

Financial Statements of

**HABITAT FOR HUMANITY -
EDMONTON SOCIETY**

Year ended December 31, 2025

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

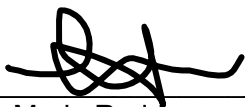
The accompanying financial statements for the year ended December 31, 2025 are the responsibility of management and have been reviewed and approved by senior management. The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and of necessity, include some amounts that are based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains systems of financial management and internal control which give consideration to costs, benefits and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of donations and other revenue.
- safeguard the assets and properties under Habitat for Humanity - Edmonton Society's administration.

Habitat for Humanity - Edmonton Society carries out its responsibility for the financial statements through its Board of Directors. The Board of Directors meets with management and KPMG LLP to review financial matters, and to approve the financial statements upon finalization of the audit. KPMG LLP has free access to the Board of Directors.

KPMG LLP provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Auditing Standards and includes tests and procedures, which allow them to report on the fairness of the financial statements prepared by management.



Ann-Marie Reddy
President and Chief Executive Officer
Habitat for Humanity - Edmonton Society

March 26, 2026



KPMG LLP

2200, 10175 – 101 Street
Edmonton, AB T5J 0H3
Canada
Telephone 780-429-7300
Fax 780-429-7379

INDEPENDENT AUDITOR'S REPORT

To the Directors of Habitat for Humanity - Edmonton Society

Opinion

We have audited the financial statements of Habitat for Humanity - Edmonton Society (the Society), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended

and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2025, and its results of operations, and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditor's Responsibilities for the Audit of the Financial Statements**” section of our auditor's report.

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

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.



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

KPMG LLP

Chartered Professional Accountants

Edmonton, Canada

March 26, 2026

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Table of Contents

Year ended December 31, 2025

	Pages
Management's Responsibility for Financial Reporting	
Independent Auditor's Report	
Financial Statements	
Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5
Schedule 1 - Homes Asset Inventory	21
Schedule 2 - Program Expenses	22
Schedule 3 - ReStore	23
Schedule 4 - General and Administrative Expenses	24

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Statement of Financial Position

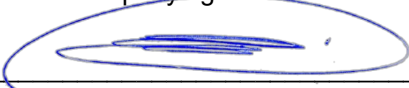
As at December 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash	\$ 252,265	\$ 145,917
Investments (note 6)	1,021,805	3,254,819
Accounts receivable (note 3)	199,554	761,252
Current portion of mortgages receivable (note 4)	1,822,904	1,653,418
Homes held for sale (Schedule 1)	1,362,682	4,688,901
Construction in progress (Schedule 1)	-	825,854
Land for future builds (Schedule 1)	30,000	123,000
Other current assets (note 5)	204,421	311,157
	4,893,631	11,764,318
Mortgages receivable (note 4)	39,295,420	40,364,560
Capital assets (note 7)	2,413,278	1,837,553
	\$ 46,602,329	\$ 53,966,431

Liabilities and Net Assets

Current liabilities:		
Operating loan (note 8)	\$ -	681,436
Accounts payable and accrued liabilities (note 9)	437,373	448,052
Tenant deposits and other property accruals (note 10)	333,345	520,718
Deferred revenue and contributions (note 12)	441,594	271,250
Deferred capital contributions (note 13)	63,806	47,444
Current portion of term debt (note 8)	10,435,122	11,939,140
	11,711,240	13,908,040
Deferred rent (note 18)	230,158	19,397
Deferred capital contributions (note 13)	382,638	287,807
Term debt (note 8)	-	1,906,415
	12,324,036	16,121,659
Net assets:		
Internally restricted	1,021,805	3,254,819
Invested in capital assets	1,966,834	1,502,302
Unrestricted	31,289,654	33,087,651
	34,278,293	37,844,772
Commitments (note 18)		
Contingencies (note 19)		
	\$ 46,602,329	\$ 53,966,431

See accompanying notes to financial statements.


Chair, Board of Directors


Chair, Audit & Risk Committee

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Statement of Operations

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Revenues:		
Donations and fundraising	\$ 965,078	\$ 907,735
Government grants (note 14)	1,104,827	1,698,766
Other revenue (note 13)	261,332	403,493
Investment income (note 6)	(19,131)	487,219
	2,312,106	3,497,213
Sales and cost of sales (note 15):		
Home sales	8,995,000	11,556,865
Cost of home sales and building operations	(10,613,312)	(14,569,388)
Other net income related to home sales	13,361	1,209,397
	(1,604,951)	(1,803,126)
Program expenses (Schedule 2):		
Homeowner and community support	(859,664)	(967,063)
Interest on operating and term loans (note 8)	(547,361)	(872,432)
Volunteer support	(102,736)	(76,144)
Capacity building	-	(220,030)
	(1,509,761)	(2,135,669)
Net program activity	(802,606)	(441,582)
ReStore (Schedule 3):		
Revenue	6,176,660	5,435,425
Expenses	(5,888,880)	(4,526,587)
	287,780	908,838
Prefab Contribution Centre:		
Revenue	-	8,328
Expenses	-	(7,829)
	-	499
General and administrative expenses (Schedule 4)	(3,051,653)	(2,802,306)
Deficiency of revenue over expenses	\$ (3,566,479)	\$ (2,334,551)

