

HABITAT FOR HUMANITY HEARTLAND ONTARIO INC.

Financial Statements

Year Ended December 31, 2019

HABITAT FOR HUMANITY HEARTLAND ONTARIO INC.

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INDEPENDENT AUDITOR'S REPORT

To the Members of Habitat for Humanity Heartland Ontario Inc.

Opinion

We have audited the financial statements of Habitat for Humanity Heartland Ontario Inc. (the Organization), which comprise the statement of financial position as at December 31, 2019, and the statements of changes in net assets, operations 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 statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 the Organization 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 those 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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.

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Independent Auditor's Report to the Members of Habitat for Humanity Heartland Ontario Inc. *(continued)*

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 Organization'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 Organization'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 Organization 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.

London, Ontario
May 27, 2020

BDO Canada LLP

Chartered Professional Accountants
Licensed Public Accountants

HABITAT FOR HUMANITY HEARTLAND ONTARIO INC.

Statement of Financial Position

December 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 340,173	\$ 908,211
Amounts receivable	102,598	266,551
HST rebate recoverable	31,932	46,568
Prepaid expenses and deposits	157,859	52,682
Inventory (Note 4)	1,183,631	1,034,714
Current portion of first mortgages receivable (Note 6)	422,912	398,598
	2,239,105	2,707,324
Capital assets (Note 5)	412,639	433,032
First mortgages receivable (Note 6)	3,950,907	3,404,351
	\$ 6,602,651	\$ 6,544,707
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 207,688	\$ 177,076
Deferred contributions (Note 9)	230,270	432,454
Demand loans (Note 8)	293,512	286,380
	731,470	895,910
Deferred contributions related to capital assets (Note 10)	8,798	26,278
Lease inducements (Note 11)	70,792	57,000
	811,060	979,188
NET ASSETS	5,791,591	5,565,519
	\$ 6,602,651	\$ 6,544,707

LEASE COMMITMENTS (Note 12)

SECOND MORTGAGES RECEIVABLE (Note 7)

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to financial statements

HABITAT FOR HUMANITY HEARTLAND ONTARIO INC.

Statement of Changes in Net Assets

Year Ended December 31, 2019

	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 5,565,519	\$ 5,146,390
Excess of revenue over expenses	226,072	419,129
NET ASSETS - END OF YEAR	\$ 5,791,591	\$ 5,565,519

HABITAT FOR HUMANITY HEARTLAND ONTARIO INC.**Statement of Operations****Year Ended December 31, 2019**

	2019	2018
REVENUE		
Restore operations	\$ 3,500,950	\$ 3,261,052
Home sales <i>(Note 3)</i>	874,643	599,261
Donations, grants and other	545,101	423,950
Build donations	357,930	129,092
Accretion income on mortgages <i>(Note 3)</i>	137,338	229,305
Fundraising revenue	75,883	77,328
Other revenue <i>(Note 3)</i>	9,979	10,078
	5,501,824	4,730,066
EXPENSES		
Restore operations	2,849,402	2,720,481
House costs - build <i>(Notes 3, 4)</i>	841,140	552,288
Salaries, wages and benefits	831,244	779,336
Land costs - build <i>(Notes 3, 4)</i>	376,235	173,577
Office rent	73,331	72,488
Fundraising expenses	60,922	51,208
Office	47,620	49,989
Amortization of capital assets	33,993	62,903
Contributions to Habitat for Humanity Canada Inc.	28,549	25,000
Professional fees	26,766	28,257
Advertising, promotion & public relations	25,573	26,707
Telephone	24,891	19,790
Vehicle	20,203	19,505
Committee	11,514	8,645
Repairs and maintenance	9,411	4,924
Volunteer expenses	8,001	5,907
Insurance	3,963	4,738
Interest and bank charges	2,294	3,908
	5,275,052	4,609,651
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	226,772	120,415
OTHER ITEMS		
Gain (loss) on disposal of capital assets	(700)	298,714
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	\$ 226,072	\$ 419,129

See notes to financial statements

HABITAT FOR HUMANITY HEARTLAND ONTARIO INC.

