

Habitat for Humanity National Capital Region
Financial Statements
For the Year Ended December 31, 2025

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Independent Auditor's Report

To the board of directors of Habitat for Humanity National Capital Region

Opinion

We have audited the financial statements of Habitat for Humanity National Capital Region ("Habitat"), which comprise the statement of financial position as at December 31, 2025, the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of Habitat as at December 31, 2025 and its statements of operations, changes in net assets and 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 report. We are independent of Habitat 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 Habitat'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 Habitat or to cease operations, or has no realistic alternative but to do so.

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



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Habitat'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 Habitat'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 Habitat to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Ottawa, Ontario
May 28, 2026

Habitat for Humanity National Capital Region Statement of Financial Position

December 31	2025	2024
Assets		
Current		
Cash	\$ 1,494,114	\$ 322,290
Accounts receivable	126,261	66,282
Prepaid expenses	213,311	225,108
HST receivable	152,561	4,306
Current portion of mortgages receivable (Note 2)	631,596	655,699
	2,617,843	1,273,685
Restricted cash	-	11,015
Mortgages receivable (Note 2)	2,761,867	2,472,476
Projects under development (Note 3)	1,417,342	5,190,182
Tangible capital assets (Note 4)	4,165,282	4,282,527
	\$ 10,962,334	\$ 13,229,885
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Notes 6 & 9)	\$ 549,851	\$ 548,108
Current portion of long-term debt (Note 12)	37,128	35,132
Interim occupancy payments	-	57,138
Demand loans	-	1,268,953
	586,979	1,909,331
Lease inducement	102,893	112,777
Long-term debt (Note 12)	144,935	182,220
Deferred contributions (Note 7)	1,427,156	2,418,658
Deferred contributions related to tangible capital assets (Note 8)	2,383,296	2,435,997
	4,645,259	7,058,983
Contractual obligations (Note 10)		
Net Assets		
Internally restricted - lottery	-	11,015
Internally restricted - builds and mortgages	3,201,586	3,397,204
Internally restricted - build reserve	100,000	-
Internally restricted - equity reserve	50,000	-
Unrestricted	1,183,503	916,153
Invested in tangible capital assets	1,781,986	1,846,530
	6,317,075	6,170,902
	\$ 10,962,334	\$ 13,229,885

On behalf of the Board:

_____ President

_____ Treasurer

The accompanying notes are an integral part of these financial statements.

Habitat for Humanity National Capital Region Statement of Changes in Net Assets

For the year ended December 31	Internally restricted - lottery	Unrestricted	Internally restricted - builds and mortgages	Invested in Tangible Capital Assets	Internally restricted - build reserve	Internally restricted - Equity reserve	2025 Total	2024 Total
Balance, beginning of the year	\$ 11,015	\$ 916,153	\$ 3,397,204	\$ 1,846,530	\$ -	\$ -	\$ 6,170,902	\$ 6,268,334
Excess (deficiency) of revenues over expenses	(11,015)	(2,885,740)	2,977,086	(84,158)	100,000	50,000	146,173	(97,432)
Acquisition of tangible capital assets	-	(19,614)	-	19,614	-	-	-	-
Change in mortgages receivable, net	-	(265,288)	265,288	-	-	-	-	-
Change in debts, net	-	(1,304,242)	1,304,242	-	-	-	-	-
Change in residential projects, net	-	4,742,234	(4,742,234)	-	-	-	-	-
Balance, end of the year	\$ -	\$ 1,183,503	\$ 3,201,586	\$ 1,781,986	\$ 100,000	\$ 50,000	\$ 6,317,075	\$ 6,170,902

The accompanying notes are an integral part of these financial statements.