See accompanying notes to the financial statements.

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Statement of Changes in Net Assets

Year ended December 31, 2025, with comparative information for 2024

	Internally restricted (note 6)	Invested in capital assets (note 7)	Unrestricted	2025	2024
Balance, beginning of year	\$ 3,254,819	\$ 1,502,302	\$ 33,087,651	\$ 37,844,772	\$ 40,179,323
Excess (deficiency) of revenue over expenses	-	63,807	(3,630,286)	(3,566,479)	(2,334,551)
Transfers	(2,233,014)		2,233,014	-	
Investment in capital assets	-	690,108	(690,108)	-	-
Amortization of capital assets	-	(289,383)	289,383	-	-
Balance, end of year	\$ 1,021,805	\$ 1,966,834	\$ 31,289,654	\$ 34,278,293	\$ 37,844,772

See accompanying notes to the financial statements.

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	\$ (3,566,479)	\$ (2,334,551)
Non-cash Items:		
Amortization of deferred rent	210,761	19,397
Amortized interest and impairments (note 15)	(13,361)	(1,209,397)
Realized and unrealized losses (gains) on investments (note 6)	61,552	(36,349)
Amortization of capital assets	289,383	178,988
Amortization of deferred capital contributions (note 13)	(63,807)	(27,550)
	(3,081,951)	(3,409,462)
Change in non-cash working capital:		
Accounts receivable	561,698	(573,989)
Mortgage receivable	2,676,516	3,851,549
Homes held for sale	1,562,718	1,783,044
Construction in progress	825,854	425,832
Land for future builds	93,000	180,400
Other current assets	106,736	(122,155)
Accounts payable and accrued liabilities	(10,679)	(198,015)
Tenant deposits and other property accruals	(187,373)	(108,064)
Deferred capital contributions (note 13)	175,000	253,187
Deferred revenue and contributions	170,344	(829,927)
	5,973,814	4,661,862
	2,891,863	1,252,400
Investments:		
Net sales (purchases) of investments	2,171,462	2,381,601
Purchase of capital assets	(865,108)	(423,663)
	1,306,354	1,957,938
Financing:		
Repayments on operating loan - net	(681,436)	(2,103,689)
Repayments of debt principal	(3,410,433)	(991,763)
	(4,091,869)	(3,095,452)
Increase in cash	106,348	114,886
Cash, beginning of year	145,917	31,031
Cash, end of year	\$ 252,265	\$ 145,917

See accompanying notes to the financial statements.

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements

Year ended December 31, 2025

1. Purpose of the Society:

Habitat for Humanity - Edmonton Society (the "Society") is an affordable housing charity operating in affiliation with Habitat for Humanity Canada and Habitat for Humanity International. The Society's vision is to build homes, community and hope.

The Society operates throughout northern Alberta, mobilizing volunteers and community partners to support and promote the homeownership program as a means of creating positive generational change. To support administrative and fundraising efforts, the Society operates six (2024 – four) retail chain called ReStores by selling donated goods and materials.

The Society is incorporated under the *Societies Act* in the Province of Alberta, is a registered charity with Canada Revenue Agency, and is not subject to income taxes.

To qualify under the Society's homeownership program, a homeowner must meet certain eligibility criteria. Once the criteria have been met, an applicant is accepted into the program and becomes a "Homeowner". Homeowners purchase a Society-owned home through an affordable mortgage that requires monthly payments of no more than 30% of their annual income at inception.

When a Homeowner leaves the program, the Society holds a right of first refusal to repurchase the home. At the time of exiting the home, Homeowners are entitled to their principal mortgage payments less amounts required to repair any home damage. Additionally, depending on their tenure in the program, the Homeowner may be entitled to a portion of market appreciation.

