

Financial Statements of

HABITAT HOUSING SOCIETY

And Independent Auditor's Report thereon

Year ended March 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Members of Habitat Housing Society

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Habitat Housing Society (the "Society"), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets (deficiency) 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 the Society as at March 31, 2023, 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 Society 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 Society's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

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

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 Society's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

Reporting on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

KPMG LLP

Chartered Professional Accountants

Langley, Canada
June 26, 2023

HABITAT HOUSING SOCIETY

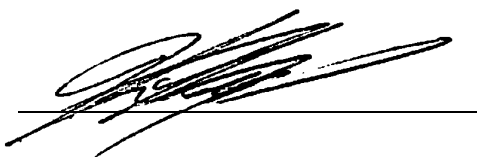
Statement of Financial Position

March 31, 2023, with comparative information for 2022

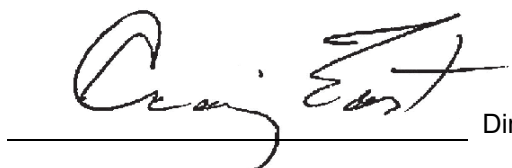
	Operating Fund	Capital Asset Fund	2023 Total	2022 Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 936,153	\$ -	\$ 936,153	\$ 1,272,856
Restricted cash (note 2)	81,964	-	81,964	79,421
Accounts receivable (note 3)	2,062,849	-	2,062,849	1,546,189
Prepaid expenses and deposits	45,276	-	45,276	43,584
	3,126,242	-	3,126,242	2,942,050
Restricted cash (note 2)	1,050,760	-	1,050,760	1,405,119
Capital assets (note 4)	-	75,537,635	75,537,635	56,552,589
	\$ 4,177,002	\$ 75,537,635	\$ 79,714,637	\$ 60,899,758
Liabilities and Net Assets (Deficiency)				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 2,507,405	\$ 2,585,121	\$ 5,092,526	\$ 2,846,884
Due to Options Community Services Society ("OCSS") (note 5)	109,422	-	109,422	162,180
Deferred contributions (note 6)	846,030	-	846,030	1,651,988
Mortgages payable, current portion (note 7)	-	986,663	986,663	961,870
	3,462,857	3,571,784	7,034,641	5,622,922
Mortgages payable (note 7)	-	34,578,532	34,578,532	35,565,195
Loan payable (note 8)	-	25,587,554	25,587,554	7,825,025
Deferred contributions – replacement reserves (note 9)	609,526	-	609,526	711,509
Deferred capital contributions (note 10)	-	10,691,206	10,691,206	10,017,383
	4,072,383	74,429,076	78,501,459	59,742,034
Net assets:				
Invested in capital assets (note 11)	-	1,108,559	1,108,559	1,081,974
Unrestricted	104,619	-	104,619	75,750
	104,619	1,108,559	1,213,178	1,157,724
Economic dependence (note 13)				
	\$ 4,177,002	\$ 75,537,635	\$ 79,714,637	\$ 60,899,758

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

HABITAT HOUSING SOCIETY

Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

	Operating Fund	Capital Asset Fund	2023 Total	2022 Total
Revenue:				
BC Housing Management Commission	\$ 3,811,711	\$ -	\$ 3,811,711	\$ 3,391,931
Rentals	2,088,367	-	2,088,367	2,100,613
Rooftop leases	174,101	-	174,101	171,382
Amortization of deferred capital contributions	-	111,610	111,610	98,888
Laundry	37,439	-	37,439	39,354
Tenant food and other services	42,373	-	42,373	32,203
Miscellaneous	11,437	-	11,437	20,288
Donations	350	-	350	1,250
	6,165,778	111,610	6,277,388	5,855,909
Expenses:				
Contracted tenant, building and administrative services (note 5)	1,648,800	-	1,648,800	1,585,415
Amortization	-	1,094,684	1,094,684	1,144,369
Interest (note 7)	932,889	-	932,889	956,853
Building occupancy	855,980	-	855,980	872,173
Repairs and maintenance	913,250	-	913,250	554,569
Utilities	419,118	-	419,118	379,197
Program expenses and miscellaneous	307,291	-	307,291	280,640
Tenant services and supplies	170,862	-	170,862	257,096
Office	37,415	-	37,415	40,556
Professional fees	22,836	-	22,836	15,595
Advertising and staff development	188	-	188	134
Cost of donations in-kind	-	-	-	-
	5,308,629	1,094,684	6,403,313	6,086,597
Excess (deficiency) of revenue over expenses	\$ 857,149	\$ (983,074)	\$ (125,925)	\$ (230,688)

See accompanying notes to financial statements.

