

Financial Statements of

**HABITAT FOR HUMANITY
SOUTHERN ALBERTA SOCIETY**

And Independent Auditors' Report thereon

Year ended December 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Members of Habitat for Humanity Southern Alberta Society

Opinion

We have audited the financial statements of Habitat for Humanity Southern Alberta Society (“the Entity”), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations and changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of Habitat for Humanity Southern Alberta Society as at December 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.



We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

April 20, 2022

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Cash	\$ 8,726,192	\$ 6,745,970
Restricted cash (note 3)	1,008,239	867,324
Investments (note 4)	834,150	740,175
Accounts receivable	224,902	152,872
Prepaid expenses and deposits	337,265	437,936
Projects under development (note 5)	3,676,548	3,702,278
Projects held for sale (note 6)	2,663,943	6,578,484
Land held for sale (note 7)	–	370,000
First mortgages receivable (note 8)	33,862,220	34,104,575
PEAK second mortgages receivable (note 9)	1,591,393	1,895,619
High River second mortgages receivable (note 9)	307,210	298,262
Property and equipment (note 10)	499,022	306,556
	<u>\$ 53,731,084</u>	<u>\$ 56,200,051</u>
Liabilities and Net Assets		
Accounts payable and accrued liabilities (notes 11 and 17)	\$ 1,047,188	\$ 1,265,000
Operating loans (note 12)	2,986,332	3,076,195
Line of credit (note 12)	1,570,692	1,570,692
Deferred revenue (notes 13 and 14)	5,791,131	5,531,940
PEAK program liability (note 15)	2,599,710	2,763,028
High River program liability (note 16)	307,210	298,262
	<u>14,302,263</u>	<u>14,505,117</u>
Net assets:		
Internally restricted (note 4)	834,150	737,376
Unrestricted	38,594,671	40,957,558
	<u>39,428,821</u>	<u>41,694,934</u>
Commitments and contingencies (note 18)		
	<u>\$ 53,731,084</u>	<u>\$ 56,200,051</u>

See accompanying notes to financial statements.

On behalf of the Board:



David Barber – Director



Lisa Smandych – Director

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Statement of Operations and Changes in Net Assets

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Revenues:		
Sale of homes	\$ 6,584,609	\$ 5,158,198
ReStore sales	5,047,776	3,744,143
Fundraising revenue (note 19)	941,862	2,049,132
Grants (note 19)	1,668,380	2,736,201
Gifts-in-kind (note 19)	6,357,317	4,925,618
Imputed interest income on mortgage receivable (note 8)	173,701	74,106
Interest and other	348,035	7,811
	<u>21,121,680</u>	<u>18,695,209</u>
Expenses:		
Cost of homes sold	6,306,144	4,691,083
Program delivery	1,265,840	1,755,662
Mortgage discount expense (note 8)	3,895,307	2,965,567
ReStore donated goods for resale (note 19)	6,261,107	4,790,110
ReStore expenses	3,675,068	3,120,763
Fundraising	359,772	327,237
General and administrative	1,420,713	1,403,414
Amortization on property and equipment	121,146	130,903
Interest	138,435	159,945
	<u>23,443,532</u>	<u>19,344,684</u>
Deficiency of revenues over expenses before the following:	(2,321,852)	(649,475)
Change in unrealized gain on investments (note 4)	55,739	21,180
Deficiency of revenues over expenses	<u>(2,266,113)</u>	<u>(628,295)</u>
Net assets, beginning of year	41,694,934	42,323,229
Net assets, end of year	<u>\$ 39,428,821</u>	<u>\$ 41,694,934</u>

See accompanying notes to financial statements.

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Deficiency of revenue over expenses	\$ (2,266,113)	\$ (628,295)
Cash provided by (used in):		
Operations:		
Items not affecting cash from operations:		
Amortization on property and equipment	121,146	130,903
Realized gain on sale of investments	(31,594)	(9,483)
Change in unrealized gain on investments	(55,739)	(21,180)
Mortgage discount expense	3,895,307	2,965,567
Imputed interest income on mortgage receivable	(173,701)	(74,106)
Write down of projects held for sale	18,235	95,730
Write down of land held for sale	–	217,608
Gain on sale of property and equipment	(690)	(13,305)
	1,506,851	2,663,439
Net change in non-cash balances:		
Accounts receivable	(72,030)	246,698
Prepaid expenses and deposits	100,671	5,602
Projects under development	25,730	2,240,611
Projects held for sale	3,896,306	98,749
Land held for sale	370,000	(587,608)
Inventory for construction purposes	–	1,696
First mortgages granted	(6,480,652)	(5,082,188)
First mortgages payments, buybacks, cancellations	3,001,401	3,543,773
PEAK second mortgages receivable	304,226	142,930
High River second mortgages receivable	(8,948)	(3,262)
Accounts payable and accrued liabilities	(217,812)	119,466
Mortgage prepayments	–	(1,829)
Deferred revenue	259,191	3,113,352
	2,684,934	6,501,429
Investing:		
Purchase of investments	(6,642)	(17,272)
Proceeds on sale of property and equipment	735	13,800
Purchase of property and equipment	(313,657)	(9,644)
	(319,564)	(13,116)
Financing:		
Repayment of operating loan	(204,332)	(176,462)
Proceeds from operating loan	114,469	–
PEAK program liability	(163,318)	(62,678)
High River program liability	8,948	3,262
	(244,233)	(235,878)
Increase in cash and restricted cash	2,121,137	6,252,435
Cash and restricted cash, beginning of year	7,613,294	1,360,859
Cash and restricted cash, end of year	\$ 9,734,431	\$ 7,613,294

See accompanying notes to financial statements.

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements

Year ended December 31, 2021, with comparative information for 2020

Nature of operations:

Habitat for Humanity Southern Alberta Society (the "Society") was incorporated without share capital under the Societies Act of Alberta on August 15, 1990. The Society has received tax-exempt status as a registered charitable organization under the Canadian Income Tax Act.

The primary objective of the Society is to work within Southern Alberta to help families build strength, stability and independence through affordable home ownership by providing non-interest-bearing mortgages to enable them to purchase homes.

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

The Society has adopted a non-classified balance sheet presentation.

