WINNIPEG HABITAT FOR HUMANITY INC.

NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

March 30, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of
Winnipeg Habitat for Humanity Inc.:

We have audited the accompanying non-consolidated financial statements of Winnipeg Habitat for Humanity Inc., which comprise the non-consolidated statement of financial position as at December 31, 2016, and the non-consolidated statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

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

Opinion
In our opinion, the non-consolidated financial statements present fairly, in all material respects, the financial position of Winnipeg Habitat for Humanity Inc. as at December 31, 2016, 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.

Chartered Professional Accountants
Winnipeg, Canada

WINNIPEG HABITAT FOR HUMANITY INC.

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31

	2016	2015
ASSETS		
Current assets:		
Cash and deposits	$ 1,677,435	$ 1,056,307
Accounts receivable	168,634	275,699
Inventory	20,532	4,289
Refundable deposits and prepaid expenses	166,456	254,276
Scheduled repayments of mortgages receivable (Note 3)	1,347,492	1,219,214
Current assets before mortgages receivable	3,380,549	2,809,785
Mortgages receivable (Note 3)	31,843,263	29,209,106
	35,223,812	32,018,891
Construction in progress	1,534,943	1,730,144
Residential property	1,983,228	1,979,265
Property and equipment (Note 4)	1,032,255	1,076,833
Investment in subsidiaries (Note 5)	12,303	24,161
	$ 39,786,541	$ 36,829,294
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	$ 713,522	$ 1,071,596
Government remittances payable	9,696	27,895
Escrow accounts	238,000	225,700
Deferred contributions (Note 6)	438,807	37,784
Scheduled repayments of debt (Note 7)	511,588	492,876
Current liabilities before callable debt	1,911,613	1,855,851
Callable debt (Note 7)	5,158,845	4,711,802
Total current liabilities	7,070,458	6,567,653
Net assets:		
Invested in property and equipment	583,414	574,084
Internally restricted chapter funds	845,752	712,837
Unrestricted	31,286,917	28,974,720
	32,716,083	30,261,641
	$ 39,786,541	$ 36,829,294

APPROVED BY THE BOARD:

________________________ **Director** ________________________ **Director**

WINNIPEG HABITAT FOR HUMANITY INC.

NON-CONSOLIDATED STATEMENT OF OPERATIONS

	Year ended December 31	
	2016	**2015**
Revenue:		
Donations-		
Cash contributions and grants	$ 2,452,103	$ 2,949,931
Construction materials	334,501	460,166
Habitat ReStore	2,212,722	2,170,923
Habitat Handyman	318,726	8,231
Special events (Note 9)	558,209	634,370
Miscellaneous	106,895	49,055
Transfer price of residential properties	4,070,228	5,772,471
	10,053,384	12,045,147
Expenses:		
Amortization	27,963	26,357
Automotive	21,247	18,964
Bank charges and interest	35,979	28,734
Cost of transferred residential properties (Note 10)	3,872,146	5,569,893
Habitat ReStore (Schedule)	1,350,809	1,303,854
Habitat Handyman (Schedule)	261,148	8,406
Homeowner selection and support	11,469	7,696
Insurance	5,898	5,728
Office	117,887	144,461
Professional fees	72,918	78,668
Property taxes	8,425	7,642
Public relations, media and promotions	122,262	110,135
Repairs and maintenance and home warranty	21,351	46,549
Salaries and benefits	1,275,533	1,208,499
Special events (Note 9)	156,641	134,394
Telephone	14,515	14,818
Tithe	8,481	10,000
Training	12,189	7,525
Travel and conference	31,835	34,113
Utilities	6,461	6,937
Volunteer stipend and meals	24,822	25,560
	7,459,979	8,798,933
Excess of revenue over expenses before the following:	2,593,405	3,246,214
Trust funds received from Habitat for Humanity Canada	341,931	-
Equity loss from subsidiaries (Note 5)	(12,247)	(7,962)
(Loss) gain on sale of residential properties	(106,505)	127,742
Interest income	10,404	15,323
Habitat for Humanity Canada affiliation fees	(151,128)	(64,994)
Interest on long-term debt	(182,738)	(185,540)
Accreted interest on long-term debt	(9,500)	(9,829)
Accreted interest income on mortgages receivable	1,137,265	1,028,402
Fair value adjustment of mortgages receivable	(1,166,445)	(1,134,365)
	(138,963)	(231,223)
Excess of revenue over expenses	$ 2,454,442	$ 3,014,991

WINNIPEG HABITAT FOR HUMANITY INC.