HABITAT HOUSING SOCIETY

Statement of Changes in Net Assets (Deficiency)

Year ended March 31, 2023, with comparative information for 2022

	Operating Fund	Capital Asset Fund (note 11)	2023 Total	2022 Total
Balance, beginning of year	\$ 75,750	\$ 1,081,974	\$ 1,157,724	\$ (1,252,804)
Excess (deficiency) of revenue over expenses	857,149	(983,074)	(125,925)	(230,688)
Transfer of property from OCSS (note 5(b))	-	-	-	2,464,445
Interfund transfers	(828,280)	828,280	-	-
Mortgage subsidy contributed towards land (note 4)	-	181,379	181,379	176,771
Balance, end of year	\$ 104,619	\$ 1,108,559	\$ 1,213,178	\$ 1,157,724

See accompanying notes to financial statements.

HABITAT HOUSING SOCIETY

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (125,925)	\$ (230,688)
Items not involving cash:		
Amortization of capital assets	1,094,684	1,144,369
Amortization of deferred capital contributions	(111,610)	(98,888)
Changes in non-cash operating working capital:		
Accounts receivable	(516,660)	(998,478)
Prepaid expenses and deposits	(1,692)	(1,553)
Accounts payable and accrued liabilities	2,245,642	2,262,893
Deferred contributions	(805,958)	1,024,892
Deferred contributions - replacement reserves	(101,983)	113,982
	1,676,498	3,216,529
Investing activities:		
Purchase of capital assets, net	(20,079,730)	(13,326,201)
Financing activities:		
Increase in due to OCSS	(52,758)	16,094
Proceeds from loan payable	17,762,529	7,521,156
Repayment of mortgages payable	(961,870)	(937,581)
Mortgage subsidy received towards land (note 4)	181,379	176,771
Deferred capital contributions received	785,433	4,722,168
	17,714,713	11,498,608
Increase (decrease) in cash and cash equivalents	(688,519)	1,388,936
Cash and cash equivalents, beginning of year	2,757,396	1,368,460
Cash and cash equivalents, end of year	\$ 2,068,877	\$ 2,757,396
Represented by:		
Cash and cash equivalents	\$ 936,153	\$ 1,272,856
Restricted cash (note 2)	1,132,724	1,484,540
	\$ 2,068,877	\$ 2,757,396
Non-cash transactions:		
Transfer of property from OCSS (note 5(b)):		
Increase to capital assets	\$ -	\$ 4,694,312
Increase to deferred capital contributions	-	2,186,119
Change in due to OCSS	-	43,748
Increase to net assets	-	2,464,445

See accompanying notes to financial statements.

HABITAT HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2023

Nature of operations:

Habitat Housing Society (the “Society”) is a non-profit organization incorporated under the Societies Act (British Columbia). The Society is a registered charity pursuant to Section 149(1)(f) of the Income Tax Act and as such is exempt from federal and provincial income taxes. The principal activity of the Society is the provision of social housing services and resources that meet the needs of the community, empower individuals, support families and promote community health.

1. Significant accounting policies:

(a) Basis of presentation:

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

The resources and operations of the Society have been segregated for accounting purposes into the following funds:

- The Operating Fund accounts for the Society’s administrative activities and revenues and expenses related to funded program delivery. This fund also reports unrestricted revenues, contributions and resources.
- The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the Society’s capital assets.

The Society has a service arrangement with Options Community Services Society (“OCSS”) whereby OCSS provides the strategic and operational management of the Society. The reason for the arrangement is to better carry out the primary purpose of the two organizations in delivering their programs and services to the community. The Society remains a separate legal entity.

(b) Revenue recognition:

The Society follows the deferral method of accounting for contributions, including mortgage subsidies. Government grants and other restricted funding are recorded as revenue when the related expenses are incurred. Where a portion of such grants relates to a future period, it is deferred and recognized in the period in which the related expenses are incurred. Externally restricted contributions for the purchase or construction of capital assets are deferred and recognized as revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

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. All other revenue is recognized when the services are provided.

Mortgage subsidies pertaining to the repayment of long-term debt used to acquire land are recognized as direct increases in net assets.

