

Habitat for Humanity Sunshine Coast

Financial Statements

December 31, 2020

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Independent Auditor's Report

To the Members of Habitat for Humanity Sunshine Coast

Qualified Opinion

We have audited the financial statements of Habitat for Humanity Sunshine Coast, which comprise the statement of financial position as at December 31, 2020, and the statement of operations, statement of changes in net assets and statement of 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 effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2020, its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

Habitat for Humanity Sunshine Coast derives a material amount of revenue from donations and fundraising activities. We were not able to obtain sufficient appropriate audit evidence about the completeness of the reported amounts for accounts receivable, donation and fundraising revenue, revenue in excess of expenditure and changes to net assets because there is no direct relationship between assets or services given up in exchange for amounts received or receivable. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additionally, we were unable to obtain sufficient appropriate audit evidence about the assets held for sale and property under construction balance as of December 31, 2020. These balances included various costs incurred prior to 2015 and are unaudited, and so we were unable to practically verify the accuracy and occurrence of the transactions that occurred in these past periods. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. The unaudited balances, as reported in the accompanying statement of financial position are \$1,634,913.

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 ASNPO, 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.

Independent Auditor's Report, continued

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 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.

Habitat for Humanity Sunshine Coast
Statement of Financial Position

December 31	Operating Fund	Housing Fund	Capital Asset Fund	2020	2019
Assets					
Current					
Cash (Note 4)	\$ 138,089	\$ 78,885	-	\$ 216,974	\$ 142,924
Accounts receivable (Note 15)	10,301	-	-	10,301	12,478
GST receivable	27,957	-	-	27,957	21,317
Prepaid expenses	1,457	-	-	1,457	2,558
Short term investment (Note 5)	136,512	-	-	136,512	258,218
Due from related party (Note 6)	240	-	-	240	7,763
Mortgages receivable - current (Note 9)	-	5,442	-	5,442	9,564
	314,556	84,327	-	398,883	454,822
Tangible capital assets (Note 8)	-	-	5,786	5,786	7,736
Mortgage receivable (Note 9)	-	589,965	-	589,965	697,807
Property under construction (Note 10)	-	213,196	-	213,196	102,362
Deposits (Note 12)	-	14,334	-	14,334	16,334
Property held for sale (Note 7)	-	2,483,792	-	2,483,792	2,295,598
	\$ 314,556	\$ 3,385,614	\$ 5,786	\$ 3,705,956	\$ 3,574,659

Habitat for Humanity Sunshine Coast
Statement of Financial Position

December 31	Operating Fund	Housing Fund	Capital Asset Fund	2020	2019
Liabilities					
Current					
Accounts payable and accrued liabilities \$	71,896 \$	-	-	71,896 \$	52,843
Loans and advances payable	4,764	77,622	-	82,386	86,376
Current portions of loans payable	-	392,144	-	392,144	15,743
Government remittances (Note 11)	5,282	-	-	5,282	5,226
	81,942	469,766	-	551,708	160,188
Loans payable	30,000	-	-	30,000	386,812
	111,942	469,766	-	581,708	547,000
Fund balances					
Unrestricted	202,614	-	-	202,614	262,514
Internally restricted	-	2,915,848	5,786	2,921,634	2,737,224
Externally restricted	-	-	-	-	27,921
	202,614	2,915,848	5,786	3,124,248	3,027,659
	\$ 314,556	\$ 3,385,614	\$ 5,786	\$ 3,705,956	\$ 3,574,659

COVID-19 Pandemic (Note 2)

Commitments and contingencies (Notes 17 & 19)

Approved on behalf of the board
 Director Chris Pallott

Director [Signature]