Statement of Cash Flows

Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Cash receipts from customers, donors and other operations	\$ 4,676,087	\$ 4,677,688
Cash paid to suppliers, employees and others	(5,115,364)	(4,227,323)
Cash flow from (used by) operating activities	(439,277)	450,365
INVESTING ACTIVITIES		
Purchase of capital assets	(138,693)	(455,296)
Proceeds on disposal of capital assets	2,800	459,890
Cash flow from (used by) investing activities	(135,893)	4,594
FINANCING ACTIVITIES		
Repayments on demand loans	(694,978)	(96,000)
Proceeds from demand loans	702,110	-
Cash flow from (used by) financing activities	7,132	(96,000)
INCREASE (DECREASE) IN CASH	(568,038)	358,959
CASH - BEGINNING OF YEAR	908,211	549,252
CASH - END OF YEAR	\$ 340,173	\$ 908,211

Cash Flows - Supplemental Information

Cash receipts from customers, donors and other operations

Donations received	\$ 588,539	\$ 428,380
ReStore income received	3,500,950	3,261,052
Mortgage payments and downpayments received	465,255	860,352
HST rebates received	121,343	127,904
	\$ 4,676,087	\$ 4,677,688

Cash paid to suppliers, employees and others

Expenses from operations	\$ 3,922,723	\$ 3,702,040
Purchase of land and development charges and costs incurred in construction	1,054,368	415,001
Interest paid	2,294	3,909
HST paid on expenses	135,979	106,373
	\$ 5,115,364	\$ 4,227,323

See notes to financial statements

HABITAT FOR HUMANITY HEARTLAND ONTARIO INC.

Notes to Financial Statements

Year Ended December 31, 2019

1. ORGANIZATION

The organization is incorporated, without share capital, under the Corporations Act of Ontario. On January 30, 2014 the organization filed an Application for Supplementary Letters Patent amending its name from Habitat for Humanity Oxford, Middlesex, Elgin Inc. to Habitat for Humanity Heartland Ontario Inc.

The primary objective of Habitat for Humanity Heartland Ontario Inc. is to advance the interest of the economically disadvantaged by providing, through constructing or renovating, safe, decent and affordable homes with an interest free mortgage. The prospective homeowners contribute "sweat equity" rather than a normal down payment.

The organization also operates six stores, with each operating under the name ReStore, for the sale of donated building materials and household furnishings the net proceeds of which are deployed to assist in the above objective. Subsequent to year-end, the organization opened a seventh ReStore in London, Ontario.

Habitat for Humanity Heartland Ontario Inc. is a charitable organization registered under the Income Tax Act and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition - Home Sales

Revenue is recognized on the sale of the house at the net present value of the expected future cash flows from the mortgage at that time. For homes sold in 2009 and beyond, the new homeowner provides a first mortgage at the time the house is sold. The first mortgage value is determined based on the selling price of the home (based on appraised value) less any downpayments made by the new homeowner.

For homes sold prior to 2009, revenue was recognized as follows: at the time a house is sold, the new homeowner provides a first mortgage, which is based on a formula that uses the cost of construction of the home. The home is then appraised and the difference between the appraised value and the first mortgage is the amount of value assigned to the second mortgage given by the homeowner at that time. As repayment of the second mortgage is contingent upon the occurrence of certain events, no revenue or asset is recorded in the accounts of the organization with respect to the second mortgages at the time of sale. Any amount that is subsequently realized will be recorded as income in the period received.

On an annual basis the deemed income earned (accretion), which is based upon the discount rate used to calculate the net present value, is included in income. The organization also recognizes changes in the net present value of each mortgage on an annual basis, based upon any changes to the expected future mortgage payment schedules.

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HABITAT FOR HUMANITY HEARTLAND ONTARIO INC.

