




**CITY OF NANAIMO  
APPLICATION FOR PERMISSIVE  
TAX EXEMPTION**

Office Use

ORGANIZATION: Habitat for Humanity Mid-Vancouver Island Society	DATE: <b>June 15, 2023</b>	
ADDRESS:  <b>6-2360 Extension Rd</b>	PRESIDENT: <b>Kim Cook (Chair)</b>	
<b>Nanaimo, BC</b>	SENIOR STAFF MEMBER: <b>Jeff Krafta</b>	
<b>PID 030-334-811</b>	POSITION: <b>Executive Director</b>	
TELEPHONE: <b>250-758-8078</b>	CONTACT: <b>Jeff Krafta</b>	
TELEPHONE: <b>250-758-8078</b>	TELEPHONE: <b>250-758-8078 ext. 107</b>	
GEOGRAPHIC AREA SERVED BY THE ORGANIZATION: <b>Nanaimo; south to Duncan, north to Parksville, west to Ucluelet</b>		
NO. OF FULL TIME STAFF: <b>10</b>	NO. OF PART TIME STAFF: <b>11</b>	
NO. OF COMMUNITY VOLUNTEERS:	NO. OF VOLUNTEER HOURS PER YEAR:	
CLIENTS SERVED, LAST YEAR: <b>no 2022 builds</b>	CLIENTS SERVED, THIS YEAR (PROJECTED): <b>10 families</b>	
B.C. SOCIETY ACT REG. NO.: <b>S32950</b>	REVENUE CANADA CHARITABLE REG. NO.: <b>881877781RR0001</b>	
CURRENT BUDGET: <b>2023</b>	LEGAL DESCRIPTION OF PROPERTY:	
INCOME <b>\$1,964,073</b>		
EXPENSES: <b>\$1,826,046</b>	TAX FOLIO NUMBER:	
NEXT YEAR PROJECTED: <b>2024</b>		
INCOME: <b>\$2,200,000</b>	CURRENT YEAR TAXES (IF KNOWN): <b>\$4,161.29</b>	
EXPENSES: <b>\$1,900,000</b>		
SIGNATURE: 	TITLE/POSITION: <b>Executive Director</b>	DATE: <b>15June2023</b>

**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).

## 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.

Continuing to plan 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.

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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.

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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

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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.

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## 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.





## 2023 BC SOCIETY ANNUAL REPORT

BC Society • Societies Act

NAME OF SOCIETY: **HABITAT FOR HUMANITY MID-VANCOUVER ISLAND SOCIETY**

Incorporation Number: S0032950  
Business Number: 88187 7781 BC0001  
Filed Date and Time: May 24, 2023 09:43 AM Pacific Time  
Annual General Meeting (AGM) Date: April 24, 2023

### REGISTERED OFFICE ADDRESS INFORMATION

<b>Delivery Address:</b> 200-1808 BOWEN RD NANAIMO BC V9S 5W4	<b>Mailing Address:</b> 200-1808 BOWEN RD NANAIMO BC V9S 5W4
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### DIRECTOR INFORMATION AS OF April 24, 2023

**Last Name, First Name Middle Name:**  
ANDERSON, BILL

**Delivery Address:**  
[REDACTED]

**Last Name, First Name Middle Name:**  
COOK, KIMBERLEY

**Delivery Address:**  
[REDACTED]

**Last Name, First Name Middle Name:**  
COYLE, TREVOR

**Delivery Address:**  
[REDACTED]

**Last Name, First Name Middle Name:**  
LAMB, KATHERINE

**Delivery Address:**  
[REDACTED]

**Last Name, First Name Middle Name:**

MAGEE-CHALMERS, JESSIE

**Delivery Address:**



**Last Name, First Name Middle Name:**

OTTO, LOUISE

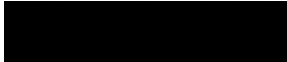
**Delivery Address:**



**Last Name, First Name Middle Name:**

PITT, TERESA

**Delivery Address:**



**CERTIFICATION**

I, Heather Honch, certify that I have relevant knowledge of the society, and that I am authorized to make this filing.





BC Registry  
Services

Society

## ANNUAL REPORT

SOCIETIES ACT, section 73

Telephone: 1 877 526-1526  
www.gov.bc.ca/societies

Mailing Address: PO Box 9431 Stn Prov Govt  
Victoria BC V8W 9V3

Courier Address: 200 - 940 Blanshard Street  
Victoria BC V8W 3E6

**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**

hhonch@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

2023

2023/04/24

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.)