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

	Net assets invested in property and equipment	Internally restricted chapter funds	Unrestricted	Year ended December 31 2016	2015
Net assets, beginning of year	$ 574,084	$ 712,837	$ 28,974,720	$ 30,261,641	$ 27,246,650
Excess (deficiency) of revenue over expenses	(150,733)	-	2,605,175	2,454,442	3,014,991
Internal transfer of chapter funds	-	132,915	(132,915)	-	-
Net additions to property and equipment, net of change in related debt	160,063	-	(160,063)	-	-
Net assets, end of year	$ 583,414	$ 845,752	$ 31,286,917	$ 32,716,083	$ 30,261,641

WINNIPEG HABITAT FOR HUMANITY INC.

NON-CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended December 31	
	2016	2015
Cash flow from operating activities:		
Excess of revenue over expenses	$ 2,454,442	$ 3,014,991
Adjustments for:		
Amortization	150,733	137,020
Donated residential properties	(213,081)	(249,827)
Accreted interest income on mortgages receivable	(1,137,265)	(1,028,402)
Accreted interest on long-term debt	9,500	9,829
Income reduction on fair value adjustment of mortgages receivable	1,166,445	1,134,365
Excess of residential property transfer price over costs	(198,082)	(202,578)
Equity loss from subsidiaries	12,247	7,962
	2,244,939	2,823,360
Changes in the following:		
Accounts receivable	107,065	(111,151)
Government remittances recoverable/payable	(18,199)	31,422
Inventory	(16,243)	11,164
Refundable deposits and prepaid expenses	87,820	28,760
Accounts payable and accrued liabilities	(358,074)	348,400
Escrow accounts	12,300	22,900
Deferred contributions	401,023	(23,791)
	2,460,631	3,131,064
Cash flow from financing activities:		
Proceeds on long-term debt	861,900	809,467
Repayment of long-term debt	(405,645)	(357,704)
	456,255	451,763
Cash flow from investing activities:		
Mortgage receivable payments received	1,278,613	1,395,096
Acquisition and construction of residential property	(3,467,827)	(5,017,185)
Purchase of property and equipment	(106,155)	(148,766)
Change in advances	(389)	(6,783)
	(2,295,758)	(3,777,638)
Change in cash	621,128	(194,811)
Cash, beginning of year	1,056,307	1,251,118
Cash, end of year	$ 1,677,435	$ 1,056,307

1. Nature of operations:

Winnipeg Habitat for Humanity Inc. (the "Organization"), incorporated June 27, 1987 in the Province of Manitoba, is a not-for-profit organization that provides housing to economically disadvantaged persons in Manitoba and Northwest Ontario. The prospective homeowner makes a commitment by contributing "sweat equity" hours. Mortgages on the homes are non-interest bearing.

During the year, the Organization started 13 (2015 – 16) homes and finished 5 (2015 – 5) of these. In addition, the Organization finished 10 (2015 – 19) homes started in the prior years.

Habitat ReStore commenced operation in April 1991. Its principal activity is selling materials and supplies which are donated by companies or individuals.

The Organization is a registered charity and is exempt from income taxes under the provisions of the Income Tax Act.

2. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. An assumption underlying the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the Organization will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

a) Critical accounting estimates and judgments-

The preparation of financial statements requires management to make estimates and judgments 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 revenues and expenses during the reported period.

Accounting estimates are included in financial statements to approximate the effect of past business transactions or events, or to approximate the present status of an asset or liability. It is possible that changes in future economic conditions could require changes in the recognized amounts for accounting estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they became known.

Significant areas of estimation by management include the impairment of non-financial assets, the useful lives of capital assets and the fair value of financial instruments.

Management bases their judgments, estimates and assumptions on factors they believe to be reasonable in the circumstances, but which may be inherently uncertain and unpredictable.

b) Cash and deposits

Cash and deposits consist of balances held at financial institutions.

2. **Significant accounting policies** (continued):

c) Inventory-

Inventory consists of home construction inventory, Habitat ReStore inventory and supplies. Home construction inventory and supplies are recorded at the lower of cost and net replacement cost, with cost being determined using the first-in, first-out method. Cost includes the purchase price including applicable taxes and delivery charges.

