

Financial Statements of

HABITAT HOUSING SOCIETY

And Independent Auditor's Report thereon

Year ended March 31, 2024



KPMG LLP

3rd Floor 8506 200th Street
Langley BC V2Y 0M1
Canada
Telephone (604) 455-4000
Fax (604) 881-4988

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors 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, 2024
- 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, 2024, 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.



Habitat Housing Society
Page 3

- 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Langley, Canada
June 24, 2024

HABITAT HOUSING SOCIETY

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	Operating Fund	Capital Asset Fund	2024 Total	2023 Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,131,026	\$ -	\$ 1,131,026	\$ 936,153
Restricted cash (note 2)	145,052	-	145,052	81,964
Accounts receivable (note 3)	953,618	12,242	965,860	2,062,849
Due from Options Community Services Society ("OCSS") (note 5)	-	5,900,000	5,900,000	-
Prepaid expenses and deposits	52,420	-	52,420	45,276
	2,282,116	5,912,242	8,194,358	3,126,242
Restricted cash (note 2)	697,071	-	697,071	1,050,760
Capital assets (note 4)	-	82,936,367	82,936,367	75,537,635
	\$ 2,979,187	\$ 88,848,609	\$ 91,827,796	\$ 79,714,637
Liabilities and Net Assets (Deficiency)				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 1,108,881	\$ -	\$ 1,108,881	\$ 5,092,526
Due to OCSS (note 5)	118,351	-	118,351	109,422
Deferred contributions (note 6)	993,990	-	993,990	846,030
Mortgages payable, current portion (note 7)	-	1,009,083	1,009,083	986,663
	2,221,222	1,009,083	3,230,305	7,034,641
Mortgages payable (note 7)	-	33,572,998	33,572,998	34,578,532
Loans payable (note 8)	-	35,681,429	35,681,429	25,587,554
Deferred contributions – replacement reserves (note 9)	654,183	-	654,183	609,526
Deferred capital contributions (note 10)	-	17,464,995	17,464,995	10,691,206
	2,875,405	87,728,505	90,603,910	78,501,459
Net assets:				
Invested in capital assets (note 11)	-	1,120,104	1,120,104	1,108,559
Unrestricted	103,782	-	103,782	104,619
	103,782	1,120,104	1,223,886	1,213,178
Economic dependence (note 13)				
Subsequent event (note 15)				
	\$ 2,979,187	\$ 88,848,609	\$ 91,827,796	\$ 79,714,637

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

HABITAT HOUSING SOCIETY

Statement of Operations

Year ended March 31, 2024, with comparative information for 2023

	Operating Fund	Capital Asset Fund	2024 Total	2023 Total
Revenue:				
British Columbia Housing Management				
Commission	\$ 4,242,813	\$ -	\$ 4,242,813	\$ 3,811,711
Rentals	2,296,292	-	2,296,292	2,088,367
Rooftop leases	133,724	-	133,724	174,101
Commercial rent	116,909	-	116,909	-
Amortization of deferred capital contributions	-	115,689	115,689	111,610
Tenant food and other services	46,011	-	46,011	42,373
Laundry	36,873	-	36,873	37,439
Miscellaneous	14,127	-	14,127	11,437
Donations	1,050	-	1,050	350
Parking - Residential	4,263	-	4,263	-
	6,892,062	115,689	7,007,751	6,277,388
Expenses:				
Contracted tenant, building and administrative services (note 5)	2,193,887	-	2,193,887	1,648,800
Amortization	-	1,103,642	1,103,642	1,094,684
Interest (note 7)	918,114	-	918,114	932,889
Building occupancy	912,379	-	912,379	855,980
Repairs and maintenance	697,008	-	697,008	913,250
Utilities	505,370	-	505,370	419,118
Program and miscellaneous	495,420	-	495,420	307,291
Tenant services and supplies	243,538	-	243,538	170,862
Professional fees	76,166	-	76,166	22,836
Office	37,032	-	37,032	37,415
Advertising and staff development	594	-	594	188
	6,079,508	1,103,642	7,183,150	6,403,313
Excess (deficiency) of revenue over expenses	\$ 812,554	\$ (987,953)	\$ (175,399)	\$ (125,925)

See accompanying notes to financial statements.