Habitat for Humanity National Capital Region Statement of Operations

For the year ended December 31	2025	2024
Residential projects and related operations		
Proceeds from house sales	\$ 4,415,280	\$ -
Project contributions	974,988	47,134
Notional interest on mortgages receivable	221,204	214,186
Mortgage discount for interest free mortgages	(1,511,197)	-
Cost of homes sold	(4,541,870)	-
Impairment on residential projects	-	(99,386)
	<u>(441,595)</u>	<u>161,934</u>
Residential projects operations excess (deficiency) of revenues over expenses		
Revenue		
Donations and fundraising	1,614,221	792,378
Net ReStore operations (Schedule 1)	77,456	201,676
Amortization of deferred contributions related to tangible capital assets (Note 8)	52,701	54,569
Rental income	172,218	147,080
Other income	124,908	104,474
	<u>2,041,504</u>	<u>1,300,177</u>
Expenses		
Advertising and promotion (Note 9)	148,437	139,127
Amortization of tangible capital assets	80,604	87,327
Bank charges and interest	7,977	7,976
Board and committee	25,171	21,627
Fundraising	101,741	112,393
Insurance	31,765	26,997
Office	49,298	61,270
Professional fees	26,280	110,013
Rent and utilities	46,848	37,433
Rental property expenses	172,218	147,080
Repairs and maintenance	4,340	2,127
Salaries and benefits	665,309	773,083
Technology	43,247	12,794
Telephone, computer support and internet	5,566	3,694
Tithing (Note 9)	27,500	2,500
Vehicle	17,435	14,102
	<u>1,453,736</u>	<u>1,559,543</u>
Unrestricted excess (deficiency) of revenues over expenses	<u>587,768</u>	<u>(259,366)</u>
Excess (deficiency) of revenues over expenses	<u>\$ 146,173</u>	<u>\$ (97,432)</u>

The accompanying notes are an integral part of these financial statements.

Habitat for Humanity National Capital Region Statement of Cash Flows

For the year ended December 31	2025	2024
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ 146,173	\$ (97,432)
Items not affecting cash:		
Residential projects operations		
Proceeds from house sales	(4,415,280)	-
Project contributions	(974,988)	(47,134)
Notional interest on mortgage receivable	(221,204)	(214,186)
Amortization of deferred contributions related to tangible capital assets	(52,701)	(54,569)
Lease inducement adjustment	(9,884)	1,522
Cost of homes sold	4,541,870	-
Mortgage discount for interest free mortgages	1,511,197	-
Amortization of tangible capital assets	136,861	150,920
Impairment loss on residential projects	-	99,386
	662,044	(161,493)
Changes in non-cash working capital:		
Accounts receivable	(59,979)	235,002
Prepaid expenses	11,797	(121,444)
HST receivable	(148,255)	319,455
Accounts payable and accrued liabilities	1,743	(63,462)
Interim occupancy payments	(57,138)	57,138
	410,212	265,196
Cash flows from investing activities		
Acquisition of tangible capital assets	(19,614)	(111,443)
Decrease of mortgages receivable	2,859,999	623,414
Expenditures on residential projects	(769,031)	(1,426,164)
Change in restricted cash	11,015	473
	2,082,369	(913,720)
Cash flows from financing activities		
Net change in deferred contributions	(16,515)	434,529
Repayments of long term debt	(35,289)	(33,453)
Repayment of demand loans	(1,268,953)	-
Increase of demand loans	-	29,146
	(1,320,757)	430,222
Increase (decrease) in Cash	1,171,824	(218,302)
Cash, beginning of the year	322,290	540,592
Cash, end of the year	\$ 1,494,114	\$ 322,290

The accompanying notes are an integral part of these financial statements.