Habitat ReStore inventory, which primarily consists of donated re-cycled materials and obsolete, damaged or surplus materials from suppliers and manufacturers, is recorded at a nominal amount.

d) Construction in progress-

Construction in progress represents direct costs incurred by the Organization and contributed materials and residential property that have been recognized in accordance with the accounting policy described in Note 2(g) relating to homes that are not yet complete. Construction in progress is recorded at the lower of cost and net realizable value.

e) Property and equipment-

Property and equipment are stated at cost less accumulated amortization. Contributed property and equipment are recorded at fair value at the date of contribution. This requires estimation of the useful life of the asset and residual value. When property and equipment no longer has any long-term service potential, the excess of its net carrying amount over any residual value is recognized as an expense. As is true for all accounting estimates, it is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates. Property and equipment are amortized on the basis of their useful life using the following rates and methods:

	Rate	Method
Buildings	5%	Straight-line
Furniture, fixtures and computer equipment, equipment and automotive	33-1/3% - 50%	Straight-line
Telephone equipment	20%	Straight-line

f) Revenue recognition-

The Organization follows the deferral method of accounting for contributions. Restricted contributions, which include those related to special events, are deferred and recognized as revenue in the year in which the related expenses are incurred.

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.

ReStore sales, commissions and sale of merchandise and miscellaneous are recognized upon receipt of payment for products purchased or services provided.

Homes are sold to Habitat partner families subject to specific conditions in the mortgage. The Organization provides the new homeowner with a first mortgage, and a non-forgivable second mortgage if applicable, which is determined based on a formula using the estimated appraised value of the home.

Interest income is recognized on a time proportion basis.

2. **Significant accounting policies** (continued):

g) Contributions-

Contributed materials which are used in home construction projects are recognized as revenue when the fair value of such materials can be determined.

Contributed materials which are sold through the Habitat ReStore are recorded in inventory at a nominal amount due to the difficulty in determining the fair value of the contributed materials.

Contributed residential property is recorded at fair market value at the time of donation when information concerning fair values is available. If the fair value is not determinable, the contribution is recorded at a nominal amount.

Volunteers contribute significant services to assist the Organization in its construction projects. Because of the difficulty in determining fair value, contributed services are not recorded in the financial statements.

h) Residential property-

Residential property is recorded at the lesser of cost and the estimated transfer price to the prospective homeowner. Cost is comprised of land, land development, material and subcontract costs, with cost being determined using specified unit cost. Residential property is not amortized as the properties are expected to be sold to partner families within one year.

i) Investments – subsidiaries-

The Organization owns 100% of the common shares of 4875185 Manitoba Ltd. and 100% of the common shares of HFHW Land Development Inc. The Organization issues only non-consolidated financial statements and accounts for these investments in subsidiaries using the equity method.

j) Internally restricted Chapter funds -

Certain contributions are received through Chapters of the Organization for builds in certain geographic regions of the Province of Manitoba and the City of Kenora, Ontario. Because the Chapters do not undertake a build project in their geographic region every year, the Organization has internally restricted funds designated for building homes in the Organization's Chapters. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

k) Tithe -

Habitat for Humanity Canada requires the Organization contribute a tithe of a minimum of 10% of its undesignated funds, which is used for international housing development. Undesignated funds is the money the organization receives from the distribution of undesignated funds from Habitat for Humanity Canada.

2. Significant accounting policies (continued):

l) Financial instruments-

Except for certain related party transactions, financial instruments are measured at fair value on initial recognition adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Transaction costs related to financial instruments that will be measured subsequently at fair value are recognized in the difference between revenues and expenses for the period incurred.

In subsequent periods, investments in equity instruments that are quoted in an active market and certain derivative contracts are measured at fair value without any adjustment for transaction costs that may incur on sale or other disposal. The Organization may elect to measure any financial instrument at fair value when the asset or liability is first recognized or for equity instruments that previously measured at fair value when the equity instrument ceases to be quoted in an active market. Other investments in equity instruments are measured at cost less any reduction for impairments. All other financial instruments are measured at amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative difference between that initial amount and the maturity amount, and minus any reduction for impairment.

The Organization measures cash and deposits, accounts receivable, refundable deposits, mortgages receivable, accounts payable and accrued liabilities, advances from subsidiaries, escrow accounts and callable debt at amortized cost.

3. Mortgages receivable:

The Organization holds first mortgages on 203 (2015 – 194) residential properties. These mortgages are non-interest bearing and are repayable in variable monthly installments based on the mortgagees' income which is reviewed on an annual basis. The mortgages are due within one year. The Organization has the right to extend the term of the mortgage with the homeowner at the same terms, different terms or demand repayment on renewal.