HABITAT HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(c) Capital assets:

The buildings and building envelope are recorded at cost and amortized on a straight-line basis over the estimated useful life of 35-years. Chattels, vehicles and equipment and furnishings are recorded at cost and amortized on a straight-line basis over the estimated useful life of five years. Repairs and maintenance costs are charged to expense. Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that either the full or partial amount of the asset no longer has long-term service potential to the Society. If such conditions exist, an impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value or replacement cost.

The Society entered into agreements to lease land from the Provincial Rental Housing Corporation for 60-year terms expiring as follows:

Asset	Expiry
Sunset Grove	May 28, 2052
Hazel Villa	June 1, 2052

Lease payments for the entire term of the agreements were paid in advance and are amortized on a straight-line basis over the term of the lease being 60-years. The unamortized prepaid lease amounts have been included in capital assets as disclosed in note 4. Assets under development are amortized once they are available for use.

(d) Donated services and materials:

The Society benefits from donated services in the form of volunteer time for various programs. Because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

Donated goods and other donated services are recorded in the financial statements only when used in the normal course of the Society's operations and would otherwise have been purchased and a fair value can be reasonably estimated.

(e) Cash and cash equivalents

Cash and cash equivalents include cash and term deposits with initial maturities of 90-days or less at origination. The Society's policy is to treat cash and cash equivalents held with its investment portfolio as investments on the statement of financial position.

(f) 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 cost or amortized cost, unless management has elected to carry the instruments at fair value.

HABITAT HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(f) 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.

(g) Measurement uncertainty:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 the estimates.

2. Restricted cash:

Restricted cash designated for specific purposes is segregated as follows:

	2023	2022
Deferred contributions - replacement reserves (note 9)	\$ 609,526	\$ 711,509
Women of Options - 81 st Avenue Project	441,234	693,610
Security deposits and accrued interest owing to tenants	81,964	79,421
	1,132,724	1,484,540
Less current portion	81,964	79,421
	\$ 1,050,760	\$ 1,405,119

3. Accounts receivable:

	2023	2022
Trade receivable	\$ 1,833,504	\$ 1,332,645
Goods and services taxes receivable	229,345	213,544
	\$ 2,062,849	\$ 1,546,189

HABITAT HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2023

4. Capital assets:

			2023	2022
	Cost	Accumulated depreciation	Net book value	Net book value
Ted Kuhn:				
Land	\$ 8,940,000	\$ -	\$ 8,940,000	\$ 8,940,000
Building	30,363,533	5,261,613	25,101,920	25,970,060
Chattels	417,400	417,400	-	-
Equipment and furnishings	176,434	78,494	97,940	72,991
Vehicles	-	-	-	13,575
Building envelope	2,994,509	404,259	2,590,250	2,680,086
	<u>42,891,876</u>	<u>6,161,766</u>	<u>36,730,110</u>	<u>37,676,712</u>
Sunset Grove:				
Land lease prepayments	412,500	213,125	199,375	206,249
Building	2,557,077	2,264,839	292,238	365,298
	<u>2,969,577</u>	<u>2,477,964</u>	<u>491,613</u>	<u>571,547</u>
Hazel Villa:				
Land lease prepayments	195,000	100,750	94,250	97,500
Building	942,095	834,427	107,668	134,586
	<u>1,137,095</u>	<u>935,177</u>	<u>201,918</u>	<u>232,086</u>
81st Avenue				
Land	2,464,416	-	2,464,416	2,464,416
Building under construction	35,270,708	-	35,270,708	15,228,958
	<u>37,735,124</u>	<u>-</u>	<u>37,735,124</u>	<u>17,693,374</u>
Other:				
Assets under development	378,870	-	378,870	378,870
	<u>\$ 85,112,542</u>	<u>\$ 9,574,907</u>	<u>\$ 75,537,635</u>	<u>\$ 56,552,589</u>

BC Housing Management Commission ("BCHMC") provides a subsidy for the repayment of debt related to the Ted Kuhn property. The total repayment of the principal was \$961,869 (2022 - \$937,581), with \$780,490 (2022 - \$760,810) relating to the building, recorded to revenue and \$181,379 (2022 - \$176,771) relating to the land, recorded directly to net assets.

HABITAT HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2023

5. Due to Options Community Services Society and related party transactions:

The amounts payable to OCSS, a society with common Board of Directors, are unsecured, non-interest bearing and due on demand.

