Habitat for Humanity Heartland Ontario Inc.

Financial Statements
December 31, 2021

Independent auditor's report

To the Members of Habitat for Humanity Heartland Ontario Inc.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Habitat for Humanity Heartland Ontario Inc. (the Organization) as at December 31, 2021 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.

What we have audited
The Organization's financial statements comprise:

- the statement of financial position as at December 31, 2021;
- the statement of changes in net assets for the year then ended;
- the statement of operations for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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

Independence
We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Comparative information

The comparative information as at, and for the year ended December 31, 2020 has not been audited.

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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 related 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.

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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Ontario
July 26, 2022

Habitat for Humanity Heartland Ontario Inc.

Statement of Financial Position

As at December 31, 2021

	2021 $	2020 $ (Unaudited)
Assets		
Current assets		
Cash	893,692	947,944
Accounts receivable	272,600	176,795
HST rebate recoverable	81,816	99,500
Prepaid expenses and deposits	150,020	96,832
Inventory (note 4)	3,987,468	2,523,566
Current portion of first mortgages receivable (note 6)	362,704	388,607
	5,748,300	4,233,244
Capital assets (note 5)	357,470	485,067
First mortgages receivable (note 6)	5,015,837	4,969,998
	11,121,607	9,688,309
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	510,265	447,267
Deferred contributions (note 9)	768,596	327,205
Demand loans (note 8)	1,046,954	547,457
Current portion of long-term loan (note 10)	40,000	-
	2,365,815	1,321,929
Long-term loan (note 10)	-	40,000
Lease inducements (note 11)	140,604	188,880
	2,506,419	1,550,809
Net Assets	8,615,188	8,137,500
	11,121,607	9,688,309

Lease commitments (note 12)

Second mortgages receivable (note 7)

Approved by the Board of Directors

_______________________ Director _______________________ Director

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

Habitat for Humanity Heartland Ontario Inc.

Statement of Changes in Net Assets

For the year ended December 31, 2021

	2021 $	2020 $ (Unaudited)
Net Assets – Beginning of year	8,137,500	7,637,976
Excess of revenue over expenses	477,688	499,524
Net Assets – End of year	8,615,188	8,137,500

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

Habitat for Humanity Heartland Ontario Inc.

Statement of Operations

For the year ended December 31, 2021

	2021 $	2020 $ (Unaudited)
Revenue		
ReStore operations	4,009,515	5,152,214
Home sales (note 3)	929,000	716,709
Donations, grants and other	872,699	950,532
Build donations	30,831	567,646
Accretion income on mortgages (note 3)	132,792	69,732
Fundraising revenue	19,172	39,932
Other revenue (note 3)	-	29,310
	5,994,009	7,526,075
Expenses		
ReStore operations (note 14)	3,701,399	4,882,480
House costs – build (notes 3 and 4)	136,926	675,142
Salaries, wages and benefits (note 14)	990,897	799,661
Land costs – build (notes 3 and 4)	-	118,607
Office rent	228,089	113,808
Fundraising expenses	27,682	20,796
Office	78,433	171,866
Amortization of capital assets	93,117	41,934
Contributions to Habitat for Humanity Canada Inc.	40,000	27,500
Professional fees	90,386	32,078
Advertising, promotion and public relations	4,280	7,333
Telephone	41,886	35,314
Vehicle	31,219	19,187
Committee	3,071	8,954
Repairs and maintenance	18,231	41,154
Volunteer expenses	3,593	8,471
Insurance	15,257	11,801
Interest and bank charges	11,855	10,465
	5,516,321	7,026,551
Excess of revenue over expenses for the year	477,688	499,524

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

Habitat for Humanity Heartland Ontario Inc.

Statement of Cash Flows

For the year ended December 31, 2021

	2021 $	2020 $ (Unaudited)
Cash provided by (used in)		
Operating activities		
Cash receipts from customers, donors and other operations	6,378,417	6,520,295
Cash paid to suppliers, employees and others	(6,772,091)	(6,387,128)
	(393,674)	133,167
Investing activities		
Purchase of capital assets	(163,675)	(193,202)
Proceeds on disposal of capital assets	3,600	-
	(160,075)	(193,202)
Financing activities		
Repayments on demand loans	-	(324,715)
Proceeds from demand loans	499,497	578,660
Proceeds from Canadian Emergency Business Account loan	-	40,000
	499,497	293,945
Decrease (increase) in cash during the year	(54,252)	233,910
Cash – Beginning of year	947,944	714,034
Cash – End of year	893,692	947,944
Supplementary information		
Cash receipts from customers, donors and other operations		
Donations received	1,165,097	106,670
ReStore income received	4,009,515	5,152,214
Mortgage payments and down payments received	895,700	842,539
HST rebates received	308,105	418,872
	6,378,417	6,520,295
Cash paid to suppliers, employees and others		
Expenses from operations	6,332,889	5,120,257
Purchase of land and development charges and costs incurred in construction	136,926	793,749
Interest paid	11,855	10,465
HST paid on expenses	290,421	462,657
	6,772,091	6,387,128

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

1 Organization

Habitat for Humanity Heartland Ontario Inc. (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.