On March 11, 2020, the World Health Organization declared the Novel Coronavirus ("COVID-19") outbreak a global pandemic. The Society is following health advisories and mandatory requirements from local, provincial, and national health and government organizations. Market conditions have improved over the course of 2021 as nations began re-opening their economies, but the recent resurgence of COVID-19 cases (including cases related to variants or mutations of the COVID-19 virus) in certain geographic areas, and the possibilities that a resurgence may occur on other areas, has resulted in the reimposition of certain restrictions by local authorities. In addition, while vaccines are being distributed, there is uncertainty as to the timing, level of adoption, duration of efficacy and overall effectiveness of the vaccine against variants or mutations.

While COVID-19 continues to present a challenging economic environment, there is no significant adverse impact to the Society to date. Management has been closely monitoring its financial results. As at December 31, 2021, the Society continues to meet its contractual obligations within normal payments terms and the Society's exposure to credit and liquidity risks remains largely unchanged.

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 2

Year ended December 31, 2021, with comparative information for 2020

1. Significant accounting policies (continued):

(b) Revenue recognition:

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

Gifts-in-kind used in the operations of the Society are recorded when the value can be reasonably determined and the donated items would have otherwise been purchased. ReStore revenue is recorded at the value for which the items are sold.

Revenue from sale of properties is recognized at fair market value when the homeowner signs the mortgage documents. The Society provides the homeowner an interest-free first mortgage in the amount of the sale proceeds. Second mortgages may be provided, when necessary to maintain affordability for pre-approved homeowners. Family partner agreements signed prior to May 1, 2010, have, if applicable, forgivable second mortgages which are not recorded on the financial statements. Family partner agreements signed post May 1, 2010, have, if applicable, unforgivable second mortgages and are recorded as revenue at the time of home sale.

ReStore revenue is recognized when the customer purchases and pays for product.

PEAK administrative revenue is recognized as the units are sold and the Society has received the purchase contract and down payment deposit from the program partner.

Donations for which the donor has specified a particular purpose are deferred and recognized when that purpose has been accomplished and expenses have been incurred.

Contributions restricted for the purchase of property and equipment are recognized as revenue in the amounts that match the amortization expense of the related property and equipment purchased with the contributions.

Donated land, inventory and material, which would otherwise be paid for by the Society, are recognized in the financial statements at fair market value when the value can be reasonably estimated.

Donated investments are recognized at fair value when received by the Society.

Grants for which the grantor has specified a particular purpose are deferred and recognized when that purpose has been accomplished and expenses have been incurred.

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 3

Year ended December 31, 2021, with comparative information for 2020

1. Significant accounting policies (continued):

(c) Cash:

Cash consists of amounts held on deposit with banks and amount held in interest-bearing accounts. The purpose for determining cash flows, cash consists of cash on deposit with banks and restricted cash held on deposit.

(d) Restricted cash:

Restricted cash is managed by the Society on behalf of the Trico Charitable Foundation and the Alberta Government, for the Public Essential and Key Workforce (PEAK) Mortgage Program. Funds are distributed in the form of non-repayable monthly mortgage subsidies and interest-free second mortgages for program clients.

(e) Investments:

Investments are carried at fair market value, which represents the last closing price, net of broker fees. Changes in unrealized gains and losses are disclosed in the statement of operations.

(f) Land held for sale:

Land held for sale is carried at the lower of cost and net realizable value.

(g) 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.

All direct costs related to projects are capitalized to projects under development. These costs include, but are not limited to, construction costs, property taxes and borrowing (financing) costs such as interest on debt specifically related to the land development inventory but exclude marketing and general and administrative overhead expenses.

(h) Mortgages receivable:

First mortgages are originally recognized at fair market value in the year of sale to the homeowners. In subsequent years, first mortgage receivables are recognized at the amortized cost. The fair value of the first mortgage is determined by imputing a cost of borrowing and is recognized over the term of the mortgage using the straight-line method. The mortgage discount expense represents the difference between the fair value, as calculated above, at the date the mortgage is entered into and the face value of the mortgage.

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 4

Year ended December 31, 2021, with comparative information for 2020

1. Significant accounting policies (continued):

(h) Mortgages receivable (continued):

Second mortgages issued prior to May 1, 2010, represent the difference in value between the fair market value and the cost to build the home and are forgivable, subject to certain conditions, over a period of 25 to 30 years. In the normal course of business, it is not anticipated that any proceeds will be received from second mortgages for those family partnership agreements issued prior to May 1, 2010; thus, no value has been attributed to them in these financial statements. Second mortgages issued after May 1, 2010, if applicable, are no longer forgivable for those family partnership agreements.

(i) Property and equipment:

Property and equipment is stated at cost. Contributed property and equipment is recorded at fair market value at the date of contribution. If fair market value cannot be reasonably determined, such contributions are not recorded. Depreciation is calculated over the estimated useful lives of the assets using the methods and rates indicated below. Rates applied in the year of purchase are calculated at one half of the stated rate:

Asset	Method and rate
Automotive and trailers	20% - 30% declining balance
Computer equipment	20% - 30% declining balance
Computer software	3 years straight line
Construction mobile equipment	20% - 30% declining balance
Construction tools and equipment	20% declining balance
Office equipment and furniture	20% declining balance
Leasehold improvements	Straight line over term of lease

The Society regularly reviews its property and equipment to eliminate obsolete items. Property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the asset may not be recoverable and exceeds its fair value. When an item of property and equipment no longer contributes to the Society's ability to provide services, the carrying amount is written down to its fair value or replacement cost.

(j) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value.

All other financial instruments are subsequently recorded at amortized cost unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value other than investments.

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 5

Year ended December 31, 2021, with comparative information for 2020

1. Significant accounting policies (continued):

(j) Financial instruments (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(k) 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, 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, 2021. The future impact of COVID-19 uncertainties could generate, in future reporting periods, a risk of material adjustment to the reported amounts of assets, liabilities, revenues 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 SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 6

Year ended December 31, 2021, with comparative information for 2020

1. Significant accounting policies (continued):

(l) Allocation of fundraising/general and administrative expenses:

The Society allocates facility expenses. A percentage of the Society's Chief Executive Officer and the CFO's salaries are allocated between programs based on functional responsibilities.

(m) Government assistance:

Government assistance related to current expenses and revenues is included in the determination of deficiency of revenues over expenses for the period. Government assistance related to capital expenditures is recorded as a reduction of the cost of the related item of property and equipment.

2. Financial instruments and related risks:

(a) Financial assets and financial liabilities:

Financial instruments include cash, restricted cash, investments, accounts receivable, mortgage receivable, accounts payable and accrued liabilities, operating loans and Evergreen line of credit.

Investments are stated at their fair value on a portfolio basis based on closing prices for publicly traded securities and quoted prices for fixed rate investments.