Notes to Financial Statements

Year Ended December 31, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition - Other

The organization operates six retail stores known as the ReStore. Revenue from the ReStore is recognized when the customer takes possession of the goods and payment is received. Subsequent to year-end, the organization opened a seventh ReStore in London, Ontario.

Revenue recognition - Contributions

The organization uses the deferral method of accounting for contributions. In accordance with this method, the organization recognizes donations and other revenue at the time it is received, unless the donation is externally restricted. Restricted donations or grants are recognized as revenue when the expenses to which the donation or grant is intended to fund is incurred. Restricted contributions related directly to capital assets are deferred and amortized into revenue on the same basis as the related capital asset.

Cash

Cash consists of cash on hand and on deposit, less cheques issued and outstanding at the reporting date.

Inventory

Inventory of land held for development and under development is valued at the lower of cost and net realizable value. Cost is determined as the acquisition cost of the property, plus carrying charges and development and construction expenses. Net realizable value is the estimated selling price of the property less selling expenses.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Building	20 years
Computer equipment	3 years
Fencing	10 years
Leasehold improvements	5 years
Office equipment	3-5 years
Store equipment	3 years
Vehicles	3-5 years

When a tangible capital asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any unamortized deferred contribution amount related to the tangible capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

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HABITAT FOR HUMANITY HEARTLAND ONTARIO INC.

Notes to Financial Statements

Year Ended December 31, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Donated land, building materials and services

Donated land and building materials for constructing homes, which would otherwise be paid for by Habitat for Humanity Heartland Ontario Inc., are included in the cost of the project at fair market value. The value of new and used materials donated to the ReStore are not reflected in these financial statements. Net assets received from Habitat for Humanity Stratford Perth affiliate have been recognized at fair value.

A substantial number of volunteers have made significant contributions of their time to the organization's program and supporting services. The value of this contributed time is not reflected in these statements.

Lease inducement

Lease inducements are amortized straight line over the term of the lease as a reduction of rent expense.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in operations in the period in which they become known. Actual results could differ from these estimates.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in revenue. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

4. INVENTORY

	2019	2018
Land inventory (25 lots; 2018 - 2 lots)	\$ 747,039	\$ 62,468
Subdivision development and site servicing costs	-	51,633
Homes under construction (2 homes; 2018 - 3 homes)	436,592	920,613
	\$ 1,183,631	\$ 1,034,714

Included in expenses are the costs associated with the construction of 6 homes (2018 - 3 homes) sold during the year as well as the land cost for those homes.

Land inventory includes Highbury Ave, London (23 lots), and Hiawatha Street, St. Thomas (2 lots).

HABITAT FOR HUMANITY HEARTLAND ONTARIO INC.**Notes to Financial Statements****Year Ended December 31, 2019**

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer equipment	\$ 87,620	\$ 73,186	\$ 14,434	\$ 10,353
Leasehold improvements	555,289	247,055	308,234	363,437
Office equipment	46,122	39,237	6,885	3,021
Store equipment	179,929	121,859	58,070	34,673
Vehicles	84,126	59,110	25,016	21,548
	\$ 953,086	\$ 540,447	\$ 412,639	\$ 433,032

\$121,591 (2018 - \$40,420) of amortization has been grouped into the ReStore operations expense on the Statement of Operations.

HABITAT FOR HUMANITY HEARTLAND ONTARIO INC.

Notes to Financial Statements

Year Ended December 31, 2019

6. FIRST MORTGAGES RECEIVABLE

The organization has a number of first mortgages on the houses they have sold. These mortgages are provided to the mortgagors on an interest free basis. The organization reviews the payment terms on an annual basis based on the mortgagor's income and may adjust the payments accordingly. However, mortgages are fully open without penalty for prepayment at the option of the mortgagor. The annual payment amounts listed below reflect the updated current payment schedules for each mortgagor. The annual adjustments to the payments based on income will effect the actual term of the mortgages.

