

Financial Statements of

**HABITAT FOR HUMANITY
SOUTHERN ALBERTA SOCIETY**

And Independent Auditor's Report thereon

Year ended December 31, 2025



KPMG LLP
KPMG Tower
2200 - 240 4th Avenue SW
Calgary AB T2P 4H4
Canada
Tel 403 691 8000
Fax 403 691 8008

INDEPENDENT AUDITOR'S 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, 2025;
- 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, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our auditor's 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 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 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

May 7, 2026

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	Note	2025	2024
Assets			
Current assets:			
Cash and cash equivalents		\$ 9,187,573	\$ 11,078,771
Restricted cash	3	81,618	95,654
Current portion of mortgages receivable	7	3,230,802	2,880,407
Accounts receivable		457,069	200,431
Prepaid expenses and deposits		164,828	176,516
Properties held for sale	6	1,952,517	888,815
		15,074,407	15,320,594
First mortgages receivable, net of discount	7	26,889,264	23,443,341
Properties under development	5	4,489,556	7,224,229
Affordable home partnerships receivable	8	1,210,173	1,433,703
Investments	4	1,019,816	940,946
Property and equipment	9	403,559	404,292
		\$ 49,086,775	\$ 48,767,105
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued liabilities	10	\$ 1,241,827	\$ 974,478
Current portion of term loans	11	345,019	289,639
Deferred revenue	12	2,629,786	2,509,490
		4,216,632	3,773,607
Affordable home partnerships	13	1,291,649	1,529,121
Long-term debt	11	3,452,919	3,819,407
Long-term deferred revenue	12	115,534	131,525
		9,076,734	9,253,660
Net assets:			
Internally restricted	4	1,019,816	940,946
Unrestricted		38,990,225	38,572,499
		40,010,041	39,513,445
Commitments and contingencies	15		
		\$ 49,086,775	\$ 48,767,105

See accompanying notes to financial statements.

On behalf of the Board:



Russ Wells – Director



Lisa Smandych – Director

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Statement of Operations and Changes in Net Assets

Year ended December 31, 2025, with comparative information for 2024

	Note	2025	2024
Home sales and related activities:			
Proceeds from home sales		\$ 11,801,166	\$ 3,314,262
Development costs of homes sold		(9,180,141)	(2,480,670)
Mortgage discount expense		(5,218,302)	(2,375,497)
Imputed interest income on mortgage receivable		904,260	610,543
Donations-in-kind-Construction materials and other		293,122	37,383
		(1,399,895)	(893,979)
Program delivery:			
ReStore revenue		6,008,517	5,735,704
Donations in kind ReStore	16	5,796,856	6,041,375
Donations and fundraising	16	2,104,602	3,639,616
Government grants	16	2,064,175	1,909,325
Interest and other		235,722	799,740
Expenses:			
ReStore donated goods for resale		(5,796,856)	(6,041,375)
ReStore expenses		(4,505,232)	(4,462,812)
Operations and administration		(1,788,824)	(1,763,829)
Mission program support		(1,280,179)	(1,210,381)
Fundraising		(661,230)	(483,942)
Interest		(213,371)	(300,414)
Surplus of revenue over expenses before other items			
		564,285	2,969,028
Other revenue and expenses:			
Amortization on property and equipment		(102,525)	(132,444)
Unrealized gain on investments		34,836	35,422
Excess of revenue over expenses			
		496,596	2,872,006
Net assets, beginning of year			
		39,513,445	36,641,439
Net assets, end of year			
		\$ 40,010,041	\$ 39,513,445

See accompanying notes to financial statements.