(b) Credit risk:

The Society is exposed to the risk that a homeowner may default on its contractual obligations. The Society is exposed to credit risk in the event of non-payment of mortgages receivable. The credit exposure for mortgage receivables is minimized by holding the properties as security. Collection risk on accounts receivable is not considered significant by the Society.

Cash and restricted cash are held in a chartered Canadian commercial bank.

(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.

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 7

Year ended December 31, 2021, with comparative information for 2020

2. Financial instruments and related risks (continued):

(c) Interest rate risk (continued):

The Society has available an operating line of credit, term loan, and construction 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.

(d) Liquidity risk:

Liquidity risk is the risk the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There have been no changes to the risk exposures from 2020, except for the potential impacts of the events disclosed in notes 1(a) and (k).

3. Restricted cash:

The Society records restricted cash as per the contractual agreements outlined in the Affordable Housing (PEAK) Program Grants dated May 15, 2010 (Milano), and April 29, 2015 (Viridian) for funds committed and expended for client properties as summarized below:

	2021	2020
Milano net committed funds remaining	\$ 26,870	\$ 26,870
Viridian net committed funds remaining	62,347	62,347
Sustainable funds remaining	919,101	778,192
Net interest and charges not transferred	(79)	(85)
Balance, end of year	\$ 1,008,239	\$ 867,324

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 8

Year ended December 31, 2021, with comparative information for 2020

4. Investments:

The Society invested \$250,000 with the Calgary Foundation in 2005 to fund commitments made under a ground lease agreement entered into for the purposes of a development project (note 18(b)) and has revised its contribution commitment to 20% of the monthly mortgage payments received in relation to the project until the total investment reaches \$500,000. The Society is not required to make a contribution to the repurchase fund as it has reached its target balance. The fair market value of these investments at December 31, 2021 is \$834,150 (2020 – \$737,376) and cost at December 31, 2021 remains at \$318,700.

In 2021, the Society held unrestricted investments with a fair market value of \$nil (2020 – \$2,799). Income earned from the Calgary Foundation investment in 2021 amounted to \$41,035 (2020 – \$26,870).

	2021	2020
Calgary Foundation - repurchase fund	\$ 834,150	\$ 737,376
Other investments	–	2,799
Balance, end of year	\$ 834,150	\$ 740,175

5. Projects under development:

	2021	2020
Balance, beginning of the year	\$ 3,702,278	\$ 5,942,889
Project costs during the year	1,671,533	2,814,270
	5,373,811	8,757,159
Less:		
Direct project costs expensed	(112,930)	(3,117)
Land cost transferred to land held for sale (note 7)	–	(587,608)
Completed project costs transferred to projects held for sale (note 6)	(1,584,333)	(4,464,156)
Balance, end of year	\$ 3,676,548	\$ 3,702,278

During the year, the Society capitalized interest of \$23,473 (2020 – \$26,479) to projects under development.

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 9

Year ended December 31, 2021, with comparative information for 2020

6. Projects held for sale:

Project unit buybacks are valued at the mortgage amount outstanding at the time of repurchase. The 2021 buybacks were valued at \$467,809 (2020 – \$1,771,117). At the end of the fiscal year, if the mortgage value of the properties exceeds the market value, the properties are written down to their market value. In 2021, 2 properties were written down by \$18,235 to their net realizable value (2020 – 9 properties were written down by \$95,730) and is included in program delivery on the statement of operations.

	2021	2020
Balance, beginning of year	\$ 6,578,484	\$ 6,772,963
Add:		
Costs of completed new projects transferred from projects under development (note 5)	1,584,333	4,464,156
Project unit buybacks	467,809	1,771,117
Repairs on buybacks	169,927	178,171
	8,800,553	13,186,407
Less:		
Direct costs of projects sold during the year	(5,976,555)	(4,672,428)
Direct costs of properties sold to the market	(141,820)	(1,839,765)
Write down to net realizable value	(18,235)	(95,730)
Balance, end of year	\$ 2,663,943	\$ 6,578,484

7. Land held for sale:

Land held for development is \$nil (2020 – \$370,000). The land was sold in 2021 for its net realizable value.

	2021	2020
Balance, beginning of the year	\$ 370,000	\$ –
Transfer from projects under development (note 5)	–	587,608
Less write down to net realizable value	–	(217,608)
Sale of land	(370,000)	–
Balance, end of year	\$ –	\$ 370,000

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 10

Year ended December 31, 2021, with comparative information for 2020

8. First mortgages receivable:

In 2021, the Society entered into 25 new mortgages (2020 – 19). In total there are 223 mortgages outstanding (2020 – 207). First mortgages are for 20 to 55-year terms and secured by the related land and building. New mortgages valued at \$6,480,652 (2020 – \$5,084,527) were issued during the year. A mortgage discount expense of \$3,895,307 (2020 – \$2,965,567) was recorded on new mortgages during the year at an imputed interest rate of 2.95% per annum. Amortization of the mortgage discount is calculated over the period of the mortgage and was \$173,701 for 2021 (2020 – \$74,106).

	2021	2020
Gross mortgages receivable	\$ 40,475,287	\$ 36,996,036
Unamortized mortgage discounts	(6,613,067)	(2,891,461)
Present value of first mortgages receivable	\$ 33,862,220	\$ 34,104,575

Annual mortgage repayments for 2021 totaled \$2,714,643 (2020 – \$2,213,984). Future net mortgage repayments expected are as follows:

2022	\$ 1,998,632
2023	1,887,979
2024	1,872,849
2025	1,821,867
2026	1,759,979
Thereafter	31,133,981

The Society holds forgivable second mortgages dated prior to May 1, 2010, aggregating \$3,148,474 on 47 units (2020 – \$3,248,496 on 50 units) which expire at the end of the 25 to 50-year terms. As at December 31, 2021, one unforgivable second mortgage was recorded on the statement of financial position amounting to \$29,125 (2020 – \$nil).

9. Second mortgages receivable:

PEAK second mortgages are secured by the related land and building. These mortgages are non-interest bearing for the first 5 years, with interest accruing at 5% for Milano and 3% for York 29, compounded annually, thereafter. No payments are required unless the homeowner sells, rents or defaults on the designated housing unit. A mortgage reduction of \$6,000 is available if the second mortgage is repaid within 10 years of the original mortgage adjustment date.