Habitat for Humanity National Capital Region Notes to Financial Statements

December 31, 2025

1. Significant Accounting Policies

Nature and Purpose of Organization	<p>Habitat for Humanity National Capital Region ("Habitat") was established on March 1, 1993 by letters patent under the Canada Corporations Act, and was continued under the section 211 of the Canada Not-for-Profit Corporations Act on July 4, 2013. Habitat is a registered charity under the Income Tax Act and, as such, is exempt from income taxes and may issue income tax receipts to donors.</p> <p>The mission of Habitat is to mobilize volunteers and communities to help working, lower income families build strength, stability and self-reliance through affordable home ownership. In order to support administrative and fundraising efforts, Habitat also operates retail stores, which sell new and used materials that are donated, herein referred to as "ReStore".</p>
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>
Financial Instruments	<p>Financial Instruments are recorded at fair value at initial recognition.</p> <p>In subsequent periods, financial instruments are reported at amortized cost. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.</p> <p>Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in the statement of operations.</p>

Habitat for Humanity National Capital Region

Notes to Financial Statements

December 31, 2025

1. Significant Accounting Policies (continued)

Revenue Recognition Habitat follows the deferral method of accounting for contributions. 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. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred, or when the mortgage for the residential project is transferred, if applicable.

Deferred contributions related to tangible capital assets represent the unamortized amount of donations and grants received for the purchase of tangible capital assets or contributed tangible capital assets. The amortization of deferred contributions related to tangible capital assets is recorded as revenue in the statement of operations at the same amortization rate as the related tangible capital asset.

The ReStore locations sell new and used materials that are donated. Revenue from ReStores is recognized at point of sale, if collection is reasonably assured.

Revenue from projects and project contributions are recognized when Habitat has transferred the significant risks and rewards of home ownership to the partner family, in that all significant acts have been completed and Habitat retains no continuing managerial involvement in, or effective control of, the home to a degree usually associated with ownership, and reasonable assurance exists regarding the measurement of consideration. Generally, this occurs upon transfer of property title to the partner family. The proceeds recognized are determined by reference to fair market value of the homes transferred.

Rental revenue from operating leases is recognized when it is received or when the collection and measurement can be reasonably assured.

Projects Under Development Projects under development, which include land, buildings and building materials, both purchased and donated, are recorded at the lower of cost and net realizable value. Net realizable value is defined as the lower of market value less costs of disposition and the amount of non-forgivable mortgages to be assumed by partner families. Any excess of carrying value over net realizable value is expensed in the year in which the impairment is determined.

Asset Held for Sale Asset held for sale is recorded at the lower of carrying amount or fair value less costs to sell. As at December 31, 2025, the balance of the assets held for sale's is \$nil (2024 - \$4,375,343).

Habitat for Humanity National Capital Region Notes to Financial Statements

December 31, 2025

1. Significant Accounting Policies (continued)

Tangible Capital Assets Tangible capital assets are recorded at cost less accumulated amortization. Amortization is based on the asset's estimated useful lives using the declining balance method at the rates below unless it is stated otherwise:

Computer software	50%
Vehicles	30%
Computer equipment	30%
Furniture and fixtures	20%
Leasehold improvements	Straight line over lease term
Titus Landing Building	Straight line over 50 years

Donated Materials and Services Donated materials are recorded when a fair value can be reasonably estimated and they would otherwise be purchased by Habitat. Donated goods that are received by Habitat from the Habitat for Humanity Canada's ("HFHC") gifts in kind program, are recorded at the fair value estimated by HFHC.

Materials donated to the ReStore locations are not recorded as assets in the financial statements.

A substantial number of volunteers make significant contributions of time to Habitat's programs and supporting services. The value of this contributed time is not reflected in the financial statements due to the estimation difficulty.

Use of Estimates The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates. Significant estimates may include donated materials, the useful lives of tangible capital assets, valuation of projects under development, valuation of mortgages receivable, discount rate used for mortgages, sale of homes, allocation of expenses, and valuation of assets held for sale.

Habitat for Humanity National Capital Region Notes to Financial Statements

December 31, 2025

1. Significant Accounting Policies (continued)

Mortgages receivable Habitat has issued mortgages on the properties transferred. In addition, second and third mortgages have been issued on certain properties and are held by the City of Ottawa and Kawartha Financial Services. The second mortgages held by Kawartha Financial Services have been recorded in the financial statements. Since the likelihood of the collection of the second and third mortgages held by the City of Ottawa cannot be determined, these amounts have not been recorded in the financial statements.