200 - 1808 Bowen Road

CITY

Nanaimo

Prov.

BC

POSTAL CODE

V9S 5W4

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.
- This section continues on the next page. Attach additional sheet if more space is required.
- If the society did not hold an Annual General Meeting (AGM), changes of directors cannot be reflected on the Annual Report. Please complete a Director Change form (FORM 03 SOC).

**SEE THE ATTACHED SCHEDULE "A"**

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

**F PERSONS WHO HAVE BEEN ELECTED OR APPOINTED AS DIRECTORS (CONTINUED)**

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
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			
David		Hitchcock			

**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)
Heather Honch		

**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 Krafa*  
Name: Jeff Krafa

## Schedule "A"

Part F (Continued) – Persons who have been elected or appointed as Directors of

**HABITAT FOR HUMANITY MID-VANCOUVER ISLAND SOCIETY**

as of April 24, 2023

<b>Given Names</b>	<b>Last Name</b>	<b>Address</b>
Bill	Anderson	[REDACTED]
Kimberley	Cook	[REDACTED]
Trevor	Coyle	[REDACTED]
Katherine	Lamb	[REDACTED]
Jessie	Magee-Chalmers	[REDACTED]
Teresa	Pitt	[REDACTED]
Louise	Otto	[REDACTED]

**Habitat For Humanity Mid-Vancouver Island Society**  
**Financial Statements**  
*December 31, 2022*

**Habitat For Humanity Mid-Vancouver Island Society**  
**Contents**

*For the year ended December 31, 2022*

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## 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, 2022, and the statements of operations and related schedules, 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, 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, 2022, 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, 2022 and 2021, and assets and net assets as at December 31, 2022 and 2021. Our audit opinion on the financial statements for the year ended December 31, 2021 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

April 6, 2023

**MNP LLP**

Chartered Professional Accountants

## Habitat For Humanity Mid-Vancouver Island Society

### Statement of Financial Position

As at December 31, 2022

	2022	2021
<b>Assets</b>		
<b>Current</b>		
Cash	1,342,722	149,496
Accounts receivable (Note 3)	45,807	21,120
Prepaid expenses and deposits	23,069	7,955
Current portion of mortgages receivable (Note 4)	253,886	345,790
Building inventory	465,269	385,992
	2,130,753	910,353
<b>Capital assets (Note 5)</b>	108,642	59,296
<b>Mortgages receivable (Note 4)</b>	5,515,090	6,450,001
<b>Mortgage discount (Note 4)</b>	(3,440,650)	(3,159,663)
	4,313,835	4,259,987
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals (Note 6) (Note 10)	102,665	107,746
Demand loans (Note 7)	980,578	1,022,335
Deferred contributions (Note 8)	19,321	12,188
	1,102,564	1,142,269
<b>Commitments (Note 9)</b>		
<b>Net Assets</b>		
General fund	1,248,934	10,826
Fund for humanity	1,853,695	3,047,596
Capital asset fund	108,642	59,296
	3,211,271	3,117,718
	4,313,835	4,259,987

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, 2022*

	General Fund	Fund for Humanity	Capital Asset Fund	2022	2021
<b>Revenue</b>					
Build revenue					
House sales	-	640,650	-	640,650	3,396,123
Grants and donations	-	77,509	-	77,509	856,951
Fundraising revenue					
Fundraising revenue	4,143	-	-	4,143	424
Donations	160,123	-	-	160,123	187,305
Other income	8,045	-	-	8,045	32
Grants					
Grants	68,000	-	-	68,000	65,533
ReStore revenue	1,452,238	-	-	1,452,238	1,266,544
<b>Total Revenue</b>	<b>1,692,549</b>	<b>718,159</b>	<b>-</b>	<b>2,410,708</b>	<b>5,772,912</b>
<b>Cost of sales</b>					
Purchases	-	402,806	-	402,806	2,734,783
House construction costs	22,985	-	-	22,985	9,860
	22,985	402,806	-	425,791	2,744,643
<b>Gross profit</b>	<b>1,669,564</b>	<b>315,353</b>	<b>-</b>	<b>1,984,917</b>	<b>3,028,269</b>
<b>Expenses</b>					
National contribution	49,804	-	-	49,804	45,687
Administrative	60,470	-	-	60,470	54,785
Amortization	-	-	27,956	27,956	37,908
Automotive	37,714	-	-	37,714	17,727
Bank charges and interest	25,145	34,366	-	59,511	61,440
Insurance	16,615	-	-	16,615	12,673
Conferences	3,830	-	-	3,830	2,458
Office	42,219	-	-	42,219	23,255
Procurement and freight	60,168	-	-	60,168	55,810
Professional fees	32,837	-	-	32,837	17,415
Rent	308,277	-	-	308,277	274,571
Repairs and maintenance	8,910	-	-	8,910	6,885
Salaries and benefits	829,201	-	-	829,201	770,261
Supplies	12,452	-	-	12,452	14,277
Telephone	11,845	-	-	11,845	13,540
Training and education	2,207	-	-	2,207	3,658
Volunteers	2,717	-	-	2,717	2,231
Tithes	2,500	-	-	2,500	-
Utilities	31,084	-	-	31,084	31,550
Advertising	9,493	-	-	9,493	6,873
Membership fees	567	-	-	567	487
<b>Total expenses</b>	<b>1,548,055</b>	<b>34,366</b>	<b>27,956</b>	<b>1,610,377</b>	<b>1,453,491</b>
<b>Excess (deficiency) of revenue over expenses before other items</b>	<b>121,509</b>	<b>280,987</b>	<b>(27,956)</b>	<b>374,540</b>	<b>1,574,778</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, 2022*