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 11

Year ended December 31, 2021, with comparative information for 2020

9. Second mortgages receivable (continued):

In 2021, PEAK second mortgages were paid out for 3 Milano units (2020 – 3 units) at a value of \$115,896 (2020 – \$95,220), 4 York 29 units (2020 – 2 units) at a value of \$167,540 (2020 – \$80,538) and 1 Viridian unit (2020 – 1 unit) at a value of \$11,192 (2020 – \$11,161). One Viridian unit was foreclosed.

Second mortgage interest is a net amount of interest accrued and paid out for the year. In 2021, 19 Milano units (2020 – 22 units) accrued net interest totaling \$8,032 (2020 – \$28,830) and 10 York 29 units (2020 – 14 units) paid net interest of (\$4,128) (2020 net accrued interest – \$15,331). In 2021, 5 Viridian units (2020 – nil) started accruing interest totaling \$683 (2020 – \$nil). These amounts have been included in the second mortgage receivable balance.

	2021	2020
PEAK balance, beginning of year	\$ 1,895,619	\$ 2,038,549
Milano payout	(115,896)	(95,220)
York 29 payout	(167,540)	(80,538)
Viridian payout	(11,192)	(11,161)
Mortgage payments	–	(172)
Net change Milano interest	8,032	28,830
Net change Viridian interest	683	–
Net change York 29 interest	(4,128)	15,331
Foreclosure	(14,185)	–
PEAK balance, end of year	\$ 1,591,393	\$ 1,895,619

High River second mortgages are secured by the related land and building. These mortgages are non-interest bearing for the first 5 years, with interest accruing at 3%, compounded annually, thereafter. No payments are required unless the homeowner sells, rents or defaults on the designated housing unit. In 2021, 10 High River units (2020 – 10 units) accrued interest of \$8,948 (2020 – \$3,262).

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

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Year ended December 31, 2021, with comparative information for 2020

10. Property and equipment:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Automotive and trailers	\$ 268,663	\$ 129,802	\$ 138,861	\$ 66,090
Computer equipment	89,030	79,539	9,491	6,772
Computer software	162,022	148,624	13,398	44,438
Construction mobile equipment	52,763	50,706	2,057	2,938
Construction tools and equipment	19,300	11,088	8,212	4,860
Office equipment and furniture	100,533	92,826	7,707	9,633
Leasehold improvements	767,310	448,014	319,296	171,825
	\$ 1,459,621	\$ 960,599	\$ 499,022	\$ 306,556

11. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances of \$35,177 (2020 – \$44,872 receivable), which represents amounts payable for Goods and Services Tax.

12. Credit facilities:

The Society has available a \$1,000,000 demand operating loan facility to be used for general operations. This facility bears interest at the bank's prime rate of 2.45% rate per annum (2020 – bank's prime rate of 2.45%). The facility balance as of December 31, 2021 is \$nil (2020 – \$nil).

The Society has available a \$10,000,000 demand credit facility to be used as interim financing for the acquisition of land for residential purpose, interest and predevelopment costs, of which \$4,454,116 was utilized at December 31, 2021 (2020 – \$4,684,887). The facility is available by way of prime-based loans or by term loans. Interest expense related to the credit facilities for 2021 is \$138,435 (2020 – \$159,945).

Initial drawings are taken as a line of credit and bear interest at the bank's prime rate plus 0.75% per annum for the first two-year period. After two years of the advance, if the outstanding balance is not demanded by the lender, the outstanding amount of the loan is amortized over 18 years as a term loan, bearing interest at the bank's prime rate plus 0.5% per annum and monthly payments of principal and interest commence. The loan may be repaid in whole or in part at any time without penalty.

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 13

Year ended December 31, 2021, with comparative information for 2020

12. Credit facilities (continued):

The Society has available a \$1,000,000 demand credit facility to be used for the issuance of letters of credit in support of municipal utility and other similar obligations. This facility accrues interest at bank's prime rate plus 1% per annum if drawn. The facility balance as of December 31, 2021 is \$757,439 (2020 – \$757,439).

Security on these facilities consists of a general security agreement providing a security interest over all present and after acquired personal property and a floating charge on all lands.

The banking facilities available to the Society are subject to certain financial and non-financial covenants. In 2021, the banking facilities were amended, this included amendments to the definition of certain covenants that are applicable as at December 31, 2021. As at December 31, 2021, the Society is in compliance with all such covenants. The next annual review date for any demand credit facilities is set for May 31, 2022.

The Society purchased two vehicles in 2021 and obtained financing for each. Each loan bears interest of 1.99% annually and is amortized over 84 months. Interest expense related to the vehicle loan facilities for 2021 is \$1,640 (2020 – \$nil).

	2021	2020
Term loans	\$ 2,883,424	\$ 3,076,195
Vehicle loans	102,908	–
Operating loans	\$ 2,986,332	\$ 3,076,195
Line of credit	\$ 1,570,692	\$ 1,570,692
Balance, end of year	\$ 4,557,024	\$ 4,646,887

Assuming payment of the term loans are not demanded, principal payments for the term of the loans are as follows:

2022	\$ 276,526
2023	284,831
2024	292,989
2025	302,070
2026	301,073
Thereafter	2,996,627

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 14

Year ended December 31, 2021, with comparative information for 2020

12. Credit facilities (continued):

The Society is committed to minimum annual lease payments under vehicle loans as follows:

2022	\$	15,626
2023		15,940
2024		16,256
2025		16,586
2026		17,316
Thereafter		21,184

13. Deferred revenue:

The Society received cash donations, grants, sponsorships, and gift-in-kind during the year, which are deferred as the eligible expenditures, have not been incurred. The deferred revenue balances include externally restricted contributions detailed in note 14.

	2021	2020
Balance, beginning of year	\$ 5,531,940	\$ 2,418,588
Amounts received	1,742,843	5,116,372
Amounts recognized as revenue in the year	(1,483,652)	(2,003,020)
Balance, end of year	\$ 5,791,131	\$ 5,531,940

14. CMHC-HFHC National Housing Co-Investment Fund:

Habitat for Humanity Canada secured funding for the Federation through the CMHC-HFHC National Housing Co-Investment Fund (the "Fund"). Affiliates were invited to apply for funding for eligible projects. These agreements provide for 20-year forgivable loans to assist with the financing of the construction of affordable owner-occupied units up to a maximum of eligible project costs as set out in each of the funding agreements.

The Society has entered into the following loan agreement with Habitat for Humanity Canada:

- The 2019 funding agreement for 2 projects was approved for \$1,095,071, all funding was received in 2020.
- The 2020 funding agreement for 3 projects was approved for \$1,468,883 of which \$320,000 (2020 – \$1,015,106) was received.
- The 2021 funding agreement for 2 projects was approved for \$346,745 of which \$138,698 (2020 – \$nil) was received.