**Habitat for Humanity Sunshine Coast
Statement of Operations**

For the year ended December 31	Operating Fund	Housing Fund	Capital Asset Fund	2020	2019
Sales					
ReStore (Schedule 1)	\$ 697,140	\$ -	\$ -	\$ 697,140	\$ 770,864
Recycling (Schedule 2)	31,496	-	-	31,496	73,636
Property sales	-	-	-	-	1,660,000
	728,636	-	-	728,636	2,504,500
Direct expenses					
ReStore (Schedule 1) (Note 15)	367,840	-	-	367,840	435,278
Recycling (Schedule 2)	9,856	-	-	9,856	14,624
Property sales	-	-	-	-	1,399,389
	377,696	-	-	377,696	1,849,291
Net contribution from ReStore and Recycling operations	350,940	-	-	350,940	655,209
Other revenue					
Donations (Note 15)	34,555	-	-	34,555	62,507
Membership	210	-	-	210	30
Fundraising	3,000	-	-	3,000	-
Mortgage interest	-	27,780	-	27,780	14,255
Interest and other	5,955	-	-	5,955	5,836
	43,720	27,780	-	71,500	82,628
Total revenue	394,660	27,780	-	422,440	737,837
Operating expenses (Schedule 3)					
	249,439	-	1,949	251,388	289,996
Excess (deficiency) of revenue over expenses before other items	145,221	27,780	(1,949)	171,052	447,841

**Habitat for Humanity Sunshine Coast
Statement of Operations**

For the year ended December 31	Operating Fund	Housing Fund	Capital Asset Fund	2020	2019
Other income (expenses)					
Gain (loss) on disposition of tangible capital assets	-	-	2,800	2,800	(12,517)
Government assistance (Note 16)	31,669	-	-	31,669	-
Imputed interest income on mortgage receivable (Note 9)	-	(108,931)	-	(108,931)	(451,626)
	31,669	(108,931)	2,800	(74,462)	(464,143)
Excess (deficiency) of revenue over expenses	\$ 176,890	\$ (81,151)	\$ 851	\$ 96,590	\$ (16,302)

Habitat for Humanity Sunshine Coast
Statement of Changes in Net Assets

For the year ended December 31	Operating Fund	Housing Fund	Capital Asset Fund	2020	2019
Balance, beginning of year	\$ 262,514	\$ 2,757,409	\$ 7,735	3,027,658	3,043,960
Excess (deficiency) of revenues over expenses	176,890	(81,151)	851	96,590	(16,302)
Interfund transfers (Note 14)	(236,790)	239,590	(2,800)	-	-
Balance, ending of year	\$ 202,614	\$ 2,915,848	\$ 5,786	3,124,248	3,027,658

**Habitat for Humanity Sunshine Coast
Statement of Cash Flows**

For the year ended December 31	2020	2019
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 96,590	\$ (16,302)
Adjustments for		
Amortization of tangible capital assets	1,949	2,969
Forgiveness of mortgages receivable	-	236,884
Cost of property held for sale sold	-	1,090,136
Interest accrual on short term investment	(331)	(1,218)
Writedown of mortgages receivable to fair market value	108,931	451,626
(Gain) loss on disposal of tangible capital assets	(2,800)	11,720
Government assistance - CEBA	(10,000)	-
Total adjustments	97,749	1,792,117
	194,339	1,775,815
Change in non-cash working capital items		
Accounts receivable	2,177	(11,039)
GST receivable	(6,640)	(13,611)
Prepaid expenses	1,101	2,118
Property held for sale	(188,194)	(346,655)
Accounts payable and accrued liabilities	19,054	(52,896)
Government remittances	56	-
Loans and advances payable	(3,991)	(15,539)
Deferred contribution	-	(253)
Deposits	2,000	-
	19,902	1,337,940
Investing activities		
Purchase of tangible capital assets	-	(80)
Mortgage payments received	3,032	683
Expenditures on property under construction	(110,834)	-
Purchase of short term investments	-	(257,000)
Proceeds from sale of short term investments	122,037	-
Advances to related party	-	(138,510)
Repayment of advances to related party	7,523	-
Mortgages issued	-	(1,054,310)
Proceeds on disposition of tangible capital assets	2,800	32,460
	24,558	(1,416,757)
Financing activities		
Repayments of loans payable	(10,410)	(14,998)
Repayment of obligations under capital lease	-	(34,029)
Proceeds of loans payable	40,000	-
	29,590	(49,027)
Increase (decrease) in cash	74,050	(127,844)
Cash, beginning of year	142,924	270,768
Cash, end of year	\$ 216,974	\$ 142,924

Habitat for Humanity Sunshine Coast

Notes to the Financial Statements

December 31, 2020

1. Nature of operations

Habitat for Humanity Sunshine Coast was incorporated under the Society Act of British Columbia as a not-for-profit organization on April 18, 2005 and subsequently transitioned to the Societies Act of British Columbia. The Society builds affordable housing and promotes home-ownership as a means to breaking the cycle of poverty. The Society is a registered charity under the Income Tax Act.

2. COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared a global pandemic. The outbreak of the novel strain of the coronavirus, COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility. Governments and central banks including Canadian federal, provincial, territorial and municipal governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

During the year, COVID-19 resulted in the temporary closures of the ReStore and construction sites that resulted in temporary layoffs, reduced hours and the utilization of government assistance.

As of the date of these financial statements, management has determined that there has not been a significant impact in that they continued to meet their obligations and use the assets as intended.

However, the COVID-19 outbreak presents uncertainty over future cash flows, may cause significant changes to the Society's assets or liabilities and may have an impact on future operations. The ultimate impact and magnitude of the impact on the economy and the financial effect of the Society's future revenues, operating results and overall financial performance is not known at this time. The Society continues to manage liquidity risk by forecasting and assessing cash flow requirements on an ongoing basis.

3. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

Habitat for Humanity Sunshine Coast
Notes to the Financial Statements

December 31, 2020

3. Significant accounting policies, continued

(a) Fund accounting restricted

The revenues and expenses related to the collection of unrestricted donations and fund raising activities are reported in the Operating Fund. Revenue is recognized when donations are received or become receivable.

The Housing Fund reports amounts related to the construction and sale of homes to families in financial need. Revenue is recognized when donations are received or become receivable.

The Tangible Capital Asset Fund reports amounts related to the capital assets of the Society. Revenue is recognized when donations are received or become receivable.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant amount of risk to changes in their fair value.

(c) Financial instruments

(i) Measurement of financial instruments

The Society initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Society subsequently measures its financial assets and financial liabilities at amortized cost. Mortgages receivable are measured at fair value. Changes in fair value balances are recognized in net income.

Financial assets measured at amortized cost include cash, accounts receivable, due from related party and deposits.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, tenant deposits, and loans and advances payable.

The Society has designated mortgages receivable to be measured at fair value.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

Habitat for Humanity Sunshine Coast Notes to the Financial Statements

December 31, 2020

3. Significant accounting policies, continued

- ◆ the present value of the cash flows expected to be generated by the asset or group of assets;
- ◆ the amount that could be realized by selling the assets or group of assets;
- ◆ the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

(d) Property held for sale

Property held for sale, which includes buildings and building materials, both purchased and donated, is recorded at the lower of cost and net realizable value.

(e) Projects held for sale and under development

Projects held for sale are carried at the lower of cost and net realizable value. Payments received from prospective homeowners under "tenancy-at-will" agreements are held by the Society to be applied against the outstanding mortgage balance upon sale of the home.

Projects under development are carried at cost.

(f) Mortgages receivable

Mortgages receivable are initially measured at the fair value of the consideration given when the Society becomes party to the signed mortgage. As the instrument is an interest-free loan, fair value will be determined by discounting future cash flows at a fair market rate for the cost of borrowing for the term of the mortgage.

(g) Tangible capital assets

Tangible capital assets are recorded at cost. The Society provides for amortization using the declining balance method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Equipment	Declining balance	20%
Vehicles	Declining balance	30%
Computer equipment	Declining balance	30%

Habitat for Humanity Sunshine Coast
Notes to the Financial Statements

December 31, 2020

3. Significant accounting policies, continued

(h) 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 undiscounted 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 carrying value exceeds its fair value.

(i) Property under development

Property under development, which includes land, buildings, and building materials, both purchased and donated, is recorded at the lower of cost and net realizable value. Net realizable value is defined as the lower of market value less cost of disposition. Any excess of carrying value over net realizable value is expensed in the year in which the impairment is realized. Interest costs incurred during the construction period are capitalized as incurred.

(j) Revenue recognition

The Society follows the restricted fund method of accounting for contributions which include donations and government grants.

Contributions of property and equipment are recognized in the appropriate fund when received.