	<i>General Fund</i>	<i>Fund for Humanity</i>	<i>Capital Asset Fund</i>	<b>2022</b>	<b>2021</b>
<b>Excess (deficiency) of revenue over expenses before other items</b> <i>(Continued from previous page)</i>	<b>121,509</b>	<b>280,987</b>	<b>(27,956)</b>	<b>374,540</b>	<b>1,574,778</b>
<b>Other items</b>					
COVID relief funding	-	-	-	-	40,537
Mortgage discount rate adjustment	-	<b>(280,987)</b>	-	<b>(280,987)</b>	(2,669,759)
Gifts in kind	<b>543,946</b>	-	-	<b>543,946</b>	356,922
Cost of donated gifts	<b>(543,946)</b>	-	-	<b>(543,946)</b>	(356,922)
	-	<b>(280,987)</b>	-	<b>(280,987)</b>	(2,629,222)
<b>Excess (deficiency) of revenue over expenses</b>	<b>121,509</b>	<b>-</b>	<b>(27,956)</b>	<b>93,553</b>	<b>(1,054,444)</b>

*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, 2022*

	<i>General Fund</i>	<i>Fund for Humanity</i>	<i>Capital Asset Fund</i>	<b>2022</b>	<b>2021</b>
Net assets beginning of year	10,826	3,047,596	59,296	3,117,718	4,172,163
Excess (deficiency) of revenue over expenses	121,509	-	(27,956)	93,553	(1,054,445)
	<b>132,335</b>	<b>3,047,596</b>	<b>31,340</b>	<b>3,211,271</b>	<b>3,117,718</b>
Purchase of capital assets	(83,538)	-	83,538	-	-
Disposal of capital assets	6,236	-	(6,236)	-	-
Transfers to fund mortgages receivable	1,307,803	(1,307,803)	-	-	-
Transfers to fund construction in progress	(79,278)	79,278	-	-	-
Transfers to fund demand loan	(41,756)	41,756	-	-	-
Transfers to fund deferred contributions	7,132	(7,132)	-	-	-
	<b>1,116,599</b>	<b>(1,193,901)</b>	<b>77,302</b>	<b>-</b>	<b>-</b>
<b>Net assets, end of year</b>	<b>1,248,934</b>	<b>1,853,695</b>	<b>108,642</b>	<b>3,211,271</b>	<b>3,117,718</b>

*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, 2022

	2022	2021
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess (deficiency) of revenue over expenses	93,553	(1,054,444)
Amortization	27,956	37,907
Mortgage discount	280,987	2,669,759
	<b>402,496</b>	<b>1,653,222</b>
Changes in working capital accounts		
Accounts receivable	(24,687)	29,206
Building inventory	(79,277)	1,416,221
Prepaid expenses and deposits	(15,114)	(1,093)
Accounts payable and accruals	(5,081)	(35,552)
Deferred contributions	7,133	(540,893)
	<b>285,470</b>	<b>2,521,111</b>
<b>Financing</b>		
Advances on demand loans	81,500	-
Repayments of demand loans	(123,257)	(204,248)
	<b>(41,757)</b>	<b>(204,248)</b>
<b>Investing</b>		
Purchase of capital assets	(83,538)	-
Proceeds on disposal of capital assets	6,235	-
Advances of mortgages receivable	-	(2,945,686)
Repayment of mortgages receivable	240,551	215,753
Mortgages discharged	786,265	477,905
	<b>949,513</b>	<b>(2,252,028)</b>
<b>Increase in cash</b>	<b>1,193,226</b>	<b>64,835</b>
<b>Cash resources, beginning of year</b>	<b>149,496</b>	<b>84,661</b>
<b>Cash resources, end of year</b>	<b>1,342,722</b>	<b>149,496</b>

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, 2022

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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. Other materials donated to the ReStore operations not meeting these requirements are not recognized in the financial statements.