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 496,596	\$ 2,872,006
Adjustments required to reconcile excess of revenue over expenses:		
Amortization on property and equipment	102,525	132,444
Realized gains on sale of investments	(37,284)	(57,453)
Unrealized gain on investments	(34,836)	(35,422)
Loss on disposal of property and equipment	14,399	9,580
Change in non-cash operating working capital:		
Accounts receivable	(256,638)	(136,903)
Prepaid deposits and expenses	11,685	30,150
Accounts payable and accrued liabilities	267,350	(344,900)
Deferred revenue	104,305	(1,750,965)
Change in operating items relating to housing projects:		
Mortgage receivables	(3,796,317)	3,321,277
Affordable home partnerships receivable	223,530	149,274
Properties under development	2,734,673	(5,376,578)
Properties held for sale	(1,063,702)	306,558
	(1,233,714)	(880,932)
Investing activities:		
Purchase of investments	(6,749)	(11,632)
Purchase of property and equipment	(116,191)	(36,832)
	(122,940)	(48,464)
Financing activities:		
Term loan payments	(311,107)	(121,008)
Affordable home partnerships liability	(237,473)	(1,196,139)
	(548,580)	(1,317,147)
(Decrease) in cash and restricted cash	(1,905,234)	(2,246,543)
Cash and restricted cash, beginning of year	11,174,425	13,420,968
Cash and restricted cash, end of year	\$ 9,269,191	\$ 11,174,425
Represented by:		
Cash	\$ 9,187,573	\$ 11,078,771
Restricted cash	81,618	95,654
	\$ 9,269,191	\$ 11,174,425

See accompanying notes to financial statements.

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 1

Year ended December 31, 2025, with comparative information for 2024

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 classified balance sheet presentation.

(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.

Revenue from the sale of homes is recognized at fair market value when the homeowner signs the mortgage documents. The Society provides the homeowner with 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 sales revenue is recognized and recorded at the value for which the items are sold.

Administrative revenue for the Affordable Home Partnership program is recognized as second mortgages are paid out by homeowners and the Society has received the funds.

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 2

Year ended December 31, 2025, with comparative information for 2024

1. Significant accounting policies (continued):

(b) Revenue recognition (continued):

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.

For affordable housing grants and forgivable loans, amounts are recognized as revenue when the related expenditures on projects under development are incurred.

(c) Cash:

Cash consists of amounts held on deposit with banks and amounts held in interest-bearing accounts. For the purpose of 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 Trico Homes Inc. and the Alberta Government, for the Affordable Housing (PEAK) Program. Funds are distributed in the form of non-repayable monthly mortgage subsidies and 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 recorded 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. Cost consists of the original purchase price and applicable carrying charges.

(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.

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 3

Year ended December 31, 2025, with comparative information for 2024

1. Significant accounting policies (continued):

(g) Projects held for sale and under development (continued):

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 that do not contribute to the production of inventory.

(h) Mortgages receivable and related items:

First mortgages bear no interest, are secured by the related land and building and are receivable in monthly payments with a 20 to 55-year term. Monthly payments are set annually based on the partner family's income. First mortgages are originally recognized at estimated fair market value at the time of sale to the homeowners. In subsequent years, first mortgage receivables are recognized at amortized cost, representing the present value of the expected cash flows of the financial instrument over the remaining life of the financial instrument.

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 20 to 25 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. In the year that the forgivable portions are required to be paid, or the right to forgiveness has been forfeited, the previously forgivable portion will be recognized as home sales. Second mortgages issued after May 1, 2010, if applicable, are no longer forgivable for those family partnership agreements and are recorded at the time of sale.

As a result of the initial measurement of first mortgages at fair market value, the statement of operations includes a mortgage discount expense to reflect the discount of new mortgages issued during the year, calculated by imputing a cost of borrowing at the prevailing market rate in effect at the time of inception of the mortgage as follows:

- effective interest rates of 2.95% to 7.70%; and
- mortgage terms are calculated based on the average period homeowners stay in the program. Estimated mortgage terms are 11.1 years in 2025 (2024 – maximum of 40 years).

A mortgage that is repaid earlier than scheduled results in recognition of a recovery on mortgage discount expense and is recorded in the year the mortgage is paid out.

Imputed interest income on mortgages is calculated and recognized in the statement of operations over the life of the mortgage based on the prevailing interest rate in effect at the time of inception of the mortgage.

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 4

Year ended December 31, 2025, with comparative information for 2024

1. Significant accounting policies (continued):

(i) Property and equipment:

Property and equipment are stated at cost, less accumulated amortization. Contributed property and equipment are recorded at fair market value at the date of contribution. If fair market value cannot be reasonably determined, the contributed property and equipment is recorded at a nominal value. Amortization 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.