(a) Transactions in the normal course of operations:

During the year, OCSS charged the Society \$1,648,800 (2022 - \$1,585,415) for strategic and operational management services, tenant and client services, administration and building maintenance. These transactions are in the normal course of operations for services performed by OCSS for the Society and are recorded at the exchange amount as agreed to by the related parties.

(b) Transactions not in the normal course of operations:

On April 1, 2021, OCSS transferred the title and interest in the property located at 13583 81st Avenue, Surrey, B.C., to the Society. At the time of the transfer, OCSS was the registered owner of the land, with a carrying amount of \$2,464,445 and OCSS had applied for a development permit to the City of Surrey, for a proposed development of a mixed-use building, consisting of office space, to provide community services, and residential space, to provide affordable housing. At the time of transfer, development costs of \$2,212,696 had been incurred on the project and deferred capital contributions of \$2,186,119 had been received.

As part of the agreement, the Society assumed all liabilities related to the project, including all mortgages registered against the lands. On completion of the development, OCSS and the Society have agreed that the office space within the building will be leased to OCSS.

As this transaction was not in the normal course of operations it was recorded at the carrying amount with the difference recorded as a charge to net assets of \$2,464,445.

6. Deferred contributions:

Changes in the deferred contributions balance are as follows:

	2023	2022
Balance, beginning of year	\$ 1,651,988	\$ 627,096
Amounts received	3,999,796	5,831,069
Amount recognized as revenue	(4,805,754)	(4,806,177)
Balance, end of year	\$ 846,030	\$ 1,651,988

HABITAT HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2023

7. Mortgages payable:

	2023	2022
Ted Kuhn:		
Peoples Trust repayable in monthly installments of \$141,083 including interest at 2.59% per annum, due for renewal on March 1, 2027 and secured by an assignment of rents and a first charge on land and building; with net book value of \$36,730,110; and is guaranteed by BCHMC	\$ 34,559,410	\$ 35,351,015
Sunset Grove:		
Canada Mortgage and Housing Corporation ("CMHC") mortgage was renewed on June 1, 2018, repayable in monthly installments of \$12,087 including interest at 2.5% per annum, and secured by an assignment of rents and a first charge on certain leased land and building, with net book value of \$491,613	713,132	838,727
Hazel Villa:		
CMHC mortgage was renewed on June 1, 2018, repayable in monthly installments of \$4,380 including interest at 2.5% per annum, due for renewal on June 1, 2028 and secured by an assignment of rents and a first charge on certain leased land and building, with net book value of \$201,918	292,653	337,323
	35,565,195	36,527,065
Less current portion	986,663	961,870
	\$ 34,578,532	\$ 35,565,195

On June 1, 2023, the Society renewed the mortgage for Sunset Grove and Hazel Villa for a 5-year term, accordingly the current portion reflects the renewed terms and conditions.

Interest of \$926,658 (2022 - \$951,000) relating to mortgages payable has been included in interest expense in the statement of operations.

Principal repayments, assuming renewals at similar terms and conditions, are due as follows:

2024	\$ 986,663
2025	1,012,266
2026	1,038,514
2027	1,065,443
2028	1,088,752
Thereafter	30,373,557
	\$ 35,565,195

HABITAT HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2023

8. Loan payable:

	2023	2022
BCHMC loan, unsecured, interest free, due on demand, and payable with the proceeds of the initial advance of the approved first mortgage, may be forgiven if the project does not proceed	\$ 338,869	\$ 338,869
BCHMC loan, secured by a repayable mortgage, interest free, due on demand	25,248,685	7,486,156
	<u>\$ 25,587,554</u>	<u>\$ 7,825,025</u>

9. Deferred contributions - replacement reserve:

Under the terms of the operating agreement with BCHMC, the replacement reserve account is to be credited in the amount determined annually by the budget provision plus interest income earned. These funds, along with accumulated interest, must be held in a separate account in the Society's name and invested only in instruments where the principal is guaranteed in accordance with BCHMC's replacement reserve investment policy. The reserve funds may only be used for capital repairs and replacements in accordance with the operating agreement.

