

**HABITAT FOR HUMANITY GREY BRUCE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

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**HABITAT FOR HUMANITY GREY BRUCE**  
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**DECEMBER 31, 2017**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of **Habitat for Humanity Grey Bruce**:

### Report on the Financial Statements

We have audited the accompanying financial statements of **Habitat for Humanity Grey Bruce**, which comprise the statement of financial position as at December 31, 2017, and the statements of revenue and expenditures, changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Charity's preparation and fair presentation of the financial statements 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 Charity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Basis for Qualified Opinion

**Habitat for Humanity Grey Bruce** derives revenue from charitable cash donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Charity. Consequently, we were unable to determine whether any adjustments might be necessary to revenues, excess of revenue over expenditures and cash flows for the years ended December 31, 2017 and 2016, and current and net assets as at December 31, 2017 and 2016. Our audit opinion on the financial statements for the year ended December 31, 2016 was modified accordingly because of the possible effect of this limitation in scope.

### Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of **Habitat for Humanity Grey Bruce** as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Collins Barrow SGB LLP*

**COLLINS BARROW SGB LLP**  
**LICENSED PUBLIC ACCOUNTANTS**  
Owen Sound, Ontario  
March 13, 2018

**HABITAT FOR HUMANITY GREY BRUCE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31**

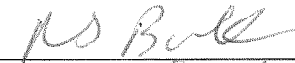
	2017	2016
	\$	\$
<b>ASSETS</b>		
<b>CURRENT:</b>		
Accounts Receivable	16,857	22,711
HST Receivable	29,276	-
Due from Habitat for Humanity Canada (Note 5)	853	-
Projects Under Development	443,910	235,243
Prepaid Expenses	4,768	12,535
Current Portion of First Mortgages Receivable	161,101	134,177
	656,765	404,666
<b>FIRST MORTGAGES RECEIVABLE (Note 4)</b>	2,666,367	2,239,142
<b>PROPERTY AND EQUIPMENT (Note 2)</b>	1,842,132	1,907,993
<b>TOTAL ASSETS</b>	5,165,264	4,551,801


(See Accompanying Notes to Financial Statements)

**HABITAT FOR HUMANITY GREY BRUCE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31**

	2017	2016
	\$	\$
<b>LIABILITIES</b>		
<b>CURRENT:</b>		
Bank Overdraft	22,329	66,757
Accounts Payable and Accrued Liabilities	123,667	90,142
Government Remittances Payable	7,754	12,054
HST Payable	-	31,258
Due to Habitat for Humanity Canada (Note 5)	-	11,140
Deferred Mortgage Payments	8,450	3,650
Deferred Revenue (Note 8)	16,800	35,000
Current Portion of Long-Term Debt (Note 9)	1,199,225	1,263,696
	1,378,225	1,513,697
<b>DEFERRED CONTRIBUTIONS AND GRANTS (Note 7)</b>	<b>8,004</b>	<b>9,120</b>
Total Liabilities	1,386,229	1,522,817
<b>NET ASSETS</b>		
<b>UNRESTRICTED</b>	(110,669)	(177,795)
<b>INVESTMENT IN HOUSING</b>	3,113,929	2,571,603
<b>INVESTMENT IN CAPITAL ASSETS</b>	775,775	635,176
Total Net Assets	3,779,035	3,028,984
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>5,165,264</b>	<b>4,551,801</b>

**ON BEHALF OF THE BOARD**

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

(See Accompanying Notes to Financial Statements)

**HABITAT FOR HUMANITY GREY BRUCE**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31**

	Unrestricted \$	Investment in Housing \$	Investment in Capital Assets \$	2017 \$	2016 \$
Balance at Beginning of Year	(177,795)	2,571,603	635,176	<b>3,028,984</b>	2,758,121
Excess of Revenue Over Expenditures	535,424	154,368	60,259	<b>750,051</b>	270,864
Interfund Transfers (Note 3)	(468,298)	387,958	80,340	-	-
Fund Balance at End of Year	<u>(110,669)</u>	<u>3,113,929</u>	<u>775,775</u>	<b><u>3,779,035</u></b>	<b><u>3,028,985</u></b>

(See Accompanying Notes to Financial Statements)

**HABITAT FOR HUMANITY GREY BRUCE**  
**STATEMENT OF REVENUE AND EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31**