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 15

Year ended December 31, 2021, with comparative information for 2020

14. CMHC-HFHC National Housing Co-Investment Fund (continued):

The loans are interest-free for so long as the conditions specified in the agreements are met and the loans are not in default. The loans are forgiven at a rate of one twentieth per year over 20 years beginning 12 months after the last Habitat Affiliate on the agreement has completed its final drawdown.

	2021	2020
Balance, beginning of year	\$ 2,110,177	\$ –
Amounts received	458,698	2,110,177
Balance, end of year	\$ 2,568,875	\$ 2,110,177

The balance of the amount received from the Fund is included in deferred revenue (note 13).

15. PEAK program liability:

The PEAK program liability is comprised of the following amounts managed by the Society on behalf of Trico Foundation and the Alberta Government:

	2021	2020
Restricted cash Milano Project	\$ 552,840	\$ 488,084
Interest receivable	207,318	199,456
Milano mortgages receivable	710,669	826,565
Milano program liability	1,470,827	1,514,105
Laredo Cochrane mortgages receivable	13,500	13,500
Laredo Cochrane program liability	13,500	13,500
Restricted cash York 29 Project	386,454	313,647
Interest receivable	58,749	62,707
York 29 mortgages receivable	419,515	587,055
York 29 program liability	864,718	963,409
Restricted cash Viridian Project	69,024	65,678
Interest receivable	682	–
Viridian mortgages receivable	180,959	206,336
Viridian program liability	250,665	272,014
Total PEAK program liability	\$ 2,599,710	\$ 2,763,028

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 16

Year ended December 31, 2021, with comparative information for 2020

15. PEAK program liability (continued):

As mortgages are repaid by homeowners, the funds repaid from the second mortgage, as well as any interest received, is distributed to the sustainability fund in accordance with the terms of the funding agreement.

The sustainability fund is to be used as follows: 50% to support future PEAK Homeownership Projects and 50% to support the Society's traditional build model through the Fund for Humanity.

16. High River program liability:

The High River program liability is managed by the Society on behalf of Rempel Homes and the Canadian Red Cross.

As second mortgages are repaid by homeowners, these funds, as well as any interest received, is distributed to the sustainability fund in accordance with the terms of the funding agreement. The funds accumulated in this sustainability fund will continue to accrue over time to help fund future initiatives of the Society.

17. Related party transactions:

The Society is an affiliate of Habitat for Humanity Canada. Habitat for Humanity is a global partnership, and in recognition of this, each affiliate is committed to contribute at least 10% of its non-designated cash contributions to international work. All funds received have been designated for local operations and construction; therefore, the Society contributed a discretionary contribution of \$25,000 in 2021 (2020 – \$25,000). The Society's contribution assists Habitat for Humanity international work.

During the year, the Society paid ReStore royalties of \$202,250 (2020 – \$149,766), affiliation fees of \$176,427 (2020 – \$191,234), and affiliate mortgage relief of \$nil (2020 – \$68,608) to Habitat for Humanity Canada. In 2021, the Society received \$243,903 in cash donations, grants and sponsorships (2020 – \$168,857) in addition to \$426,905 of gifts-in-kind (2020 – \$503,421) from Habitat for Humanity Canada. The amount due at year-end to Habitat for Humanity Canada is \$88,639 (2020 – \$97,766) and included within accounts payable and accrued liabilities.

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 17

Year ended December 31, 2021, with comparative information for 2020

18. Commitments and contingencies:

- (a) The Society is committed to payments under operating leases for office and store space, furniture and computer equipment. The future minimum commitments are as follows:

2022	\$ 714,675
2023	729,942
2024	713,559
2025	499,934
2026	484,529
Thereafter	1,255,326

- (b) The Society has entered into a renewable 99-year ground lease ("Suncourt lease") for the purposes of the development of a 27-unit townhouse project. The Suncourt lease became effective July 1, 2003 with annual rental payments in the amount of \$20,000. The Suncourt lease provides for an adjustment every 30 years to the annual rental based on the lesser of 4% of the fair market value of the land under lease, excluding improvements, and \$60,000. The lease specifies that the Society must use the land solely and exclusively for the purposes of alleviating the problem of a lack of affordable housing for low-income families in Calgary, Alberta. The Society has committed to repurchase all units back from owners and may fund these commitments through the investment held with the Calgary Foundation (note 4). There were 2-unit buybacks in 2021 for \$136,500 and \$86,309, respectively (2020 – 2 unit for \$86,309 and \$91,309, respectively).
- (c) The Society entered into a renewable 99-year ground lease ("Sheftel lease") with the Calgary Community Land Trust, for the purposes of the development of a 12-unit townhouse project in north-west Calgary. The Sheftel lease became effective February 25, 2008 with annual rental payments in the amount of \$10,080. The Sheftel lease provides for an adjustment every 15 years (Rent Adjustment Date) to the annual rental based on 4% of the fair market value of the land under lease, excluding improvements. The Sheftel lease specifies that the Society must use the land solely and exclusively for the purpose of alleviating the problem of a lack of affordable housing for low-income families in Calgary, Alberta. Due to this specification, the Society has committed to repurchase all units back from owners and may fund these commitments through the investment held with the Calgary Foundation (note 4). There was no buyback in 2021 for \$nil (2020 – 1 unit for \$178,500).
- (d) The Society issues letters of credit through its financial institution to provide guarantees to certain vendors. The balance of outstanding letters of credit is \$757,439 (2020 – \$757,439).

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 18

Year ended December 31, 2021, with comparative information for 2020

18. Commitments and contingencies (continued):

- (e) From time to time, the Society is involved in various claims and legal actions which occur in the ordinary course of operations. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely and estimable. At the time of the financial statements preparation, there has been no resolution or indication that the settlement of any actions will result in any material liabilities.