			Amortized cost	
	Face value	Discount	2016	2015
Mortgages receivable	$ 34,285,414	$ (1,094,659)	$ 33,190,755	$ 30,428,320
Less: scheduled repayments of mortgages receivable			1,347,492	1,219,214
			$ 31,843,263	$ 29,209,106

The fair value of these mortgages receivable is based on discounting the mortgages with an effective rate of 3.4% (December 31, 2015 – 3.6%) and a term of one year (December 31, 2015 – one year).

NON-CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

4. Property and equipment:

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	$ 247,351	$ -	$ 247,351	$ -
Buildings	1,901,994	1,380,873	1,901,994	1,285,713
Furniture, fixtures and computer equipment	671,003	521,826	659,573	488,601
Equipment	99,598	99,598	99,598	99,598
Automotive	259,708	145,102	164,985	122,756
Telephone equipment	33,502	33,502	33,502	33,502
	$ 3,213,156	$ 2,180,901	$ 3,107,003	$ 2,030,170
Net book value	$ 1,032,255		$ 1,076,833	

Amortization expense for the year ended December 31, 2016 is $150,733 (2015 - $137,020). Of this amount $13,811 (2015 - $5,124) is included in cost of transferred residential properties.

5. Investment in subsidiaries:

(i) The Organization owns 100% of 4875185 Manitoba Ltd. The subsidiary was incorporated on February 18, 2004 under The Corporations Act in Manitoba. These shares were received as a gift on February 18, 2004 and have been recorded at the fair market value of the shares at that date, estimated to be $260. The subsidiary purchases products and sells them through the Habitat ReStore on a consigned basis. The Habitat ReStore receives a commission for selling the subsidiary's inventory.

The Organization's investment in the subsidiary, accounted for using the equity method, is as follows:

	2016	2015
Advances to subsidiary, non-interest bearing, no set terms of repayment	$ 50	$ -
Balance, beginning of year	19,471	25,387
Net income (loss)	(11,622)	(5,916)
Balance, end of year	7,849	19,471
	$ 7,899	$ 19,471

5. **Investment in subsidiaries** (continued):

Summary financial information of the subsidiary is as follows:

	2016	2015
Financial position		
Total assets	$ 58,157	$ 68,567
Total liabilities	$ 50,557	$ 49,345
Total shareholder's equity	7,600	19,222
	$ 58,157	$ 68,567
Results of operations		
Total revenues	$ 50,737	$ 51,399
Total expenses	62,359	57,315
Net loss	$ (11,622)	$ (5,916)
Cash flow (used in) from Operating activities	$ (1,639)	$ (2,495)

During the year, the Organization earned commissions from the subsidiary in the amount of $35,493 (2015 - $35,980). In addition, included in accounts payable of the Organization is an amount of $46,773 (2015 - $62,938) owing to the subsidiary. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(ii) The Organization owns 100% of HFHW Land Development Inc. The subsidiary was incorporated on February 26, 2008 under The Corporations Act in Manitoba. This subsidiary was established to facilitate the occasional acquisition of land for the purpose of resale into the general market.

The Organization's investment in the subsidiary, accounted for using the equity method, is as follows:

	2016	2015
Advances to subsidiary, non-interest bearing, no set terms of repayment	$ 20,156	$ 19,817
Investment in subsidiary		
Balance, beginning of year	(15,127)	(13,081)
Net loss	(625)	(2,046)
Balance, end of year	(15,752)	(15,127)
	$ 4,404	$ 4,690

5. **Investment in subsidiaries** (cont'd):

Summary financial information of the subsidiary are as follows:

	2016	2015
Financial position		
Total assets	$ 4,404	$ 4,690
Total liabilities	20,156	19,817
Total shareholder's equity	(15,752)	(15,127)
	$ 4,404	$ 4,690
Results of operations		
Total expenses	$ 625	$ 2,046
Net loss	$ (625)	$ (2,046)
Cash flow (used in) from		
Operating activities	$ (625)	$ (2,046)
Financing activities	339	(93,217)
Change in cash	$ (286)	$ (95,263)

Advances from subsidiary are non-interest bearing with no set terms of repayment.

6. **Deferred contributions:**

	2016	2015
Beginning balance	$ 37,784	$ 61,575
Add: Contributions received during the year	438,807	46,015
	476,591	107,590
Less: Amounts amortized to revenue	37,784	69,806
Ending balance	$ 438,807	$ 37,784

Contributions received are for activities in the following year.