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.

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 5

Year ended December 31, 2025, with comparative information for 2024

1. Significant accounting policies (continued):

(j) Financial instruments (continued):

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.

Financial instruments and related risks are described in note 2.

(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.

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

The Society allocates facility expenses. A percentage of the Society's Chief Executive Officer, the Chief Financial Officer and the Senior Human Resource Specialist's salaries are allocated between programs based on functional responsibilities.

2. Financial instruments and related risks:

(a) Financial assets and financial liabilities:

Financial instruments include cash, restricted cash, investments, accounts receivable, mortgages receivable, accounts payable and accrued liabilities, operating loans and 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.

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 6

Year ended December 31, 2025, with comparative information for 2024

2. Financial instruments and related risks (continued):

(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 homeowner default risk and 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 an Alberta commercial bank. ATB Financial is a crown corporation owned by the Alberta government.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flow 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, and term loans which bear interest based on 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 significant changes to the risk exposures from 2024.

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), September 2, 2011 (York29), and April 29, 2015 (Viridian) for funds committed and expended for client properties. The restricted cash at December 31, 2025 is \$81,618 (2024 – \$95,654) including net interest and charges not transferred of \$142 (2024 – \$237).

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 7

Year ended December 31, 2025, with comparative information for 2024

3. Restricted cash (continued):

In 2025, the government of Alberta approved the disbursement of \$95,418 (2024 – \$1,053,066) from the restricted sustainable funds to Trico Communities Inc. for the renovation of its affordable seniors' residence, Clover Living in Calgary, Alberta. The reduction in the associated liability is reflected in note 13.

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 15 (b) and (c)) and is required to maintain a minimum balance of \$500,000. The fair market value of these investments at December 31, 2025 is \$1,019,816 (2024 – \$940,946) and the original cost at December 31, 2025 remains at \$318,700.

Income earned from the Calgary Foundation investment in 2025 amounted to \$44,033 (2024 – \$69,085).

5. Projects under development:

	Note	2025	2024
Balance, beginning of the year		\$ 7,224,229	\$ 1,847,651
Project costs during the year		6,164,387	6,895,064
		13,388,616	8,742,715
Less:			
Costs expensed subsequent to sale		(793,804)	(71,733)
Completed project costs transferred to projects held for sale	6	(7,985,320)	(1,446,753)
Land transferred		(119,936)	–
Balance, end of year		\$ 4,489,556	\$ 7,224,229

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 8

Year ended December 31, 2025, with comparative information for 2024

6. Projects held for sale:

Unit buybacks are valued at the original mortgage amount plus equity sharing on the change in fair market value at the time of purchase or the current market value, whichever is less. In 2025, there were 5 buybacks valued at \$1,287,609 (2024 – 4 buybacks valued at \$973,200). 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 and included in program delivery on the statement of operations. In 2025 and 2024, no property costs were higher than market value and, accordingly, no write downs were required.

	Note	2025	2024
Balance, beginning of year		\$ 888,815	\$ 1,195,373
Add:			
Costs of completed new projects transferred from projects under development	5	7,985,320	1,446,753
Project unit buybacks		1,287,609	973,200
Repairs on buybacks		123,188	40,134
		10,284,932	3,655,460
Less:			
Direct costs of projects sold during the year		(8,332,415)	(2,766,645)
Balance, end of year		\$ 1,952,517	\$ 888,815

7. Mortgages receivable:

In 2025, the Society entered into 30 new mortgages (2024 – 7). In total, there are 248 mortgages outstanding (2024 – 233). New mortgages valued at \$12,043,963 (2024 – \$2,915,024) were issued during the year. A mortgage discount expense of \$5,218,302 (2024 – \$2,375,497) was recorded on new mortgages during the year using the prevailing market rate of interest at the date of mortgage which in 2025 ranged from 4.95% to 5.95% (2024 – 5.95% to 7.70%) per annum. Accretion of the mortgage discount is calculated over the period of the mortgage and was \$904,260 for 2025 (2024 – \$610,543).