19. Fundraising revenue, gift-in kind donations and grants:

	2021	2020
Donations	\$ 780,264	\$ 1,418,196
Sponsorship and fundraising activities	161,598	630,936
Fundraising revenue	941,862	2,049,132
Grants	354,776	561,640
Government grants:		
Federal	108,554	1,100,721
Provincial	962,050	1,013,870
Municipal	243,000	59,970
Government grants	\$ 1,313,604	\$ 2,174,561

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 19

Year ended December 31, 2021, with comparative information for 2020

19. Fundraising revenue, gift-in kind donations and grants (continued):

	2021	2020
Gifts-in-kind donations:		
Construction	95,812	92,258
Miscellaneous	398	43,250
ReStore	6,261,107	4,790,110
Gifts-in-kind donations	6,357,317	4,925,618
	\$ 8,967,559	\$ 9,710,951

Donations are monetary gifts received and may be tax receipted under the Income Tax Act. In raising \$941,862 (2020 – \$2,049,132) in fundraising revenues, the Society incurred \$359,772 (2020 – \$327,237) in fundraising expenses for the purpose of soliciting contributions, which includes \$198,059 (2020 – \$111,770) for direct fundraising expenses and \$161,714 (2020 – \$215,467) for employee compensation and benefits.

Grants are received from foundations, corporations and government. Government grants are mainly Government of Alberta affordable housing funding, CMHC federal affordable housing funding and COVID-19 related federal assistance.

The Government of Canada created a program called the Canada Emergency Wage Subsidy (“CEWS”) to provide wage assistance to companies who experienced a decrease in revenues resulting from the COVID-19 outbreak. During the year, the Society met the eligibility requirements and received \$75,164 (2020 – \$1,071,783). The entire amount has been recognized as grants on the statement of operations. In addition, the Society received \$nil (2020 – \$25,000) in accordance with the Temporary Wage Subsidy (“TWS”) program. In 2021, the Society received 75% of rent and operating cost forgiveness totaling \$nil (2020 – \$51,756) at the Calgary south ReStore through the Canadian Emergency Commercial Rent Assistance Program (“CECRA”). This is reflected in the statement of operations as a reduction of ReStore expenses.

Gifts-in-kind donations revenue is products donated to the Society for the purposes of ReStore, construction or fixed assets. ReStore gifts-in-kind are expensed in the year received.

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

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Year ended December 31, 2021, with comparative information for 2020

Provincial Affordable Housing Program- Milano Project:

Schedule 1
(unaudited)

For the purposes of the Affordable Housing Program, Grant Funding Dated May 15, 2010, Article 19, Paragraph C(ii), Schedule C, the following is the schedule of affordable housing PEAK program restricted grant. Recipients Reporting and Monitoring Requirements, as at December 31, 2021, for funds committed and expended for Client Properties as identified below:

Alberta housing grants	\$ 2,686,837	A	Committed funds returned to sustainable fund	\$ 77,751	J
Trico Contributions	816,446	B	Repayments returned to sustainable fund	1,834,687	L
Interest and bank charges	33	C	Less: continuing grants to departing clients	304,142	M
Less: administrative fees (64 units)	<u>256,000</u>	D	Less: back end administrative costs	239,955	N
Total initial funds available	<u>\$ 3,247,316</u>	E	Less: transfers to new AHOP projects/units	<u>842,371</u>	T
Current uncommitted funding E-G) (note 3)	<u>\$ 26,870</u>	F	Sustainable funds remaining (note 3)	<u>\$ 525,970</u>	S
			Net committed funds remaining (F+K) (note 3)	<u>\$ 26,870</u>	P
			Restricted cash remaining (note 13)	<u>\$ 552,840</u>	R

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 21

Year ended December 31, 2021, with comparative information for 2020

Provincial Affordable Housing Program- Milano Project (continued):

Schedule 1
(unaudited)

Unit	Funds committed by unit	Down payment funds disbursed by unit	Mortgage subsidy disbursed by unit	Committed funds undisbursed and returned to the sustainable fund	Committed funds remaining by unit	Funds repaid by clients, returned to sustainable fund	Continuing grants to departing clients
Unit 1	\$ 47,811	\$ 35,811	\$ 12,000	\$ -	\$ -	\$ -	\$ -
Unit 2	47,811	35,811	11,600	400	-	35,811	6,000
Unit 3	48,069	36,069	12,000	-	-	46,678	-
Unit 4	48,069	36,069	12,000	-	-	36,282	-
Unit 5	48,069	36,069	12,000	-	-	38,388	6,000
Unit 6	48,379	36,379	7,600	4,400	-	36,379	-
Unit 7	45,856	33,856	12,000	-	-	-	-
Unit 8	48,379	36,379	12,000	-	-	36,379	6,000
Unit 9	48,379	36,379	8,643	3,357	-	36,379	6,000
Unit 10	56,444	44,444	12,000	-	-	-	-
Unit 11	56,444	44,444	9,400	2,600	-	44,444	44,444
Unit 12	56,428	44,428	12,000	-	-	52,347	6,000
Unit 13	56,428	44,428	12,000	-	-	2,700	-
Unit 14	56,428	44,428	12,000	-	-	47,795	-
Unit 15	56,222	44,222	12,000	-	-	57,020	6,000
Unit 16	56,428	44,428	12,000	-	-	44,428	-
Unit 17	56,222	44,222	6,600	5,400	-	44,222	6,000
Unit 18	47,605	35,605	12,000	-	-	35,605	-
Unit 19	47,605	35,605	7,400	4,600	-	35,605	-
Unit 20	47,605	35,605	12,000	-	-	-	-
Unit 21	47,605	35,605	12,000	-	-	-	-
Unit 22	47,502	35,502	12,000	-	-	35,701	6,000
Unit 23	47,605	35,605	12,000	-	-	44,710	6,000
Unit 24	47,863	35,863	12,000	-	-	35,863	6,000
Unit 25	47,863	35,863	8,600	3,400	-	35,863	258

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Notes to Financial Statements, page 22

Year ended December 31, 2021, with comparative information for 2020

Provincial Affordable Housing Program- Milano Project (continued):

Schedule 1
(unaudited)