7. Callable debt:

	2016	2015
Demand mortgage payable - interest at the financial institution's standard rate plus 0.75% (2015 - 0.75%), monthly principal and interest payments of $3,845 (2015 - $3,845)	$ 427,135	$ 457,921
Demand mortgage payable - interest at a fixed rate of 4%, monthly principal and interest payments of $4,300 to $11,787, secured by a registered multi-purpose mortgage creating a first charge on specified residential properties	1,304,856	1,442,997
Demand mortgage payable - interest at the financial institution's standard rate plus 1% (2015 - 1%), monthly principal and interest payments ranging from $200 to $4,705 (2015 - $200 to $3,700), secured by registered multi-purpose mortgages creating a first charge on specified residential properties	1,418,810	692,787
Demand mortgage payable - face value of $211,203 (2015 - $211,203) non-interest bearing, monthly principal payments of $250 - $335 (2015 - $250 - $335), recorded at amortized cost using discount rates ranging from 4.9% to 6.5% (2015 - 4.9% to 6.5%)	143,358	156,072
Demand revolving term loan payable - interest at the financial institution's standard rate plus 1% (2015 - 1%), interest payments only	97,530	97,530
Demand mortgage payable - interest at a fixed rate of 3.65% (2015 - 3.65%), monthly principal and interest payments of $19,235 (2015 secured by a registered multi-purpose mortgage creating a first charge on specified residential properties	2,209,744	2,357,371
Demand mortgage payable - interest at the financial institution's standard rate plus 1%, interest payments only, monthly principal and interest payments commencing January 2017, secured by a registered multi-purpose mortgage creating a first charge on specified residential properties	69,000	-
	5,670,433	5,204,678
Less: Scheduled principal payments for one year	511,588	492,876
Callable debt	$ 5,158,845	$ 4,711,802

In addition to the security outlined above, all long term debt is secured by a general security agreement creating a first charge on all assets, the specific assignment of mortgages receivable, a letter of undertaking providing the lender the right to register a caveat on titles related to the mortgage receivables in the event of the Organization's default, the assignment of fire insurance and an all obligations mortgage in the amount of $4,000,000 creating a first charge on land and buildings at 60 Archibald Street, Winnipeg, Manitoba.

7. **Callable debt** (continued):

Management does not believe that the demand features of the callable debt will be exercised in the current period. Assuming payment of the callable debt is not demanded, regular principal payments required on all long-term debt for the next five years are due as follows:

2017	$511,588
2018	423,023
2019	436,536
2020	449,871
2021	442,694
Thereafter	3,406,721

The Organization has an authorized operating line of $600,000 (December 31, 2015 – $600,000) of which $nil is drawn (2015 - $nil), that bears interest at the financial institution's standard rate plus 1% (2015 – standard rate plus 1%) and is secured by a general security agreement creating a first charge on all assets, the specific assignment of mortgage receivable, the assignment of fire insurance and an all obligations mortgage in the amount of $4,000,000 creating a first charge on land and buildings at 60 Archibald Street, Winnipeg, Manitoba. The line is subject to annual review from the financial institution.

The Organization must meet certain financial covenants. As at year end the Organization was in compliance with the covenants.

Subsequent to year end, the organization entered into an agreement with Steinbach Credit Union to provide term loan financing of $30,940 for the purpose of assisting with the purchase of a 2014 GMC Savana Cube. The organization also entered into an agreement with Steinbach Credit Union to purchase property at 789 Alexander Avenue.

8. **Letters of credit:**

The Organization has available Letters of Credit in an aggregate amount of up to $330,000 relating to requirements of the City for build site service costs and security for credit cards. As at December 31, 2016, $210,150 (December 31, 2015 - $255,800) of Letters of Credit were issued. $210,150 of the letters of credit bear interest at the financial institution's standard rate plus 1% (2015 – $255,800, standard rate plus 1%). The letters of credit are automatically renewed for a period of 90 days from the expiry date unless the beneficiary notifies the financial institution in writing that it should not be extended.

NON-CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

9. Special events:

Special events are comprised of the following:

2016	Cycle of Hope	House Party	Ride Around the Lake	Muddy Waters	Total
Revenue	$ 164,160	$ 112,175	$ 246,690	$ 35,184	$ 558,209
Expenses	27,403	87,260	31,452	10,526	156,641
Net	$ 136,757	$ 24,915	$ 215,238	$ 24,658	$ 401,568

2015	Cycle of Hope	House Party	Ride Around the Lake	Muddy Waters	Total
Revenue	$ 264,940	$ 87,244	$ 240,245	$ 41,941	$ 634,370
Expenses	38,689	49,068	21,263	25,374	134,394
Net	$ 226,251	$ 38,176	$ 218,982	$ 16,567	$ 499,976

10. Cost of transferred residential properties

Included in cost of transferred residential properties are construction overhead costs allocated in the amount of $673,444 (2015 - $670,772) based on management's internal tracking of costs by department.