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.

**Habitat For Humanity Mid-Vancouver Island Society**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2022*

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

**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.

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.

	<b>Method</b>	<b>Rate</b>
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.



**Habitat For Humanity Mid-Vancouver Island Society**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2022*

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

**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.

3. **Accounts receivable**

	<b>2022</b>	<b>2021</b>
Accounts receivable	30,384	21,120
Goods and Services Tax recoverable	15,423	-
	<b>45,807</b>	<b>21,120</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 2018 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:

	<b>2022</b>	<b>2021</b>
Mortgages receivable, interest free, being repaid in monthly installments totaling \$28,816 (adjusted annually, based upon the purchaser's income)	5,768,976	6,795,792
Less: current portion	(253,886)	(345,790)
	<b>5,515,090</b>	<b>6,450,002</b>
Mortgage discount based on CPI of 6.3% (2021 - 4.8%)	(3,440,650)	(3,159,663)
	<b>2,074,440</b>	<b>3,290,339</b>

**Habitat For Humanity Mid-Vancouver Island Society**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2022*

**5. Capital assets**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2022 Net book value</i>	<i>2021 Net book value</i>
Automotive	230,428	149,029	81,399	17,830
Computer equipment	-	-	-	7,949
Equipment	57,292	54,053	3,239	4,627
Fencing	-	-	-	670
Leasehold improvements	42,150	18,146	24,004	28,220
	<b>329,870</b>	<b>221,228</b>	<b>108,642</b>	<b>59,296</b>

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

**6. Accounts payable and accruals**

	<i>2022</i>	<i>2021</i>
Accounts payable and accruals	70,152	26,427
Provincial sales tax payable	-	4,516
Wages payable	31,565	27,028
Goods and Services Tax payable	948	49,775
	<b>102,665</b>	<b>107,746</b>

**7. Demand loans**

Demand loans include an operating loan facility, a fixed rate demand loan facility and a CEBA loan facility of up to \$1,500,000, \$879,000 and \$60,000 respectively with Coastal Community Credit Union. Amounts drawn on the loan fund the construction in progress. The operating loan facility was not drawn on during the year.

The Coastal Community Credit Union loans have been collateralized as follows:

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

	<i>2022</i>	<i>2021</i>
Coastal Community Credit Union Fixed Rate Term Loan bearing interest at 3.35%. Repayable in monthly blended payments of \$6,960. The loan is due April 1, 2027 and is repayable on demand.	842,156	-
Coastal Community Credit Union Fixed Rate Vehicle Loan bearing interest at 6.840%. Repayable monthly in blended payments of \$1,225. The loan is due August 15, 2029. Loan is secured by the Hino Truck with a net book value of \$68,918.	78,422	-
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, 2024 with maturity date December 31, 2025.	60,000	60,000
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 was repaid during the year.	-	70,763
VanCity Fixed Rate Term Loan bearing interest at 4.16%. Repayable in monthly blended payments of \$7,459 per month. The loan was repaid during the year.	-	891,572
	<b>980,578</b>	<b>1,022,335</b>

**Habitat For Humanity Mid-Vancouver Island Society**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2022*

**7. Demand loans** *(Continued from previous page)*

Capitalized Interest and services charges totaling \$Nil (2021 - \$87,363) were expensed as part of the cost of houses sold during the year. The capitalized interest and service charges expensed in 2021 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:

	<i>General Fund</i>	<i>Fund for Humanity</i>	<i>Capital Asset Fund</i>	<b>2022</b>	<b>2021</b>
Balance, beginning of year	-	-	-	<b>12,188</b>	553,081
Amount received during the year	-	-	-	<b>10,355</b>	346,641
Less: Amount recognized as revenue during the year	-	-	-	<b>(3,222)</b>	(887,534)
Balance, end of year	-	-	-	<b>19,321</b>	12,188

**9. Commitments**

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

2023	368,172
2024	368,172
2025	374,364
2026	301,446
2027	85,800
Thereafter, to February 29, 2028	14,300
	<b>1,512,254</b>

The Society occupies leased premises in Nanaimo, BC subject to minimum monthly rent of \$24,036 until September 30, 2026.