Unit	Funds committed by unit	Down payment funds disbursed by unit	Mortgage subsidy disbursed by unit	Committed funds undisbursed and returned to the sustainable fund	Committed funds remaining by unit	Funds repaid by clients, returned to sustainable fund	Continuing grants to departing clients
Unit 26	47,760	35,760	12,000	—	—	36,156	—
Unit 27	48,121	36,121	12,000	—	—	36,121	6,000
Unit 28	48,121	36,121	12,000	—	—	—	—
Unit 29	48,120	36,120	12,000	—	—	36,120	36,120
Unit 30	45,541	33,541	9,600	2,400	—	33,541	6,000
Unit 31	47,605	35,605	10,000	2,000	—	35,605	—
Unit 32	47,605	35,605	10,000	2,000	—	35,605	—
Unit 33	45,799	33,799	8,000	4,000	—	33,799	—
Unit 34	45,799	33,799	12,000	—	—	—	—
Unit 35	47,863	35,863	12,000	—	—	—	—
Unit 36	47,863	35,863	12,000	—	—	—	—
Unit 37	48,120	36,120	5,206	6,794	—	36,120	—
Unit 38	46,010	34,010	12,000	—	—	39,501	6,000
Unit 39	48,224	36,224	12,000	—	—	—	—
Unit 40	48,224	36,224	12,000	—	—	8,000	—
Unit 41	56,530	44,530	11,200	800	—	44,530	—
Unit 42	56,238	44,238	11,800	200	—	44,238	6,000
Unit 43	56,238	44,238	12,000	—	—	47,361	—
Unit 44	56,238	44,238	6,800	5,200	—	44,238	44,238
Unit 45	55,912	43,912	12,000	—	—	3,700	—
Unit 46	56,444	44,444	12,000	—	—	9,200	—
Unit 47	56,409	44,409	12,000	—	—	—	—
Unit 48	56,444	44,444	2,000	10,000	—	44,444	15,882
Unit 49	47,502	35,502	12,000	—	—	—	—
Unit 50	47,605	35,605	12,000	—	—	43,600	6,000
Unit 51	47,708	35,708	12,000	—	—	37,347	—

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 23

Year ended December 31, 2021, with comparative information for 2020

Provincial Affordable Housing Program- Milano Project (continued):							Schedule 1 (unaudited)
Unit	Funds committed by unit	Down payment funds disbursed by unit	Mortgage subsidy disbursed by unit	Committed funds undisbursed and returned to the sustainable fund	Committed funds remaining by unit	Funds repaid by clients, returned to sustainable fund	Continuing grants to departing clients
Unit 52	47,760	35,760	9,200	2,800	—	—	—
Unit 53	47,863	35,863	12,000	—	—	37,346	6,000
Unit 54	46,010	34,010	12,000	—	—	34,038	—
Unit 55	56,428	44,428	6,600	5,400	—	44,428	44,428
Unit 56	56,428	44,428	8,000	4,000	—	44,428	—
Unit 57	47,605	35,605	11,600	400	—	35,605	—
Unit 58	47,605	35,605	12,000	—	—	45,163	6,000
Unit 59	47,605	35,605	4,800	7,200	—	35,605	—
Unit 60	47,605	35,605	12,000	—	—	—	—
Unit 61	47,863	35,863	12,000	—	—	—	—
Unit 62	48,120	36,120	12,000	—	—	37,427	16,772
Unit 63	56,222	44,222	11,600	400	—	44,222	—
Unit 64	56,170	44,170	12,000	—	—	44,600	—
	\$ 3,220,446	\$ 2,452,446	\$ 690,249	\$ 77,751	\$ —	\$ 1,834,687	\$ 304,142
	G	H	I	J	K=G-H-I-J	L	M

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 24

Year ended December 31, 2021, with comparative information for 2020

Provincial Affordable Housing Program- York 29 Project:

Schedule 2
(unaudited)

For the purposes of the Affordable Housing Program, Grant Funding Dated Aug. 31, 2011, Article 20, Paragraph C(ii), Schedule C, the following is the schedule of affordable housing PEAK program restricted grant. Recipients Reporting and Monitoring Requirements, as at December 31, 2021, for funds committed and expended for Client Properties as identified below:

Alberta housing grants	\$ 1,485,000	A	Committed funds returned to sustainable fund	\$ 47,507	J
Trico Contributions	438,340	B	Repayments returned to sustainable fund	988,135	L
Interest and bank charges	—	C	Less: continuing grants to departing clients	71,468	M
Less: administrative fees earned (33 units)	<u>148,500</u>	D	Less: back end administrative costs	117,905	N
Total initial funds available	<u>\$ 1,774,840</u>	E	Less: transfers to new AHOP projects/units	<u>459,815</u>	T
Current uncommitted funding (E-G)	<u>\$ —</u>	F	Sustainable funds remaining (note 3)	<u>\$ 386,454</u>	S
			Net committed funds remaining (F+K) (note 3)	<u>\$ —</u>	P
			Restricted cash remaining (note 13)	<u>\$ 386,454</u>	R

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 25

Year ended December 31, 2021, with comparative information for 2020

Provincial Affordable Housing Program- York 29 Project (continued):

Schedule 2
(unaudited)

Unit	Funds committed by unit	Down payment funds disbursed by unit	Mortgage subsidy disbursed by unit	Committed funds undisbursed and returned to the sustainable fund	Committed funds remaining by unit	Funds repaid by clients, returned to sustainable fund	Continuing grants to departing clients
Unit 1	\$ 53,890	\$ 41,890	\$ 6,000	\$ 6,000	\$ -	\$ 41,890	\$ 17,468
Unit 2	53,890	41,890	12,000	-	-	42,441	-
Unit 3	54,090	42,090	12,000	-	-	46,904	6,000
Unit 4	54,090	42,090	7,800	4,200	-	42,090	6,000
Unit 5	53,595	41,595	12,000	-	-	46,942	6,000
Unit 6	54,040	42,040	12,000	-	-	-	-
Unit 7	53,145	41,145	12,000	-	-	-	-
Unit 8	52,945	40,945	7,400	4,600	-	40,945	6,000
Unit 9	54,240	42,240	12,000	-	-	-	-
Unit 10	52,895	40,895	5,093	6,907	-	40,895	-
Unit 11	54,090	42,090	12,000	-	-	47,700	6,000
Unit 12	54,090	42,090	12,000	-	-	-	-
Unit 13	54,340	42,340	11,000	1,000	-	-	-
Unit 14	54,090	42,090	12,000	-	-	47,161	6,000
Unit 15	54,340	42,340	12,000	-	-	-	-
Unit 16	53,145	41,145	12,000	-	-	41,148	-
Unit 17	53,945	41,945	12,000	-	-	-	-
Unit 18	53,765	41,765	10,400	1,600	-	-	-
Unit 19	53,145	41,145	7,200	4,800	-	41,145	-
Unit 20	53,595	41,595	12,000	-	-	41,595	-
Unit 21	53,145	41,145	11,400	600	-	41,145	-
Unit 22	53,765	41,765	12,000	-	-	-	-
Unit 23	53,765	41,765	12,000	-	-	45,810	6,000
Unit 24	53,845	41,845	11,000	1,000	-	41,845	-
Unit 25	53,765	41,765	9,600	2,400	-	41,765	-