	2025	2024
Gross first mortgages receivable beginning	\$ 45,990,235	\$ 47,546,559
New mortgages	12,043,963	2,915,024
Mortgage repayments	(3,357,351)	(3,640,429)
Buybacks and foreclosures	(576,252)	(830,919)
Total face value of gross first mortgages receivable	54,100,595	45,990,235
Unamortized mortgage discounts	(23,980,529)	(19,666,487)
Amortized cost of first mortgages	\$ 30,120,066	\$ 26,323,748

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 9

Year ended December 31, 2025, with comparative information for 2024

7. Mortgages receivable (continued):

The Society holds forgivable second mortgages dated prior to May 1, 2010, aggregating \$1,941,056 on 19 units (2024 – \$2,438,427 on 27 units) which expire at the end of the 25-to-55-year terms. As at December 31, 2025, \$nil forgivable second mortgages were recorded on the statement of financial position (2024 – \$nil) as none met the condition to be recognized as per note 1(h).

	2025		2024	
	Face value	Amortized cost	Face value	Amortized cost
First mortgages	\$ 54,100,595	\$ 30,120,066	\$ 45,990,235	\$ 26,323,748
Forgivable second mortgages	1,941,056	–	2,438,427	–
	56,041,651	30,120,066	48,428,662	26,323,748
Less current portion	3,230,802	3,230,802	2,880,407	2,880,407
	\$ 52,810,849	\$ 26,889,264	\$ 45,548,255	\$ 23,443,341

Future net mortgage repayments expected are as follows:

2026	\$ 3,230,802
2027	3,099,754
2028	2,992,796
2029	2,925,861
2030	2,751,182
Thereafter	39,100,200

8. Affordable home partnerships receivable:

The Society has partnered with other organizations to provide affordable housing options.

PEAK second mortgages are secured by the related land and building. These mortgages were non-interest bearing for the first 5 years, with interest accruing at 5% per annum for Milano and 3% per annum for York 29 and Viridian, compounded annually, thereafter. No payments are required unless the homeowner sells, rents or defaults on the designated housing unit. In 2025, three PEAK units (2024 – two units) second mortgage were paid out.

Second mortgage interest is the net amount of interest accrued and paid out for the year. These amounts have been included in the second mortgage receivable balance.

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 10

Year ended December 31, 2025, with comparative information for 2024

8. Affordable home partnerships receivable (continued):

Cochrane Society for Housing Options (CSHO) engaged the Society to administer their affordable housing program in 2011. In 2025, one unit remains in the program (2024 – one unit).

High River second mortgages are secured by the related land and building. These mortgages were non-interest bearing for the first 5 years, with interest accruing at 3% per annum, compounded annually, thereafter. No payments are required unless the homeowner sells, rents or defaults on the designated housing unit. In 2025, three High River units (2024 – three units) second mortgage were paid out at a value of \$88,500 (2024 – \$88,500).

	2025	2024
Affordable housing program balance, beginning of year	\$ 1,433,703	\$ 1,582,977
PEAK payout	(115,670)	(77,708)
Net change PEAK interest	(9,216)	21,547
High River payout	(88,500)	(88,500)
Net change High River interest	(10,144)	(4,613)
Affordable housing program balance, end of year	\$ 1,210,173	\$ 1,433,703

9. Property and equipment:

	2025		2024	
	Cost	Accumulated amortization	Net book value	Net book value
Automotive and trailers	\$ 345,188	\$ 250,068	\$ 95,120	\$ 58,141
Computer equipment	25,735	20,225	5,510	21,871
Computer software	52,632	8,772	43,860	–
Construction mobile equipment	23,013	22,634	379	541
Construction tools and equipment	13,151	8,575	4,576	5,721
Office equipment and furniture	81,611	76,748	4,863	7,231
Leasehold improvements	1,041,141	791,890	249,251	310,787
	\$ 1,582,471	\$ 1,178,912	\$ 403,559	\$ 404,292

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 11

Year ended December 31, 2025, with comparative information for 2024

10. Accounts payable and accrued liabilities:

Government remittances included in accounts payable and accrued liabilities which represent amounts payable for goods and services tax is \$38,040 at December 31, 2025 (2024 – \$nil).