	2017	2016
	\$	\$
<b>REVENUE:</b>		
Sales	1,238,655	1,096,693
Donations	276,650	156,669
Fundraising	47,473	48,648
Grants	62,831	18,008
Recycled Metal, Batteries and E-Waste	44,359	33,085
Ontario Trillium Foundation Grant	-	13,011
Miscellaneous Revenue	12,967	12,603
	<b>1,682,935</b>	<b>1,378,717</b>
<b>EXPENSES:</b>		
Advertising and Promotion	12,089	17,196
Bank Interest and Charges	15,057	22,386
Build Tools and Supplies	5,131	1,047
Conference, Professional Development and Travel	12,941	9,898
Fundraising	14,493	12,265
Global Neighbours Alliance Contribution (Note 5)	10,000	15,000
Habitat for Humanity Canada Fees (Note 5)	87,247	72,467
Insurance	11,069	8,365
Miscellaneous	-	2,806
Occupancy Costs	106,200	131,157
Office and Telephone	34,070	35,065
Professional Services	28,299	29,288
Storage	-	10,290
Vehicle	82,621	84,367
Volunteer	6,196	6,065
Wages and Employee Benefits	722,098	712,950
	<b>1,147,511</b>	<b>1,170,612</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER INCOME</b>	<b>535,424</b>	<b>208,105</b>
<b>OTHER INCOME (EXPENSE):</b>		
Gain on Disposal of Property and Equipment	-	104,696
Gain on Sale of Assets	140,874	52,675
Amortization of Deferred Capital Contributions	1,116	1,337
Amortization	(81,731)	(50,553)
Mortgage Discount	154,368	(45,396)
	<b>214,627</b>	<b>62,759</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR</b>	<b>750,051</b>	<b>270,864</b>

(See Accompanying Notes to Financial Statements)

**HABITAT FOR HUMANITY GREY BRUCE**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31**

	2017	2016
	\$	\$
<b>CASH PROVIDED BY (USED FOR):</b>		
<b>OPERATING ACTIVITIES:</b>		
Excess of Revenue over Expenditures	750,051	270,864
Charges not involving cash		
Amortization	81,731	50,553
Amortization of Deferred Capital Contribution	(1,116)	(1,337)
Gift-In-Kind Donations Received	(119,424)	(52,715)
Mortgage Discount	(154,368)	45,396
Gain on Disposal of Property and Equipment	-	(104,696)
Gain on Disposal of Assets	(140,874)	(52,675)
	416,000	155,390
Change In:		
Accounts Receivable	5,854	3,393
HST Receivable	(60,533)	1,831
Prepaid Expenses	7,768	(2,066)
Due to Habitat for Humanity Canada	(11,992)	1,283
Deferred Revenue	(18,200)	21,989
Accounts Payable and Accrued Liabilities	33,523	(6,957)
Government Remittances Payable	(4,300)	(4,752)
	368,120	170,111
<b>FINANCING ACTIVITIES:</b>		
Advance of Loan Payable	-	1,289,000
Repayment of Loans Payable	(64,471)	(318,444)
Line of Credit	-	(73,000)
	(64,471)	897,556
<b>INVESTING ACTIVITIES:</b>		
Acquisition of Property and Equipment	(15,870)	(1,586,382)
Proceeds on Disposal of Property and Equipment	-	390,000
First Mortgages Receivable	(299,782)	(347,433)
Deferred Mortgage Payments	4,800	(1,512)
Properties Held for Resale	(67,793)	358,215
Gift-In-Kind Donations Invested in Housing	119,424	52,715
	(259,221)	(1,134,397)
<b>INCREASE (DECREASE) IN CASH DURING YEAR</b>	44,428	(66,730)
<b>CASH (DEFICIENCY) AT BEGINNING OF YEAR</b>	(66,757)	(27)
<b>CASH (DEFICIENCY) AT END OF YEAR</b>	(22,329)	(66,757)

(See Accompanying Notes to Financial Statements)



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**HABITAT FOR HUMANITY GREY BRUCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2017**

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**PURPOSE AND STATUS**

Habitat for Humanity Grey Bruce (HFHGB) is an affiliate member of Habitat for Humanity Canada (HFHC) whose purpose is to bring communities together to help families build strength, stability and independence through affordable home ownership.

The Organization was incorporated in 1990 without share capital by letters patent issued under the Corporations Act of Ontario. The Organization has received tax-exempt status as a registered charitable organization under the Canadian Income Tax Act.

**1. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Company are the representations of management. The financial statements have, in the opinion of management, been properly prepared within the framework of the accounting policies as summarized below:

**(A) BASIS OF ACCOUNTING**

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

**(B) INVENTORY**

In line with the accounting policy of Habitat for Humanity Canada, ReStore inventory is not valued since all items are donated and would not otherwise have been purchased. There was a significant value of new and used items on hand at year end.

**(C) PROPERTY AND EQUIPMENT AND AMORTIZATION**

Property and equipment are stated at cost if individually valued over \$2,500. Items with values under this threshold are expensed. Provision is made for amortization under the diminishing balance method using the following annual rates:

Building	5%
Signage	30%
Vehicle	30%
Furniture and Equipment	20%
Construction Equipment	20%

**(D) PROJECTS UNDER DEVELOPMENT**

Projects under development, which include land, building, building materials and purchased third party services, are recorded at the lower of cost and net realizable value for items purchased and estimated fair market value for items donated. If the combined values of items purchased and donated exceeds the anticipated selling price of a home, the value in inventory is adjusted to the anticipated selling price.

