-
Salaries and benefits	50,687	-
Supplies	4,373	-
Telephone	1,498	-
Volunteers	129	-
Utilities	4,076	-
Advertising	1,234	-
	126,232	-
<b>Excess of revenue over expenses</b>	35,542	-