When new mortgages are issued, they are initially recorded at fair value, subsequently it is measured at amortized cost. This method discounts the face value of the mortgage using the prevailing interest rate over the life of the mortgage. The difference between the face value of the new mortgage and the amortized cost carrying value is recorded on the statement of operations as "mortgage discount for interest free mortgages." Interest income on mortgages is recognized each year in the statement of operations as "notional interest on mortgages receivable" based on the prevailing interest rate at the inception of the mortgage.

The mortgages receivable are non-interest bearing and have repayment terms ranging from 1 to 35 years. Mortgages receivable are classified as held to maturity and are measured at amortized cost using the notional interest method. Although the mortgages are non-interest bearing, they are accounted for using the notional interest rate determined on the initial issuance of the mortgage. These rates range from 3.355% per annum to 6.0% per annum.

Interest capitalization Interest is capitalized on debts incurred during the construction phase of a residential project and is expensed as part of the cost of the house when the project is complete and the mortgage is closed.

Habitat for Humanity National Capital Region Notes to Financial Statements

December 31, 2025

1. Significant Accounting Policies (continued)

Residential projects Land is recorded at the purchase price plus carrying costs or at fair market value at the time of the donation. Houses are recorded at cost plus the receipted value of donated goods. Houses are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable selling costs.

Impairment

Residential projects measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in statement of operations. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of any reversal is recognized in statement of operations.

Allocation of expenses Habitat separately discloses a statement of operations (Schedule 1) for its ReStore locations. Habitat allocates general support expenses by identifying the appropriate basis of allocating each component expense, and applies that basis each year. Allocations are based on the proportion of use and time between the ReStore locations and general organizational purposes.

Habitat for Humanity National Capital Region Notes to Financial Statements

December 31, 2025

2. Mortgages Receivable

	<u>2025</u>	<u>2024</u>
Mortgages receivable	\$ 7,722,988	\$ 6,167,707
Less: Notional interest on non-interest bearing mortgages	(4,329,525)	(3,039,532)
Present value of mortgages receivable	3,393,463	3,128,175
Less: current portion of mortgages receivable	631,596	655,699
	<u>\$ 2,761,867</u>	<u>\$ 2,472,476</u>

3. Projects Under Development

	<u>2025</u>	<u>2024</u>
Beechcliffe Build	\$ 524,965	\$ -
Mac Street Build	713,623	696,812
Nantes Street Build	178,754	118,027
Kemptville Korner's Build	-	4,375,343
	<u>\$ 1,417,342</u>	<u>\$ 5,190,182</u>

During the year, loan interest of \$nil (2024 - \$90,399) has been capitalized to the cost of various projects under development.

Habitat for Humanity National Capital Region Notes to Financial Statements

December 31, 2025

4. Tangible Capital Assets

	2025		2024	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
General				
Computer software	\$ 72,999	\$ 61,853	\$ 66,434	\$ 50,707
Vehicles	217,453	157,826	217,453	132,272
Computer equipment	70,947	53,767	57,897	46,404
Furniture and fixtures	46,475	31,067	46,475	27,215
Leasehold improvements - ReStore	380,622	134,498	380,622	107,965
	<u>788,496</u>	<u>439,011</u>	<u>768,881</u>	<u>364,563</u>
Rental properties				
Titus Landing - Building	3,133,033	187,236	3,133,033	124,824
Titus Landing - land	870,000	-	870,000	-
	<u>4,003,033</u>	<u>187,236</u>	<u>4,003,033</u>	<u>124,824</u>
	<u>4,791,529</u>	<u>626,247</u>	<u>4,771,914</u>	<u>489,387</u>
Net carrying amount		<u>\$ 4,165,282</u>		<u>\$ 4,282,527</u>

5. Line of Credit

At December 31, 2025, Habitat had an operating line of credit for the amount of \$800,000 (2024 - \$800,000). The line of credit bears interest at Royal Bank of Canada's prime rate plus 1.70% per annum, and is secured by a general security agreement. As at December 31, 2025, Habitat has an undrawn credit capacity of \$800,000 (2024 - \$800,000) representing the revolving demand loan.

6. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$1,490 (2024 - \$1,802).

Habitat for Humanity National Capital Region Notes to Financial Statements

December 31, 2025

7. Deferred Contributions

Deferred contributions represent contributions received which, subject to external restrictions, are to be used to cover expenses in the subsequent years. The changes in the deferred contributions related to projects under development for the year are as follows:

	2025	2024
Deferred contributions designated for projects		
Balance, beginning of the year	\$ 2,396,549	\$ 2,009,485
Plus: amounts received during the year	220,061	2,172,290
Less: amounts recognized as revenue and homes transferred during the year	(1,189,456)	(1,785,226)
Balance, end of the year	1,427,154	2,396,549
 Deferred contributions for ReStore locations		
Balance, beginning of the year	22,109	21,778
Plus: amounts received during the year	221	331
Less: amounts recognized as revenue in the year	(22,328)	-
Balance, end of the year	2	22,109
Total deferred contributions, end of the year	\$ 1,427,156	\$ 2,418,658

Habitat for Humanity National Capital Region Notes to Financial Statements

December 31, 2025

8. Deferred Contributions Related to Tangible Capital Assets

Deferred contributions related to tangible capital assets include the unamortized portion of contributed tangible capital assets and restricted contributions used to purchase tangible capital assets.

	2025	2024
Deferred contributions for Titus Landing Building		
Balance, beginning of year	\$ 2,374,042	\$ 2,405,376
Less: amounts amortized to operations	(31,334)	(31,334)
Balance, end of year	2,342,708	2,374,042
 Deferred contributions for equipment		
Balance, beginning of year	61,955	85,190
Less: amounts amortized to operations	(21,367)	(23,235)
Balance, end of year	40,588	61,955
 Total deferred contributions, end of year	 \$ 2,383,296	 \$ 2,435,997

9. Habitat for Humanity Canada

Habitat for Humanity National Capital Region is an affiliate of Habitat for Humanity Canada (HFHC). There is a covenant agreement between HFHC and all Canadian affiliates whereby HFHC provides administrative and marketing support, training opportunities and in-kind contributions. In exchange for these services and support, Habitat pays an affiliation fee consisting of basic fee of \$12,500 per affiliate vote for a total of \$25,000 per year; 20% of cash donations raised by HFHC; 20% of the fair value of the in-kind contributions procured by HFHC related to build; 15% of the fair value of in-kind contribution procured by HFHC related to ReStore locations, and 4% of gross sales of all ReStore locations. The affiliation fee is recorded under advertising and promotion within the statement of operations. Habitat contributes a tithe for international work in the amount of \$27,500 (2024 - \$2,500).

As at December 31, 2025, due to HFHC amounted to \$26,660 (2024 - \$107,258) and is included in accounts payable and accrued liabilities. Included in the accounts receivable was an amount due from HFHC of \$23,019 (2024 - \$20,018).

Habitat for Humanity National Capital Region Notes to Financial Statements

December 31, 2025

10. Contractual Obligations

Habitat entered a number of operating lease agreements for equipments and premises, the minimum annual payment for the next five years are as follows:

2026	\$906,717
2027	913,564
2028	423,836
2029	338,802
2030	325,619
Thereafter	<u>721,958</u>
	<u>\$3,630,496</u>

11. Financial Instruments

Credit risk

Habitat is exposed to credit risk primarily through its accounts receivable and mortgages receivable. This includes the risk of non-payment by partner families on outstanding mortgages. Management considers this risk to be minimal, as the carrying value of the mortgages is significantly lower than the fair value of the underlying homes. Additionally, Habitat is subject to credit risk due to maintaining all its bank accounts with a single financial institution. There have been no significant changes in credit risk compared to the prior year.