The ReStore outlet sells donated new and used building materials. ReStore revenue is recognized when there is persuasive evidence that an arrangement exists, delivery has occurred, the price is fixed or determinable, and collection is reasonably assured, which is generally at the point of sale.

Recycling revenues are recognized when there is persuasive evidence that an arrangement exists, delivery has occurred, the price is fixed or determinable, and collection is reasonably assured, which is generally at the point of sale.

Revenue from projects is recognized upon transfer of property title to the partner family. The proceeds recognized are equal to the principal value of the mortgages. Property sales are recognized when there is persuasive evidence that an arrangement exists, delivery has occurred, the price is fixed or determinable, and collection is reasonably assured, which is generally at the closing date of the contract.

Membership and other revenues such as donations and fundraising revenue are recognized in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Interest revenue is recorded on the accrual basis.

Habitat for Humanity Sunshine Coast Notes to the Financial Statements

December 31, 2020

3. Significant accounting policies, continued

(k) Donated goods and services

Donated goods and services are recorded when a fair value can be reasonably estimated and they would otherwise be purchased by the Society. Donated goods that are received by the Society from Habitat for Humanity Canada (HFHC) gift in kind program are recorded at the fair value estimated by HFHC.

Goods donated to ReStore are not recorded in these financial statements.

A substantial number of volunteers make significant contributions of their time to the Society's program and supporting activities. The value of this contributed time is not reflected in these financial statements.

(l) Allocated expenses

Salaries and benefits expenses are allocated to various activities based on the time and efforts dedicated by staff to support those activities. Facilities expenses are allocated to the various activities based on the usage for each activity.

(m) Income taxes

The Society is exempt from income taxes under section 149 of the Income Tax Act.

(n) Measurement uncertainty

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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Significant estimates may include the value of donated items, the recoverability and useful life of property and equipment, the net realizable value of land and real estate held for sale and projects under development and the fair value of non-interest-bearing mortgages. The uncertainties around the outbreak of COVID-19 pandemic required the use of judgments and estimates which resulted in no material impacts for the year ended December 31, 2020. The future impact of COVID-19 uncertainties could generate, in future reporting periods, a significant risk of material adjustment to the reported amounts of assets, liabilities, revenue and expenses in the financial statements.

While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. The Society is unclear if this disruption will negatively impact its future operating results. The related financial impact and duration cannot be reasonably estimated at this time. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported on the statement of earnings in the periods in which they become known. Consequently, actual results could differ from those estimates.

Habitat for Humanity Sunshine Coast Notes to the Financial Statements

December 31, 2020

3. Significant accounting policies, continued

(o) Government assistance

Government grants are recognized when there is reasonable assurance that the Society will comply with the conditions of the grant and the grant will be received. The Society recognizes government grants in the statement of operations in the same period the qualifying expenses are incurred. If a government grant is intended as compensation for expenses incurred in previous periods, the grant is recorded in income when it is received.

4. Credit facilities

The Society has an authorized line of credit of \$493,345 bearing interest at prime plus 2% (2020 - 4.45%), all of which was unused at year end. This facility is secured by a general security agreement, is due on demand with required monthly interest-only payments. Nothing has been drawn on this credit facility as at December 31, 2020.

5. Short term investment

	2020	2019
SCCU GIC, non-redeemable 1 year GIC earning interest of 0.8%, matures September 12, 2021	\$ 136,512	\$ 258,218

6. Due from related party

During the year, the Society entered into transactions with the following related party:

Strata Plan BCS4293, a corporate entity under common control

The balance due from related party is unsecured, non-interest bearing with no specific terms of repayment.

	2020	2019
Strata Plan BC S4293	\$ 240	\$ 7,763

Habitat for Humanity Sunshine Coast
Notes to the Financial Statements

December 31, 2020

7. Property held for sale

	2020	2019
Phase 1	\$ 456,779	\$ 413,901
Phase 2	534,289	491,412
Phase 5	701,788	657,418
Phase 6	790,936	732,867
	\$ 2,483,792	\$ 2,295,598

8. Tangible capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Equipment	\$ 11,258	\$ 8,283	\$ 2,975	\$ 3,719
Vehicles	31,835	31,130	705	1,008
Computer equipment	6,491	4,385	2,106	3,009
	\$ 49,584	\$ 43,798	\$ 5,786	\$ 7,736

9. Mortgage receivable

In 2020, the Society entered into no new mortgages (2019 – 4). In total there are 6 mortgages outstanding (2019 – 6). Although the mortgages receivable bear no interest, Canadian accounting standards for not-for-profit organizations require interest to be recognized in the statement of operations based on interest rates determined by management. Management uses the estimated mortgage rate for similar mortgages based on market rates at the inception of the mortgage.