On January 8, 2021, Habitat for Humanity Heartland Ontario Inc. and Habitat for Humanity Brant-Norfolk (together, Chapters) entered into an amalgamation agreement to form one organization under the name of Habitat for Humanity Heartland Ontario Inc. The amalgamation was effective January 1, 2021.

The primary objective of the Organization 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 nine 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.

The Organization 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).

Merger accounting

The combination has been accounted for as a merger of two not-for-profit entities by combining the carrying values of the Chapters as at January 1, 2021. Comparative balances have been restated to include the combined results of the Chapters as at and for the year ended December 31, 2020.

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 down payments 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 on 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 accretion income earned (which is calculated using the discount rate of average bank prime rates in the year the mortgage is issued) is included in income. The Organization also recognizes changes in the net present value of each mortgage on an annual basis, based on any changes to the expected future mortgage payment schedules.

Revenue recognition – other

The Organization operates nine retail stores known as the ReStore. Revenue from the ReStore is recognized when the customer takes possession of the goods and payment is received.

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 are incurred. Restricted contributions related directly to capital assets are deferred and amortized into revenue on the same basis as the related capital asset.

First mortgages receivable

The Organization initially measures first mortgages at the present value (using average annual bank prime rate in the year of issuance) of the appraised home value, less down payments. All first mortgages are issued under a 25-year amortization. Interest is accreted on an annual basis for the remaining mortgages, assuming balances will be repaid equally over the remaining amortization period of the mortgage.

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 the 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.

Donated land, building materials and services

Donated land and building materials for constructing homes, which would otherwise be paid for by the Organization, are included in the cost of the project at fair value. The value of new and used materials donated to the ReStore are not reflected in these financial statements. Net assets received from the 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 financial statements.

Lease inducements

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 amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Such estimates are periodically reviewed and any adjustments necessary are reported in operations in the year in which they become known. Actual results could differ from those 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

	2021 $	2020 $ (Unaudited)
Land inventory (47 lots; 2020 – 26 lots)	1,690,110	900,046
Homes under construction (5 homes; 2020 – 5 homes)	2,297,358	1,623,520
	3,987,468	2,523,566

Included in expenses are the costs associated with the construction of 2 homes (2020 – 2 homes) sold during the year as well as the land cost for those homes.

Land inventory includes Highbury Avenue, London (23 lots (2020 – 23 lots)), Lorne Avenue, London (21 lots (2020 – none)), Hiawatha Street, St. Thomas (2 lots (2020 – 2 lots)) and Powell Street, Drumbo (1 lot (2020 – 1 lot)).

5 Capital assets

			2021	2020
	Cost $	Accumulated amortization $	Net $	Net $ (Unaudited)
Computer equipment	129,483	117,645	11,838	30,532
Leasehold improvements	824,539	621,755	202,784	347,483
Office equipment	98,034	81,229	16,805	36,412
Store equipment	253,841	243,386	10,455	46,002
Vehicles	181,658	181,658	-	24,638
Stratford ReStore Building	118,552	2,964	115,588	-
	1,606,107	1,248,637	357,470	485,067

$194,554 (2020 – $166,959) of amortization has been grouped into the ReStore operations expense on the statement of operations.

6 First mortgages receivable

The Organization has a number of first mortgages on the houses it has 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 affect the actual term of the mortgages.

The expected repayments are as follows:

	$
2022	362,704
2023	362,704
2024	362,704
2025	362,704
2026	362,704
2027	362,704
2028	362,704
2029	362,236
2030	362,236
2031	358,425
2032	358,425
2033	352,324
2034	344,329
2035	326,658
2036	326,658
2037	311,982
2038	306,815
2039	301,935
2040	279,922
2041	258,896
2042	238,235
2043	202,388
2044	186,118
2045	122,571
2046	95,688
Total face value of mortgages	7,634,769
Less: Present value discount	2,256,228
Net book value of first mortgages receivable	5,378,541
Less: Current portion of first mortgages receivable	362,704
Long-term portion of first mortgages receivable	5,015,837

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:

- An additional 12.2% 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

- 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 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.