Liquidity risk

Habitat is exposed to liquidity risk in relation to its accounts payable and long-term debt. Habitat's approach is to manage liquidity in a way that ensures sufficient cash flow is available to fund operations and meet obligations as they come due, under both normal and stressed conditions. During the year, liquidity improved as a result of increased cash flow, which strengthened the relationship between current assets and current liabilities. Accordingly, Habitat's exposure to liquidity risk has decreased compared to the prior year.

Interest rate risk

Habitat is exposed to interest rate risk on both its fixed and variable rate financial instruments. The variable rate line of credit exposes the organization to cash flow risk, while the fixed rate long-term debt subjects it to fair value risk. There have been no significant changes in interest rate risk since the prior year.

Habitat for Humanity National Capital Region
Notes to Financial Statements

December 31, 2025

12. Long-term Debt

	<u>2025</u>	<u>2024</u>
Community Forward Fund Mortgage, bears interest rate at 5.25% per annum, repayable in blended monthly payment of principal and interest of \$3,805, secured by a general security agreement including land, building and equipment comprising the property, which has a net carrying value of \$713,623 (2024 - \$696,812). The loan matures in September 2027.	\$ 182,063	\$ 217,352
Less: current portion	<u>37,128</u>	<u>35,132</u>
	<u>\$ 144,935</u>	<u>\$ 182,220</u>

The principal repayments to be made during the next two years are as follows: 2026, \$37,128; 2027, \$144,935.

Habitat for Humanity National Capital Region Notes to Financial Statements

December 31, 2025

13. Net Assets

Net Assets Invested in Builds and Mortgages

Net assets invested in projects under development is equal to the carrying value of the mortgages receivable, residential projects, bank indebtedness, interim occupancy payments, long-term debt related to residential projects and deferred contributions for houses and land, plus the projects under development less long-term liabilities and deferred contributions related thereto.

Net Assets Invested in Tangible Capital Assets

Net assets invested in tangible capital assets is equal to the carrying value of capital assets less deferred contributions related to tangible capital assets.

Build Reserve

The Board of Directors has established a capital reserve to support the acquisition, development, and improvement of housing for Habitat families. The Build Reserve is intended to provide funding for new construction, purchase of homes, land acquisitions, and renovation costs, as well as other build-related expenditures that align with Habitat's long-term strategic goals.

Operating Reserve

Unrestricted net assets represent the residual net assets of Habitat.

Equity Reserve

The Board of Directors has established a contingency reserve to support obligations arising when families exit the program. The Equity Reserve is used to fund equity repayments under Habitat's Conventional Mortgage Model, Deferred Ownership Model, and Blended Mortgage Model, and may also be used when Habitat exercises its right of first refusal to repurchase as home.

Interfund Transfer

During the year, an amount of \$(195,618) was transferred from unrestricted fund to the internally restricted fund to support tangible capital asset acquisitions, builds, mortgages, and related residential project expenditures.

Habitat for Humanity National Capital Region
Schedule 1 - ReStore Operations

For the year ended December 31	2025	2024
Revenues	\$ 2,602,252	\$ 2,317,515
Expenses		
Advertising and promotion	38,902	6,819
Amortization of tangible capital assets	56,257	63,593
Bank charges and interest	26,746	34,080
Board, committee, and volunteer costs	3,971	2,099
Computer costs	15,326	11,792
Insurance	3,953	2,835
Office and other miscellaneous expense	76,656	80,588
Professional fees	18,929	20,416
Rent and utilities	850,892	705,768
Repairs and maintenance	81,170	63,615
Salaries and benefits	1,293,810	1,074,811
Telephone and Internet	13,875	13,674
Travel and accommodations	27	-
Vehicle	44,282	35,749
	2,524,796	2,115,839
Net ReStore Operations	\$ 77,456	\$ 201,676