HABITAT HOUSING SOCIETY

Statement of Changes in Net Assets

Year ended March 31, 2024, with comparative information for 2023

	Operating Fund	Capital Asset Fund (note 11)	2024 Total	2023 Total
Balance, beginning of year	\$ 104,619	\$ 1,108,559	\$ 1,213,178	\$ 1,157,724
Excess (deficiency) of revenue over expenses	812,554	(987,953)	(175,399)	(125,925)
Interfund transfers	(813,391)	813,391	-	-
Mortgage subsidy contributed towards land (note 4)	-	186,107	186,107	181,379
Balance, end of year	\$ 103,782	\$ 1,120,104	\$ 1,223,886	\$ 1,213,178

See accompanying notes to financial statements.

HABITAT HOUSING SOCIETY

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (175,399)	\$ (125,925)
Items not involving cash:		
Amortization of capital assets	1,103,642	1,094,684
Amortization of deferred capital contributions	(115,689)	(111,610)
Changes in non-cash operating working capital:		
Accounts receivable	1,096,989	(516,660)
Prepaid expenses and deposits	(7,144)	(1,692)
Accounts payable and accrued liabilities	(3,983,645)	2,245,642
Deferred contributions	147,960	(805,958)
Deferred contributions - replacement reserves	44,657	(101,983)
	(1,888,629)	1,676,498
Investing activities:		
Purchase of capital assets	(8,502,373)	(20,079,730)
Financing activities:		
Due from Options Community Services Society ("OCSS")	(5,900,000)	-
Increase (decrease) in due to OCSS	8,929	(52,758)
Proceeds from loans payable	10,093,875	17,762,529
Repayment of mortgages payable	(983,115)	(961,870)
Mortgage subsidy received towards land (note 4)	186,107	181,379
Deferred capital contributions received	6,889,478	785,433
	10,295,274	17,714,713
Decrease in cash and cash equivalents	(95,728)	(688,519)
Cash and cash equivalents, beginning of year	2,068,877	2,757,396
Cash and cash equivalents, end of year	\$ 1,973,149	\$ 2,068,877
Represented by:		
Cash and cash equivalents	\$ 1,131,026	\$ 936,153
Restricted cash (note 2)	842,123	1,132,724
	\$ 1,973,149	\$ 2,068,877

See accompanying notes to financial statements.

HABITAT HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2024

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 revenue and expenses related to funded program delivery. This fund also reports unrestricted revenue, contributions and resources.
- The Capital Asset Fund reports the assets, liabilities, revenue 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, 2024

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, 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 the time of purchase. 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, 2024

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

The Society has elected to carry its investments at fair value.

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 revenue 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:

	2024	2023
Deferred contributions - replacement reserves (note 9)	\$ 654,183	\$ 609,526
Women of Options - 81 st Avenue Project	42,888	441,234
Security deposits and accrued interest owing to tenants	145,052	81,964
	842,123	1,132,724
Less current portion	145,052	81,964
	\$ 697,071	\$ 1,050,760

3. Accounts receivable:

	2024	2023
Trade receivable	\$ 694,536	\$ 1,833,504
Goods and services taxes receivable	271,324	229,345
	\$ 965,860	\$ 2,062,849