	2019
The expected repayments are as follows:	
2020	\$ 422,912
2021	402,169
2022	378,775
2023	366,693
2024	346,687
2025	332,202
2026	323,036
2027	309,609
2028	275,056
2029	252,138
2030	235,450
2031	208,978
2032	197,995
2033	189,180
2034	187,741
2035	137,965
2036	169,337
2037	113,235
2038	107,102
2039	101,719
2040	678,389
2041	40,180
2042	168,255
2043	178,587
Total face value of mortgages	6,123,390
Less: Present value discount	(1,749,571)
Net book value of first mortgages receivable	4,373,819
Less: Current portion of first mortgages receivable	(422,912)
Long term portion of first mortgages receivable	\$ 3,950,907

HABITAT FOR HUMANITY HEARTLAND ONTARIO INC.

Notes to Financial Statements

Year Ended December 31, 2019

7. SECOND MORTGAGES RECEIVABLE

The organization holds a number of second mortgages on the houses they have sold. These second mortgages are non-interest bearing and have no set monthly repayment terms. The mortgage may be reduced if certain conditions are met as per the following terms listed from each mortgage:

For mortgages entered into prior to 2009, "provided the mortgagors have completed the 'sweat equity' required and have not been in default of any conditions of the mortgage during the term of the mortgage, 25% of the original principal amount will be forgiven after a period of 12 years. Thereafter mortgage balances outstanding are forgiven in one of two ways as specified in their individual mortgage documents:

1. An additional 12.5% of the mortgage is forgiven each year thereafter until the full amount of the mortgage is forgiven, so long as the mortgagors have not defaulted at any point during this time and they have continued to occupy the mortgaged premises as their principal place of residence; or
2. At maturity, the balance of the original principal amount then outstanding shall be deducted and the mortgage deemed to be paid in full at the maturity date provided the mortgagor have not defaulted at any point during this time and they have continued to occupy the mortgaged premises as their principal place of residence.

For 2009 and beyond, no new second mortgages will be issued.

As the cash flow to be received from these second mortgages cannot be reasonably determined given the nature of the terms of these mortgages, no revenue or asset is recognized at the time the mortgage is issued. Revenue, if any, from a second mortgage would be realized at such time as it is determined that the mortgage is or will be collected, and it is likely that the amount is collectible from the mortgagor.

Maturity dates and outstanding balances of the second mortgages are as follows:

2020	\$ 109,985
2021	23,188
2022	15,759
2023	41,807
2024	42,791
Thereafter	<u>221,901</u>
	<u>\$ 455,431</u>

HABITAT FOR HUMANITY HEARTLAND ONTARIO INC.

Notes to Financial Statements

Year Ended December 31, 2019

8. DEMAND LOANS

The organization has the following credit facilities with Libro Credit Union:

1. A commercial term loan bearing interest at Libro prime plus 1.75%. The loan matured in December 2019 and was extended until March 2020 when the new financing agreement below was signed. At December 31, 2019, \$91,402 (2018 - \$286,380) was outstanding on this facility.

2. A line of credit which can be drawn to a maximum of \$750,000, bearing interest at Libro prime plus 1.00% repayable on demand. The amount of the line of credit drawn at December 31, 2019 was \$202,110 (2018 - \$Nil).

3. A line of credit which can be drawn to a maximum of \$150,000, bearing interest at Libro prime plus 1.00% repayable on demand. The amount of the line of credit drawn at December 31, 2019 was \$Nil (2018 - \$Nil).

The above Libro credit facilities are secured by a first collateral charge against lands and premises located at 1697 Highbury Avenue North in London in the amount of \$800,000 and an existing assignment of first mortgages held by the Organization on 8 properties located in London, first loss payee on the fire insurance policy over the mortgaged real estate that are secured and a general security agreement covering amounts receivable, inventory, motor vehicles and equipment.