11. 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 per annum, which was 4.45% at December 31, 2025 (2024 – 5.45%). The facility balance as of December 31, 2025, is \$nil (2024 – \$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 construction purposes, interest and predevelopment costs, of which \$3,759,439 was utilized at December 31, 2025 (2024 – \$4,053,959). The facility is available by way of prime-based loans or by term loans. Interest expense related to the credit facilities for 2025 is \$212,414 (2024 – \$299,669).

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. At December 31, 2025 and 2024, all amounts outstanding had converted to term loans. The loans may be repaid in whole or in part at any time without penalty.

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 the bank's prime rate plus 1% per annum if drawn. The facility balance as of December 31, 2025, is \$179,420 (2024 – \$130,950).

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. As at December 31, 2025, the Society is in compliance with all such covenants. The next annual review date for any demand credit facilities is set for May 2026.

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 with 26 and 28 months remaining. The Society purchased and financed one vehicle in 2026. The loan bears interest of 4.49% annually and is amortized over 72 months. Interest expense related to the vehicle loan facilities for 2025 is \$945 (2024 – \$1,276).

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 12

Year ended December 31, 2025, with comparative information for 2024

11. Credit facilities (continued):

	2025	2024
Term loans	\$ 3,759,439	\$ 4,053,959
Vehicle loans	38,499	55,087
Less current portion	345,019	289,639
Balance, end of year	\$ 3,452,919	\$ 3,819,407

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

2026	\$ 328,100
2027	344,714
2028	361,737
2029	380,488
2030	399,755
Thereafter	1,944,645

Future principal payments required under vehicle loans are due as follows:

2026	\$ 16,919
2027	17,260
2028	4,320

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 13

Year ended December 31, 2025, with comparative information for 2024

12. Deferred revenue:

The Society received cash donations, grants, sponsorships, and gifts-in-kind during the year, which are deferred as the eligible expenditures have not been incurred.

	2025	2024
Balance, beginning of year	\$ 2,641,015	\$ 4,391,980
Amounts received	2,222,767	1,513,161
Amounts recognized as revenue in the year	(2,118,462)	(3,213,208)
CMHC grants recognized as revenue	–	(50,918)
	2,745,320	2,641,015
Less current portion	2,629,786	2,509,490
Balance, end of year	\$ 115,534	\$ 131,525

13. Affordable home partnerships program liability:

The affordable home partnerships program is comprised of the following.

The PEAK program is managed by the Society on behalf of Trico Homes Inc. and the Alberta Government:

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

The funds are distributed 50% to the sustainable fund to support new approved project initiatives and 50% to support the Society's traditional build model through the Fund for Humanity. In 2025, the government of Alberta approved the disbursement of \$95,418 (2024 – \$1,053,066) from the restricted sustainable funds to Trico Communities Inc. for the renovation of its affordable seniors' residence, Clover Living, in Calgary, Alberta. This resulted in the reduction of the PEAK program liability and a related reduction in the restricted cash balance which is reflected in note 3.

The Laredo Cochrane program is managed by the Society on behalf of Cochrane Society for Housing Options. The administrative fees of \$4,500 per unit are recognized to revenue when the second mortgage is paid out.

The High River program 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, are distributed to the Fund for Humanity in accordance with the terms of the funding agreement. The funds accumulated in this fund will continue to accrue over time to help fund future initiatives of the Society.

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 14

Year ended December 31, 2025, with comparative information for 2024

13. Affordable home partnerships program liability (continued):

	2025	2024
Restricted cash PEAK program	\$ 81,476	\$ 95,417
Interest receivable	339,059	348,275
PEAK mortgages receivable	797,690	913,360
PEAK program liability	1,218,225	1,357,052
Laredo Cochrane administrative fees receivable	4,500	4,500
Laredo Cochrane program liability	4,500	4,500
High River program Interest receivable	9,924	20,069
Mortgages receivable	59,000	147,500
High River program liability	68,924	167,569
Total Affordable home partnerships program liability	\$ 1,291,649	\$ 1,529,121

14. 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 2025 (2024 – \$25,000). The Society's contribution assists with Habitat for Humanity's international work.