HABITAT HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2024

4. Capital assets:

			2024	2023
	Cost	Accumulated depreciation	Net book value	Net book value
Ted Kuhn:				
Land	\$ 8,940,000	\$ -	\$ 8,940,000	\$ 8,940,000
Building	30,555,305	6,136,234	24,419,071	25,101,920
Chattels	417,400	417,400	-	-
Equipment and furnishings	186,840	106,725	80,115	97,940
Building envelope	2,994,509	494,094	2,500,415	2,590,250
	43,094,054	7,154,453	35,939,601	36,730,110
Sunset Grove:				
Land lease prepayments	412,500	220,000	192,500	199,375
Building	2,557,077	2,337,899	219,178	292,238
	2,969,577	2,557,899	411,678	491,613
Hazel Villa:				
Land lease prepayments	195,000	104,000	91,000	94,250
Building	948,072	862,198	85,874	107,668
	1,143,072	966,198	176,874	201,918
81st Avenue				
Land	2,464,416	-	2,464,416	2,464,416
Building under construction	43,564,928	-	43,564,928	35,270,708
	46,029,344	-	46,029,344	37,735,124
Other:				
Assets under development	378,870	-	378,870	378,870
	\$ 93,614,917	\$ 10,678,550	\$ 82,936,367	\$ 75,537,635

British Columbia 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 \$983,115 (2023 -\$961,870), with \$797,008 (2023 - \$780,490) relating to the building, recorded as revenue and \$186,107 (2023 - \$181,379) relating to the land, recorded directly to net assets.

HABITAT HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2024

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

The amount due to OCSS, a society with common Board of Directors, of \$118,351 (2023 - \$109,422) is unsecured, non-interest bearing and due on demand.

During the year, OCSS charged the Society \$2,193,887 (2023 - \$1,648,800) for strategic and operational management services, tenant and client services, administration and building maintenance. The expense is recorded in contracted tenant, building and administrative services expense in the statement of operations. 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.

During the year, the Society received a grant amounting to \$5,900,000. The purpose of the grant is to support the development of the newly constructed mixed-use building located at 13583 81 Avenue in Surrey, BC. To maximize financial efficiency, the grant was temporarily transferred to OCSS. The grant is currently being held in an interest-bearing account. This arrangement allows the monies to earn interest, until the funds are needed. The grant has been provided by the Canadian Mortgage and Housing Corporation ("CMHC"), to support the construction of the project. The grant amount along with any interest earned will be transferred back to the Society, once the funds are needed to pay for the construction financing for the project.

6. Deferred contributions:

Changes in the deferred contributions balance are as follows:

	2024	2023
Balance, beginning of year	\$ 846,030	\$ 1,651,988
Amounts received	4,249,258	3,999,796
Amount recognized as revenue	(4,101,298)	(4,805,754)
Balance, end of year	\$ 993,990	\$ 846,030

HABITAT HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2024

7. Mortgages payable:

	2024	2023
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	\$ 33,747,172	\$ 34,559,410
Sunset Grove:		
Canada Mortgage and Housing Corporation ("CMHC") mortgage was renewed on June 1, 2023, repayable in monthly installments of \$12,087 including interest at 3.74% 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	586,966	713,132
Hazel Villa:		
CMHC mortgage renewed on June 1, 2023, repayable in monthly installments of \$4,380 including interest at 2.50% 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	247,943	292,653
	34,582,081	35,565,195
Less current portion	1,009,083	986,663
	\$ 33,572,998	\$ 34,578,532

Interest of \$910,938 (2023 - \$926,658) 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:

2025	\$ 1,009,083
2026	1,037,532
2027	1,066,785
2028	1,091,933
2029	1,022,463
Thereafter	29,354,285
	\$ 34,582,081

HABITAT HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2024

8. Loans payable:

	2024	2023
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	35,342,560	25,248,685
	\$ 35,681,429	\$ 25,587,554

9. Deferred contributions - replacement reserve:

Under the terms of the operating agreements 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	2024 Total	2023 Total
Balance, beginning of year	\$ 43,259	\$ 24,896	\$ 541,371	\$ 609,526	\$ 711,509
Add:					
Current year provision	8,640	18,000	304,560	331,200	331,200
Interest income	2,800	3,038	19,540	25,378	11,750
Less:					
Amounts expended	(23,984)	(46,199)	(241,738)	(311,921)	(444,933)
Balance, end of year	\$ 30,715	\$ (265)	\$ 623,733	\$ 654,183	\$ 609,526

HABITAT HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2024

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:

	2024	2023
Balance, beginning of year	\$ 10,691,206	\$ 10,017,383
Deferred capital contributions received	6,889,478	785,433
Amortization of deferred capital contributions	(115,689)	(111,610)
Balance, end of year	\$ 17,464,995	\$ 10,691,206

Included in the above deferred capital contributions are a variety of forgivable loans and other contributions. These are treated as government contributions and are deferred when received and amortized to revenue over the estimated remaining useful life of the related capital asset.