The organization is subject to externally imposed capital requirement related to the above financing. Specifically, the organization must maintain a minimum Current Ratio of 1.5: 1, defined as current assets over current liabilities less callable debt. At December 31, 2019, the organization was in compliance with this covenant.

Subsequent to year-end, on March 6, 2020, the following facilities were available as the organization restructured its credit facilities with Libro Credit Union:

1. A commercial term loan of \$202,000 bearing interest at 4.60% repayable on demand.

2. A commercial term loan of \$250,000 bearing interest at Libro prime plus 1.75% repayable on demand.

3. A line of credit which can be drawn to a maximum of \$750,000, bearing interest at Libro prime plus 1.00% repayable on demand.

4. A line of credit which can be drawn to a maximum of \$150,000, bearing interest at Libro prime plus 1.00% repayable on demand.

9. DEFERRED CONTRIBUTIONS

	2019	2018
Deferred build revenue	\$ 217,770	\$ 402,950
Deferred grant revenue	12,500	25,000
Deferred rent received	-	4,504
	\$ 230,270	\$ 432,454

HABITAT FOR HUMANITY HEARTLAND ONTARIO INC.

Notes to Financial Statements

Year Ended December 31, 2019

10. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2019	2018
Opening balance	\$ 26,278	\$ 43,758
Amounts amortized to revenue during the year	<u>(17,480)</u>	<u>(17,480)</u>
Balance - end of the year	<u>\$ 8,798</u>	<u>\$ 26,278</u>

11. LEASE INDUCEMENTS

The organization has two lease inducements:

1. The organization entered into a lease for the Stratford ReStore that included an incentive equal to 8 months free rent. The result is an amount of \$12,666 being recognized annually as a reduction in rent over the term of the lease.

2. The organization entered into a lease for the London Wonderland Road ReStore that included an incentive equal to approximately 6.5 months free rent. The result is an amount of \$22,931 being recognized annually as a reduction in rent over the term of the lease.

12. LEASE COMMITMENTS

The organization has 7 leases with respect to its premises (London, Adelaide St. ReStore, Woodstock ReStore, London, Pacific Court buildings, St. Thomas ReStore, Stratford ReStore, London, Wonderland Rd. ReStore), which expire between February 2020 and May 2025. Future minimum lease payments as at December 31, 2019 are as follows:

2020	\$ 511,949
2021	389,631
2022	347,992
2023	310,828
2024	268,496
Thereafter	<u>99,373</u>
	<u>\$ 1,928,269</u>

13. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments. The following analysis provides information about the organization's risk exposure and concentration at December 31, 2019. There have been no significant changes in the nature or concentration of the risk exposures from the prior year, unless otherwise noted.

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HABITAT FOR HUMANITY HEARTLAND ONTARIO INC.

Notes to Financial Statements

Year Ended December 31, 2019

13. FINANCIAL INSTRUMENTS *(continued)*

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk from customers and mortgagors. In order to reduce its credit risk, the organization reviews a new customer's or mortgagor's credit history before extending credit and conducts regular reviews of its existing customers' credit performance and monitors its mortgagors' monthly payment history and their annual incomes. The organization also reduces credit risk by securing the mortgages receivable against the property that the mortgage was issued for, which allows the organization to recover the property in the case that the mortgagor defaults.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization manages its liquidity risk by forecasting its cash needs on a regular basis and seeking additional information based on those forecasts. The organization also has additional credit available to draw on as required in the short-term, as disclosed in note 8.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk to the organization's earnings that arise from fluctuations of foreign exchange rates. The organization is not exposed to significant currency risk as it does not hold any financial instruments denominated in a foreign currency.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk primarily through its mortgage receivables and term loan.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. In management's opinion, the organization is not exposed to significant other price risk.

14. SUBSEQUENT EVENTS

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the organization, its funders and donors. Management is actively monitoring the affect on its financial condition, liquidity, operations, suppliers, industry, and workforce. As a result, management anticipates a temporary decline in restore, donations and fundraising revenue..