	Hazel Villa	Sunset Grove	Ted Kuhn	2023 Total	2022 Total
Balance, beginning of year	\$ 40,043	\$ 37,574	\$ 633,892	\$ 711,509	\$ 597,527
Add:					
Current year provision	8,640	18,000	304,560	331,200	331,200
Interest income	1,082	1,200	9,468	11,750	1,190
Less:					
Amounts expended	(6,506)	(31,878)	(406,549)	(444,933)	(218,408)
Balance, end of year	<u>\$ 43,259</u>	<u>\$ 24,896</u>	<u>\$ 541,371</u>	<u>\$ 609,526</u>	<u>\$ 711,509</u>

HABITAT HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2023

10. Deferred capital contributions:

Deferred capital contributions represent restricted contributions for targeted building envelope improvements and remediation and for the construction of new facilities. The changes in the deferred capital contributions balance for the year are as follows:

	2023	2022
Balance, beginning of year	\$ 10,017,383	\$ 3,207,984
Transfer of property from OCSS (note 5(b))	-	2,186,119
Deferred capital contributions received	785,433	4,722,168
Amortization of deferred capital contributions	(111,610)	(98,888)
Balance, end of year	\$ 10,691,206	\$ 10,017,383

The Society has entered into forgivable loan agreements with BCHMC to fund specific capital related expenditures. Under the agreements, the Society must meet certain conditions over the loan periods. If the conditions are not met for the remaining term of the loans, the Society would be liable to pay the \$6,352,946 (2022 - \$6,416,509) loan balances not previously forgiven, plus interest.

As the Society has and expects to continue to meet these conditions in the normal course of operations over the loan period, these forgivable loans are treated as government contributions and are included in deferred capital contributions, being amortized to revenue over the estimated remaining useful life of the related capital asset. As these assets are still under construction, no amortization has been recorded in the current or prior year related to these forgivable loans.

11. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2023	2022
Capital assets	\$ 75,537,635	\$ 56,552,589
Amounts financed by:		
Mortgages payable	(35,565,195)	(36,527,065)
Accounts payable and accrued liabilities	(2,585,121)	(1,101,142)
Loan payable	(25,587,554)	(7,825,025)
Deferred capital contributions	(10,691,206)	(10,017,383)
	\$ 1,108,559	\$ 1,081,974

HABITAT HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2023

11. Invested in capital assets (continued):

(b) Deficiency of revenue over expenses:

	2023	2022
Amortization of deferred capital contributions	\$ 111,610	\$ 98,888
Amortization of capital assets	(1,094,684)	(1,144,369)
	\$ (983,074)	\$ (1,045,481)

(c) Change in net assets invested in capital assets:

	2023	2022
Purchase of capital assets	\$ 20,079,730	\$ 13,326,201
Transfer of property from OCSS (note 5(b))	-	4,694,312
Proceeds from loan payable	(17,762,529)	(7,521,156)
Amounts funded by deferred capital contributions	(785,433)	(6,908,287)
Amounts funded by accounts payable and accrued liabilities	(1,483,979)	(1,101,142)
Repayment of mortgages payable	961,870	937,581
Deficiency of revenue over expenses	(983,074)	(1,045,481)
	\$ 26,585	\$ 2,382,028

12. Disclosure of remuneration:

For the fiscal year ended March 31, 2023, the Society did not pay any employees or contractors with annual remuneration of \$75,000 or greater (2022 - nil).

The Society did not pay any remuneration to its members of the Board of Directors.

13. Economic dependence:

The Province of British Columbia through BCHMC funds approximately 63% (2022 - 61%) of the Society's revenues through various contracts. The Society is also dependent on OCSS for the provision of services as outlined in note 5.

The Society manages its economic dependence by ensuring its long-term debt service is funded through long-term funding agreements.

HABITAT HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2023

14. Financial risks and concentration of risks:

(a) Credit risk:

Credit risk is the risk of economic loss arising from a party's failure to repay or service debt according to contractual terms. Financial instruments that potentially subject the Society to concentrations of credit risk consist of cash and cash equivalents and accounts receivable. The Society has deposited cash and restricted cash and has receivables from services performed and grants receivable from various bodies of the Government of Canada and the Province of British Columbia. Management does not believe there is a significant credit risk. The Society monitors, on a regular basis, the credit risk to which the Society is exposed in relation to its financial assets and takes steps to minimize the risk of loss.

(b) Liquidity risk:

Liquidity risk is the risk that 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 flow forecasts to ensure it has sufficient funds to fulfill its obligations.

(c) Interest rate risk:

Fixed interest rate instruments are subject to fair value risks. The Society is exposed to interest rate risk on its fixed interest rate mortgages payable included in note 7.