11. Endowment fund:

The Organization entered into an agreement with The Winnipeg Foundation for establishment of The Habitat for Humanity Winnipeg Endowment Fund. The Winnipeg Foundation will preserve the capital in its Consolidated Trust Fund and will distribute all income generated thereon to the Organization in perpetuity. The fair value of these funds as at December 31, 2016 is approximately $70,580 (2015- $66,800).

12. Employee benefits:

The Organization maintains a defined contribution pension plan for its employees. The expense for this plan is equal to the Organization's required contributions for the year. The total expense is $71,615 (2015 - $69,342) for the year.

13. Commitments:

The Organization has leased certain equipment, retail and warehouse space under operating leases. The approximate future minimum lease payments under these leases are as follows:

2017	$241,000
2018	250,000
2019	247,000
2020	243,000
2021	60,000

14. Guarantee:

The Organization has provided a guarantee of the operating line of a subsidiary company in the amount of $50,000. The Organization has also provided a guarantee of a $450,000 revolving term loan with another subsidiary company and an assignment of mortgage receivables. As at December 31, 2016 $48,057 (2015 - $46,418) of the operating line was outstanding in 4875185 Manitoba Ltd.

15. Financial risks and concentration of risk:

Management's risk management policies are typically performed as a part of the overall management of the Organization's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its operations, the Organization is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. As a part of the overall operation of the Organization, management considers the avoidance of undue concentrations of risk. These risks and the actions taken to manage them include the following:

Liquidity risk-

Liquidity risk is the risk that the Organization cannot meet its financial obligations associated with financial liabilities in full. The Organization's main sources of liquidity are its operations and external borrowings. The funds are primarily used to finance working capital and capital expenditure requirements and are adequate to meet the Organization's financial obligations associated with financial liabilities.

Credit risk-

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Organization has credit policies to address credit risk on accounts receivable, which may include the analysis of the financial position of the debtor and review of credit limits. The Organization also may review credit history before establishing credit and review credit performance. An allowance for doubtful accounts or other impairment provisions are established based upon factors surrounding credit risk, historical trends and other information. No allowance for doubtful accounts has been recorded for accounts receivable. The Organization has secured mortgages receivable against the title of the homes transferred. Management is of the opinion that they are not exposed to significant credit risk in regards to mortgages receivable as the value of the homes exceed the value of the outstanding mortgage values.

15. Financial risks and concentration of risk (continued):

Interest Rate Risk-

Interest rate risk is the risk that the fair value known as interest rate price risk or future cash flows known as interest rate cash flow risk, of a financial instrument will fluctuate because of changes in market interest rates.

The Organization is exposed to interest rate price risk with respect to mortgages receivable held at fixed rates and for long term debt held at fixed rates.

The Organization is exposed to interest rate cash flow risk with respect to long term debt held at variable interest rates.

WINNIPEG HABITAT FOR HUMANITY INC.

NON-CONSOLIDATED SCHEDULE OF HABITAT RESTORE OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
Expenses:		
Amortization	106,116	105,539
Automotive	34,044	38,791
Bank charges and interest	21,696	21,543
Building repairs and maintenance	12,957	25,833
Insurance	9,770	9,744
Lease costs	222,297	167,643
Licenses and permits	-	30
Office	30,085	33,396
Procurement costs	63,419	61,808
Property tax	33,700	30,569
Public relations, media and promotions	32,324	44,451
Salaries and benefits	703,801	686,661
Telephone	8,562	7,739
Travel and conference	1,740	3,129
Utilities	42,848	40,626
Volunteer recognition	1,558	1,467
Waste disposal	25,892	24,885
	$ 1,350,809	$ 1,303,854

WINNIPEG HABITAT FOR HUMANITY INC.

NON-CONSOLIDATED SCHEDULE OF HABITAT HANDYMAN OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
Expenses:		
Amortization	$ 2,843	$ -
Automotive	9,089	-
Cost of goods sold	73,353	-
Habitat for Humanity Canada fees	2,300	-
Office	2,366	251
Public relations, media and promotions	6,787	-
Salaries and benefits	146,649	8,144
Telephone	1,127	11
Tools and equipment	15,699	-
Volunteer recognition	935	-
	$ 261,148	$ 8,406