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 \$6,448,027 (2023 - \$6,352,946) loan balances not previously forgiven, plus interest. Forgivable loans are expected to be forgiven over the next 35 years to 2060.

The Society has and expects to continue to meet these conditions in the normal course of operations over the loan period. In the event that the conditions for deferral are no longer met, the Society will record a liability for the repayment of the mortgage principal and interest at the time of change in conditions.

The details of the forgivable loans are as follows:

				2024	2023
	Term of forgiveness	Original loan	Forgiven to March 31, 2024	Unforgiven balance	Unforgiven balance
Kuhn Tower	Fiscal 2022-2032	\$ 838,570	\$ 215,543	\$ 623,027	\$ 527,946
81 st Avenue	Fiscal 2035-2060	5,825,000	-	5,825,000	5,825,000
		\$ 6,663,570	\$ 215,543	\$ 6,448,027	\$ 6,352,946

HABITAT HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2024

11. Invested in capital assets:

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

	2024	2023
Capital assets	\$ 82,936,367	\$ 75,537,635
Amounts financed by:		
Mortgages payable	(34,582,081)	(35,565,195)
Accounts receivable	12,242	-
Accounts payable and accrued liabilities	-	(2,585,121)
Loans payable	(35,681,429)	(25,587,554)
Deferred capital contributions	(17,464,995)	(10,691,206)
Unspent deferred capital contributions relating to 81 st Avenue property	5,900,000	-
	\$ 1,120,104	\$ 1,108,559

(b) Deficiency of revenue over expenses:

	2024	2023
Amortization of deferred capital contributions	\$ 115,689	\$ 111,610
Amortization of capital assets	(1,103,642)	(1,094,684)
	\$ (987,953)	\$ (983,074)

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

	2024	2023
Purchase of capital assets	\$ 8,502,373	\$ 20,079,730
Proceeds from loans payable	(10,093,875)	(17,762,529)
Amounts funded by deferred capital contributions	(6,889,478)	(785,433)
Amounts funded by accounts payable and accrued liabilities	2,597,363	(1,483,979)
Repayment of mortgages payable	983,115	961,870
Transfer of deferred capital contributions from OCSS	5,900,000	-
Deficiency of revenue over expenses	(987,953)	(983,074)
	\$ 11,545	\$ 26,585

12. Disclosure of remuneration:

For the fiscal year ended March 31, 2024, the Society did not pay any employees or contractors annual remuneration of \$75,000 or greater.

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

HABITAT HOUSING SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2024

13. Economic dependence:

The Province of British Columbia through BCHMC funds approximately 61% (2023 - 63%) 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.

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, restricted cash and accounts receivable. The Society has deposited cash and cash equivalents and restricted cash with reputable financial institutions 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.

There have been no significant changes to the risks from the prior year.

15. Subsequent event:

The Society, as a landlord, has entered into a lease agreement with OCSS, as a tenant, to lease office space, on the first and second floors, consisting of Strata lots 1 and 2, belonging to Strata Plan EPS9870, of HHS's newly constructed mixed-use building, located at 13583 81 Avenue in Surrey, BC.

On June 14, 2024, OCSS provided the funds to retire construction debt, amounting to \$4,516,992, which the Society owed to BCHMC, using a Royal Bank of Canada ("RBC") loan of \$3,397,500, repayable at \$20,766 per month including interest at 5.45% per annum, secured by a first charge against 13520 78 Avenue in Surrey, BC. The remaining \$1,119,492 were drawn from an OCSS's RBC revolving line of credit, with an interest rate of prime plus 0.15%, secured by a first charge against 9803 140 Street in Surrey, BC. The funds were borrowed by the Society from OCSS by way of a demand note, bearing interest at the same rate as OCSS's cost of funds and with the same terms as those of OCSS credit facilities.