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:

	$
2022	15,759
2023	41,807
2024	42,791
Thereafter	456,251
	556,608

8 Demand loans

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

a) A commercial term loan bearing interest at 4.60% due on demand. At December 31, 2021, $193,498 (2020 – $199,905) was outstanding on this facility.

b) A commercial term loan bearing interest at Libro prime plus 1.00% due on demand. At December 31, 2021, $166,477 (2020 – $217,126) was outstanding on this facility.

c) A commercial term loan bearing interest at Libro prime plus 1.45% due on demand. At December 31, 2021, $126,660 (2020 – $126,660) was outstanding on this facility.

d) 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, 2021 was $560,319 (2020 – $9,562).

e) A line of credit which can be drawn to a maximum of $150,000 bearing interest at the Libro prime plus 1.00% repayable on demand. No amount is owing on this line of credit (2020 – $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 eight properties located in London, first loss payee on the fire insurance policy over the mortgaged real estate that is secured and a general security agreement covering amounts receivable, inventory, motor vehicles and equipment.

The Organization is subject to externally imposed capital requirements 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, 2021, the Organization was in compliance with this covenant.

9 Deferred contributions

	2021 $	2020 $ (Unaudited)
Deferred build revenue	748,596	215,205
Deferred grant revenue	20,000	112,000
	768,596	327,205

10 Long-term loan

During the year 2020, the Organization received a Canada Emergency Business Account loan for $40,000. This is an interest free loan, and if repaid on or before December 31, 2022, will result in a loan forgiveness of 25 percent (up to $10,000). No repayments have been made up to December 31, 2021, and as a result, the debt was presented as long-term. The loan is expected to be repaid in full in the December 31, 2022 year-end.

11 Lease inducements

The Organization has two lease inducements:

- The Organization entered into a lease for the Stratford ReStore that included an incentive equal to eight months free rent. The result is an amount of $19,000 (2020 – $31,667) which is recognized as a lease inducement.

- 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 $121,604 (2020 – $157,214) which is recognized as a lease inducement.

12 Lease commitments

The Organization has nine leases with respect to its premises (Adelaide Street ReStore, London, Pacific Court Buildings, London, St. Thomas ReStore, Wonderland Road ReStore, London, Woodstock ReStore, Stratford ReStore, Stratford, Roacher Road, Listowel, Morton Avenue, Brantford and Park Road, Simcoe) which expire between January 2022 and March 2030. Future minimum lease payments as at December 31, 2021 are as follows:

	$
2022	720,163
2023	745,050
2024	620,278
2025	435,978
2026 and thereafter	948,787
	3,470,256

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, 2021. There have been no significant changes in the nature or concentration of the risk exposures from the prior year, unless otherwise noted.

Credit risk

Credit risk is the risk 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 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 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 arises 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 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 mortgages receivables and term loan.

Other price risk

Other price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest 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 Amalgamation of Habitat for Humanity Brant-Norfolk into Habitat for Humanity Heartland Ontario Inc.

Effective January 1, 2021, Habitat for Humanity Brant-Norfolk amalgamated into Habitat for Humanity Heartland Ontario Inc. The transaction has been recorded as a merger of equals and therefore, the carrying value of each entity's net assets and fund balances has been combined at their carrying value.

Included in the financial statements are the following amounts representing excess of revenue over expenses of each party for the year ended December 31, 2020 and December 31, 2019.

	For the year ended December 31, 2020 $	For the year ended December 31, 2019 $
Excess of revenue over expenses		
Habitat for Humanity Heartland Ontario Inc.	404,947	266,072
Habitat for Humanity Brant-Norfolk	94,577	134,483
	499,524	400,555

	For the year ended December 31, 2020 $	For the year ended December 31, 2019 $
Net Assets		
Habitat for Humanity Heartland Ontario Inc.	6,196,538	5,791,591
Habitat for Humanity Brant-Norfolk	1,940,962	1,846,385
	8,137,500	7,637,976

15 COVID-19

Following the direction from municipal, provincial and federal governments as well as public health authorities with respect to the COVID-19 pandemic, the Organization continued to face closures and capacity restrictions at its facilities and sites by local health authorities and as a result, the Organization had to close non-essential retail stores (such as ReStore). This led to decreased ReStore revenues during lockdowns, however, ReStore sales increased in the periods they were allowed to be open. The Organization also applied for $532,366 (2020 – $246,276) from the Canadian Employment Wage Subsidy program. This amount was recorded against ReStore operations and salaries, wages and benefits on the statement of operations. Management continues to actively monitor the effect on its financial condition, liquidity, operations, suppliers, industry and workforce.