	2020	2019
Non-interest bearing first mortgages receivable, secured by mortgaged properties, repayable in monthly instalments and maturing on various dates between February 2033 and February 2049	\$ 595,407	\$ 707,371
Less current portion	5,442	9,564
Due beyond one year	\$ 589,965	\$ 697,807

Annual mortgage repayments for 2020 totaled \$33,843 (2019 - \$14,672). Future net mortgage repayments expected are as follows:

Habitat for Humanity Sunshine Coast
Notes to the Financial Statements

December 31, 2020

9. Mortgage receivable, continued

2021	\$	5,442
2022		5,708
2023		5,956
2024		6,281
2025		6,588
		<u>29,975</u>
Subsequent		<u>565,432</u>
	\$	<u>595,407</u>

10. Property under development

	2020	2019
Land	\$ 78,571	\$ 78,571
Land development costs	38,081	38,081
Common costs	149,838	88,187
Phase 7	10,460	6,045
Reallocated completion costs	-	(95,372)
Incidental income	(63,754)	(13,150)
	\$ 213,196	\$ 102,362

During the year no phases were completed. Building of Phase 7 is in progress. The estimated cost to complete the project is \$735,600 (2019 - \$777,757).

During the year, the Society capitalized interest of \$18,689 (2019 - \$19,921) to property under development.

11. Government remittances

	2020	2019
WCB payable	\$ 1,468	\$ 1,863
PST payable	3,814	3,363
	\$ 5,282	\$ 5,226

Habitat for Humanity Sunshine Coast
Notes to the Financial Statements

December 31, 2020

12. Deposits

The Society holds bonds paid to the Sunshine Coast Regional District for the development of the Sunshine Coast Village Project.

13. Loans and advances payable

The amount in housing fund represents the amount of monthly charges as per license agreements. These amounts will be repayable at the end of the agreement when the house transfers to the tenant and therefore would offset the cost of the home by the monthly payments made before the official sale.

14. Interfund transfers

During the year the Society made the following interfund transfers from its Operating Fund: \$236,790 (2019- \$222,435) was transferred to the Housing Fund to fund home construction and \$2,800 (2019 - \$1,650) was transferred to the Capital Asset Fund to reflect proceeds received from disposition of a truck during the year.

15. Affiliated charity

Habitat for Humanity Sunshine Coast is an affiliate of Habitat for Humanity Canada (HFHC). There is an agreement between HFHC and all Canadian affiliates whereby HFHC provides administrative and marketing support, training opportunities and gift in kind coordination. Habitat for Humanity Sunshine Coast makes payments to HFHC for affiliation fees as well as a tithe for international work.

	2020	2019
Revenue - Donations	\$ 25,263	\$ 44,602
Expenses		
Tithes	\$ 3,000	\$ 3,831
Affiliation fees - ReStore	28,126	30,835
Insurance, licenses and fees	30,053	31,221
Gifts in kind fee - ReStore	-	759
Stewardship and organization sustainability initiative	758	1,097
Caucus fees	919	6,200
	\$ 62,856	\$ 73,943
Accounts receivable	\$ 9,209	\$ 11,216

Habitat for Humanity Sunshine Coast Notes to the Financial Statements

December 31, 2020

16. Government assistance

	2020	2019
Canada Emergency Wage Subsidy	\$ 21,669	\$ -
CEBA - Foregivable portion	10,000	-
	\$ 31,669	\$ -

17. Guarantees and commitments

The Society has one operating leases expiring on December 31, 2025 with annual minimum rent of \$52,500 to 2025.