During the year, the Society paid ReStore royalties of \$240,260 (2024 – \$229,537) and affiliation fees of \$323,372 (2024 – \$248,254) to Habitat for Humanity Canada. In 2025, the Society received \$837,139 in cash donations, grants and sponsorships (2024 – \$487,344) in addition to \$564,736 of gifts-in-kind (2024 – \$580,960) from Habitat for Humanity Canada. The amount due at year-end to Habitat for Humanity Canada is \$164,134 (2024 – \$89,385) and is included within accounts payable and accrued liabilities.

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 15

Year ended December 31, 2025, with comparative information for 2024

15. 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:

2026	\$ 756,246
2027	708,411
2028	698,178
2029	511,724
2030	351,339
Thereafter	680,079

- (b) The Society has entered into a renewable 99-year ground lease ("Suncourt lease") with Home Space Society (formerly known as the Calgary Community Land Trust) 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 two units buyback for \$262,309 in 2025 (2024 – \$158,200).
- (c) The Society entered into a renewable 99-year ground lease ("Sheftel lease") with Home Space Society (formerly known as 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 \$10,000. 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 rent adjustment, effective as of February 25, 2023, is \$17,000. 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 one unit buyback in 2025 for \$171,500 (2024 – \$nil).
- (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 \$179,420 (2024 – \$130,950).

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 16

Year ended December 31, 2025, with comparative information for 2024

15. Commitments and contingencies (continued):

- (e) Habitat for Humanity Canada secures funding through the CMHC-HFHC National Housing Co-Investment Fund and the Black Family Fund (the "Fund") and administers on behalf of the Canadian Habitat for Humanity affiliates. 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 loans are interest-free for so long as the conditions specified in the agreements are met and the loans are not in default. In addition, the loans are forgiven at a rate of one twentieth per year over 20 years beginning 12 months after the last Habitat Affiliate has completed its final drawdown.
- (f) 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.

16. Fundraising revenue, gifts-in kind donations and grants:

	2025	2024
Fundraising revenue:		
Donations	\$ 908,230	\$ 2,096,695
Sponsorship and fundraising activities	622,488	801,991
Grants	573,884	740,930
Fundraising revenue	2,104,602	3,639,616
Government grants:		
Municipal	34,111	141,156
Federal	316,480	626,374
Provincial	1,713,584	1,141,795
Government Grants	2,064,175	1,909,325
Gifts-in-kind donations:		
Construction & Miscellaneous	293,122	37,383
ReStore	5,796,856	6,041,375
Gifts-in-kind donations	6,089,978	6,078,758
	\$ 10,258,755	\$ 11,627,699

HABITAT FOR HUMANITY SOUTHERN ALBERTA SOCIETY

Notes to Financial Statements, page 17

Year ended December 31, 2025, with comparative information for 2024

16. Fundraising revenue, gifts-in kind donations and grants (continued):

Donations are monetary gifts received and may be tax receipted under the Income Tax Act.

Sponsorships and fundraising activities are monetary gifts received and are not eligible for a tax receipt under the Income Tax Act.

Grants are received from foundations and corporations.

In recognizing \$2,104,602 (2024 – \$3,639,616) in fundraising revenues, the Society incurred \$661,230 (2024 – \$483,942) in fundraising expenses for the purpose of soliciting contributions, which includes \$359,447 (2024 – \$287,085) for direct fundraising expenses and \$301,783 (2024 – \$196,857) for employee compensation and benefits and indirect fundraising expenses.

Government grants consist of the City of Calgary Housing Incentive Program grants, City of Airdrie project support grant, Government of Alberta affordable housing grants, CMHC Federal Co-Investment housing grants, and CMHC Federal Black Family housing grants.

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

17. Comparative figures:

Previous year's figures have been reclassified to conform to the presentation adopted in the current year. These reclassifications did not impact the Society's excess of revenue over expenses or net assets.