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 26

Year ended December 31, 2021, with comparative information for 2020

Provincial Affordable Housing Program- York 29 Project (continued):							Schedule 2 (unaudited)
Unit	Funds committed by unit	Down payment funds disbursed by unit	Mortgage subsidy disbursed by unit	Committed funds undisbursed and returned to the sustainable fund	Committed funds remaining by unit	Funds repaid by clients, returned to sustainable fund	Continuing grants to departing clients
Unit 26	53,765	41,765	4,800	7,200	—	41,765	—
Unit 27	53,765	41,765	11,200	800	—	41,765	—
Unit 28	54,015	42,015	10,800	1,200	—	42,015	—
Unit 29	54,015	42,015	8,400	3,600	—	42,015	6,000
Unit 30	54,095	42,095	10,400	1,600	—	42,095	—
Unit 31	53,845	41,845	12,000	—	—	44,877	6,000
Unit 32	53,845	41,845	12,000	—	—	42,182	—
Unit 33	53,845	41,845	12,000	—	—	—	—
	\$ 1,774,840	\$ 1,378,840	\$ 348,493	\$ 47,507	\$ —	\$ 988,135	\$ 71,468
	G	H	I	J	K=G-H-I-J	L	M

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 27

Year ended December 31, 2021, with comparative information for 2020

Provincial Affordable Housing Program- Viridian Project:

Schedule 3
(unaudited)

For the purpose of the Affordable Housing Program Funding, MOA Dated April 29, 2015, Article 3.1, Paragraph (i), the following is the schedule of affordable housing PEAK program restricted grant. Recipients Reporting and Monitoring Requirements, as at December 31, 2021, for funds committed and expended for Client Properties as identified below:

Sustainability Fund	\$ 360,844	A	Committed funds returned to sustainable fund	\$ —	J
Other Contributions	—	B	Repayments returned to sustainable fund	36,538	L
Interest and bank charges	—	C	Less: continuing grants to departing clients	14,185	M
Less: Administration fees (18 units)	<u>81,000</u>	D	Less: back end administrative costs	9,000	N
Total initial funds available	<u>\$ 279,844</u>	E	Less: transfers to new AHOP projects/units	<u>6,676</u>	T
Current uncommitted funding (E-G)	<u>\$ 62,347</u>	F	Sustainable funds remaining (note 3)	<u>\$ 6,677</u>	S
			Uncommitted and committed funds remaining (F+K) (note 3)	<u>\$ 62,347</u>	P
			Restricted cash remaining (note 13)	<u>\$ 69,024</u>	R

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 28

Year ended December 31, 2021, with comparative information for 2020

Provincial Affordable Housing Program- Viridian Project (continued):							Schedule 3 (unaudited)
Unit	Funds committed by unit	Down payment funds disbursed by unit	Mortgage subsidy disbursed by unit	Committed funds undisbursed and returned to the sustainable fund	Committed funds remaining by unit	Funds repaid by clients, returned to sustainable fund	Continuing grants to departing clients
Unit 1	\$ 14,185	\$ 14,185	\$ -	\$ -	\$ -	\$ 14,185	\$ 14,185
Unit 2	12,069	12,069	-	-	-	-	-
Unit 3	9,747	9,747	-	-	-	-	-
Unit 4	13,875	13,875	-	-	-	-	-
Unit 5	11,652	11,652	-	-	-	-	-
Unit 6	11,192	11,192	-	-	-	11,192	-
Unit 7	11,161	11,161	-	-	-	11,161	-
Unit 8	10,160	10,160	-	-	-	-	-
Unit 9	13,677	13,677	-	-	-	-	-
Unit 10	13,687	13,687	-	-	-	-	-
Unit 11	13,687	13,687	-	-	-	-	-
Unit 12	12,445	12,445	-	-	-	-	-
Unit 13	13,308	13,308	-	-	-	-	-
Unit 14	12,474	12,474	-	-	-	-	-
Unit 15	12,871	12,871	-	-	-	-	-
Unit 16	9,938	9,938	-	-	-	-	-
Unit 17	8,674	8,674	-	-	-	-	-
Unit 18	12,695	12,695	-	-	-	-	-
	\$ 217,497	\$ 217,497	\$ -	\$ -	\$ -	\$ 36,538	\$ 14,185
	G	H	I	J	K=G-H-I-J	L	M

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 29

Year ended December 31, 2021, with comparative information for 2020

CMHC Forgivable Loan- Schedule of Project Costs:

Schedule 4
(unaudited)

This schedule itemizes the cash inflow and project costs of the 3 in progress projects that have received funding from CMHC from their inception up to and including December 31, 2021.

Description	2020 funding			2021 funding		Total
	Silvercreek Phase 2 7Dr	Radisson 8B-1	Radisson 8B-2	Silvercreek Phase 3 3Dr	Silvercreek Phase 4 4Dr	
Sources of cash inflow:						
Cash used from internal sources	\$ 338,505	\$ 168,968	\$ 124,155	\$ 90,785	\$ 41,814	\$ 764,227
Municipal grants	—	65,195	65,195	—	—	130,390
Provincial grants	700,000	400,000	400,000	270,000	320,000	2,090,000
Federal grants (CMHC)	535,106	400,000	400,000	59,442	79,256	1,473,804
Gifts-in-kind (land or other build products)	44,949	37,389	18,136	15,461	2,279	118,214
Total cash inflow	1,618,560	1,071,552	1,007,486	435,688	443,349	4,576,635
Eligible expenses:						
Bought out units and cost of land	225,745	104,231	108,629	95,415	128,068	662,088
General construction expenses	220,417	203,598	169,175	85,675	112,045	790,910
Gifts-in-kind (land or build products)	44,948	37,389	18,136	15,461	2,276	118,210
Site preparation expenses	42,657	38,964	44,403	17,127	20,020	163,171
Concrete work	110,414	87,550	76,330	25,230	36,485	336,009
Roofing and exterior work	249,505	168,541	203,873	92,915	64,018	778,852
Interior costs	188,410	132,329	104,337	3,984	4,418	433,478
Electrical and mechanical costs	168,413	113,494	96,117	34,930	6,534	419,488
Final finishing costs	66,922	47,442	65,713	20,913	21,705	222,695
Project management cost	32,515	39	39	12,421	16,560	61,574
Post home construction expenses	61,282	34,120	460	—	—	95,862
Construction staff cost	207,332	103,855	120,274	31,617	31,220	494,298
Total eligible expenses	\$ 1,618,560	\$ 1,071,552	\$ 1,007,486	\$ 435,688	\$ 443,349	\$ 4,576,635