Minimum monthly payments on leased premises in Duncan, BC increase from \$6,375 to \$7,150 until February 29, 2028.

**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 \$12,596 (2021 - \$9,924) 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 as gifts in kind by the Society when received and amounted to \$122,365 (2021 - \$103,622) for the year.

**Habitat For Humanity Mid-Vancouver Island Society**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2022*

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**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**  
**Schedule 1 - Schedule of Nanaimo ReStore Revenues and Expenses**  
*For the year ended December 31, 2022*

	2022	2021
<b>Revenue</b>		
ReStore revenue	873,567	834,317
<b>Other income</b>		
Fundraising costs	633	-
<b>Gross profit</b>	<b>872,934</b>	<b>834,317</b>
<b>Expenses</b>		
Advertising	2,039	1,293
Administrative	3,444	1,941
Amortization	15,891	8,405
Automotive	16,624	9,419
Bank charges and interest	14,539	13,401
Conferences (recovery)	418	(218)
Insurance	2,412	1,104
National contribution (Note 10)	34,955	33,387
Office	7,276	6,185
Procurement and freight	55,872	44,728
Rent	130,556	136,240
Repairs and maintenance	2,753	2,678
Salaries and benefits	309,266	304,703
Supplies	2,908	2,548
Telephone	5,913	6,443
Training and education	1,071	868
Utilities	15,352	15,635
Volunteers	2,046	1,492
	<b>623,335</b>	<b>590,252</b>
<b>Excess of revenue over expenses before other items</b>	<b>249,599</b>	<b>244,065</b>
<b>Other items</b>		
Gifts in kind	437,277	270,481
Cost of donated gifts	(437,277)	(270,481)
<b>Excess of revenue over expenses</b>	<b>249,599</b>	<b>244,065</b>

**Habitat For Humanity Mid-Vancouver Island Society**  
**Schedule 2 - Schedule of Duncan ReStore Revenues and Expenses**  
*For the year ended December 31, 2022*

	2022	2021
<b>Revenue</b>		
ReStore revenue	371,227	311,677
<b>Expenses</b>		
Advertising	1,286	175
Administrative	976	339
Amortization	4,233	6,125
Automotive	15,040	7,310
Bank charges and interest	4,364	4,273
Conferences	-	30
Insurance	9,082	5,849
National contribution (Note 10)	14,849	12,300
Procurement and freight	836	11,082
Office	6,694	4,740
Rent	74,107	68,168
Repairs and maintenance	3,829	919
Telephone	1,432	1,551
Salaries and benefits	176,860	139,787
Supplies	2,332	1,898
Training and education	105	-
Utilities	7,149	7,336
Volunteers	336	-
	<b>323,510</b>	<b>271,882</b>
<b>Excess of revenue over expenses before other items</b>	<b>47,717</b>	<b>39,795</b>
<b>Other items</b>		
Gifts in kind	106,668	86,441
Cost of donated gifts	(106,668)	(86,441)
<b>Excess of revenue over expenses</b>	<b>47,717</b>	<b>39,795</b>

**Habitat For Humanity Mid-Vancouver Island Society**  
**Schedule 3 - Schedule of ReFresh Revenues and Expenses**

*For the year ended December 31, 2022*

	2022	2021
<b>Revenue</b>		
Workshop and recycling revenue	205,068	116,915
Grants	68,000	52,973
	<b>273,068</b>	169,888
<b>Cost of sales</b>		
Fundraising costs	17,971	8,114
	<b>255,097</b>	161,774
<b>Expenses</b>		
Administrative	376	91
Amortization	2,924	-
Automotive	4,421	-
Bank charges and interest	3,533	1,762
Insurance	1,433	-
Conferences	93	-
Office	2,461	2,459
Procurement and freight	3,460	-
Rent	80,185	58,739
Repairs and maintenance	296	1,184
Salaries and benefits	89,113	50,687
Supplies	4,000	4,373
Telephone	933	1,498
Volunteers	126	129
Utilities	4,015	4,076
Advertising	2,483	1,234
	<b>199,852</b>	126,232
<b>Excess of revenue over expenses</b>	<b>55,245</b>	35,542