Additionally, the Society has obtained a letter of credit issued by the Sunshine Coast Credit Union totaling \$256,653 in favour of the Minister of Transportation and Infrastructure. This letter of credit is secured by the revolving line of credit held.

18. Remuneration of directors, employees and contractors

During the year, the Society paid total remuneration, inclusive of salaries and benefits, of \$80,351 to its Executive Director. No remuneration was paid to any members of the Board of Directors. This disclosure is provided in accordance with the requirements of the Societies Act (BC).

19. Contingent liabilities

During the year a customer tripped on the threshold entering the Habitat ReStore, subsequently falling. The customer has been seeking counsel in regards to this fall, and the Society's insurance company has been notified. However, the likelihood and the amount of any liability under this claim cannot be reasonably determined and as such no liability has been accrued in the financial statements.

20. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

Habitat for Humanity Sunshine Coast Notes to the Financial Statements

December 31, 2020

(a) Credit risk

The Society is subject to credit risk in cash, accounts receivable, and mortgages receivable. Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Society reduces its exposure to credit risk by vetting families before sponsoring families and securing all loans with a mortgage on real property and by recording allowance for doubtful accounts when necessary. In the opinion of management, the credit risk exposure to the Society is low and is not material.

COVID-19 had resulted in an increase in credit risk for the Society. If counterparties experience financial difficulty, which may occur as the COVID-19 pandemic continues, this could result in significant financial loss to the Society.

(b) Liquidity risk

The Society is subject to liquidity risk in the accounts payable and accrued liabilities and loans payable of \$494,039 (2019 - \$455,399). Liquidity risk is the risk that the Society cannot repay its obligations when they become due to its creditors. The Society reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due, maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. The Society prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations. In the opinion of management, the liquidity risk exposure to the Society is low and is not material.

Uncertain economic conditions caused by the COVID-19 pandemic may impact the society's ability to collect cash inflows from sales, resulting in renegotiated financing terms, or impact its ability to raise and maintain financing.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises from the Society's holdings of fixed income securities. As interest rates fluctuate, the fair value of these securities will be impacted. The Society has available an operating line of credit which bear interest at the bank's prime rate. As the bank's prime rate fluctuates, the Society is exposed to interest rate risk.

21. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

Habitat for Humanity Sunshine Coast
Schedule 1: Net Contribution from ReStore Operations

For the year ended December 31	2020	2019
Revenue	\$ 697,140	\$ 770,864
Cost of Sales (Note 16)	28,526	31,594
Gross margin	668,614	739,270
Expenses		
Advertising	-	3,465
Bank charges	8,691	11,274
Insurance, licenses and fees	4,613	1,805
Office and sundry	5,554	6,694
Rent and occupancy costs	100,561	106,959
Repairs and maintenance	1,670	1,165
Telephone and internet	3,378	3,359
Travel	3,025	4,973
Vehicle	26,290	26,367
Wages and benefits (Note 18)	185,532	237,623
	339,314	403,684
Net contribution from ReStore operations	\$ 329,300	\$ 335,586

See accompany notes

Habitat for Humanity Sunshine Coast
Schedule 2: Net Contribution from Recycling Operations

For the year ended December 31	2020	2019
Revenue	\$ 31,496	\$ 73,636
Expenses		
Office and sundry	2,697	2,928
Rent	1,076	4,305
Vehicle	4,089	5,665
Wages and benefits	1,994	1,726
	9,856	14,624
Net contribution from Recycling operations	\$ 21,640	\$ 59,012

See accompany notes

Habitat for Humanity Sunshine Coast
Schedule 3: Operating Expenses

For the year ended December 31	2020	2019
Accounting and legal	\$ 20,530	\$ 18,318
Advertising and promotion	-	9,773
Amortization of tangible capital assets	1,949	2,969
Board expenses	886	4,016
Conference and meetings	817	8,496
Fundraising	-	2,746
Insurance, licenses and fees (Note 15)	35,272	40,570
Interest and bank charges	2,015	4,903
Meals and entertainment	46	758
Office and administration	39,697	67,856
Rent	8,325	6,770
Tithes (Note 15)	3,000	3,831
Wages and benefits	138,851	118,990
	\$ 251,388	\$ 289,996

See accompany notes