2. Significant accounting policies:

a) Basis of presentation:

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

b) Controlled entities:

Condominium corporations controlled by the Society are not consolidated in these statements.

c) Cash:

Cash consists of cash on hand and deposits with financial institutions.

d) Mortgages receivable:

The Society provides non-interest-bearing mortgages to its Homeowners. At inception, mortgages are recorded at fair value and the fair value discount is recorded in cost of sales. Subsequently, mortgages receivable are carried at amortized cost, with the fair value discount booked at inception, amortized to interest income over the term of the loan. If the Society repurchases a home from a Homeowner, the remaining discount at the time of sale is brought into income.

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Significant accounting policies:

d) Mortgages receivable (continued):

Historically, the Society offered forgivable second mortgages to certain Homeowners. Due to the uncertainty of collection, these forgivable second mortgages are recognized at a fair value of \$nil. If conditions arise that require forgivable portions to be repaid, or the right to forgiveness has been forfeited, the previously forgivable portion will be recognized as revenue.

e) Homes held for sale:

Homes held for sale are reported at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of operations, less costs to sell. Any excess costs over net realizable value is expensed in the year in which the impairment is identified.

f) Construction in progress:

Construction in progress comprises land, materials, labor, and other construction costs accumulated to date for homes not yet completed. Construction in progress is valued at the lower of cost or net realizable value and any excess costs over net realizable value is expensed in the year in which the impairment is identified. When construction is completed the asset is moved to homes held for sale.

g) Land for future builds:

Land for future builds includes fully serviced lots or raw land purchased for development. Land is valued at the lower of cost or net realizable value and includes lot costs, undeveloped land costs, underground servicing, and rezoning fees.

h) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized on a straight-line basis over the assets' estimated useful lives as follows:

Building, Habitat Centre	25 years
Leasehold improvements	lease term
Office equipment	5 years
Retail equipment	5 years

Land is not amortized.

The Society tests its long-lived assets including capital assets when a significant change in circumstances indicates the carrying amount of an asset may exceed its fair value. An impairment loss is measured as the amount by which the asset's carrying value exceeds its fair value. Impairment in the carrying value of long-lived assets is charged as an expense in the year the impairment is determined.

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Significant accounting policies (continued):

i) Leases:

The Society accounts for leases as either operating or capital. Assets acquired under capital lease are amortized over the lease term, or if the lease contains terms that allow ownership to pass to the Society for a bargain purchase option, assets are amortized over their estimated useful lives. Obligations under capital lease are measured at the lower of the present value of future minimum lease payments and fair value. Leases not meeting the capital lease criteria are treated as operating leases with lease payments recorded as an expense on a straight-line basis over the lease term.

j) Revenue recognition:

The Society follows the deferral method of accounting for contributions, which include donations and government grants. Restricted contributions are recognized as revenue during the year in which the related construction costs are incurred for projects under development. Unrestricted contributions and pledges are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted investment income is recognized when earned. Restricted investment income is recognized in revenue in the year in which the related expenses are incurred. The Society has no restricted investments as at December 31, 2025, or 2024.

Externally restricted capital contributions are deferred and amortized into revenue at the corresponding amortization rate of the related capital assets.

Home sales are recognized at the date the mortgage is entered into, at which time all the rights and responsibilities of ownership are transferred to Homeowners.

ReStore sales consist entirely of donated merchandise. Revenue is recognized when the merchandise is sold. ReStores issue gift cards for returned merchandise, which are recorded as deferred revenue at the time of issue.

k) Donated goods and services:

Goods donated to ReStore are not recorded as inventory in these financial statements because the fair value cannot be reasonably determined.

Other donated goods or services are recorded when the fair value can be reasonably estimated.

A substantial number of volunteers make significant contributions of their time to the Society, in all facets of the organization including the building of homes, the operation the ReStores, the Homeowner selection process and other ancillary tasks such as administration. The fair value of this contributed time is not quantifiable and thus is not reflected in these financial statements.

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Significant accounting policies (continued):

m) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment at the end of the fiscal year. Where an impairment is identified, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

n) Use of estimates:

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the year. Significant estimates made in the preparation of these financial statements include:

- allowances for doubtful accounts on mortgages receivable if the collateralized property is not estimated to exceed the value of the mortgage receivable;
- fair value of collateralized properties on mortgages receivable;
- useful life of capital assets and their corresponding amortization rates and methods;
- Society's arm's length lending rates to fair value mortgages receivable at inception;
- estimates determining net realizable value of homes held for sale, construction in progress and land for future builds; and
- fair value of in-kind donations.

Actual results could differ from these estimates.

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

3. Accounts receivable:

	2025	2024
Due from condominium corporations	\$ -	\$ 2,124
Trade	84,397	67,689
Other	115,157	160,282
Grants	-	531,157
	\$ 199,554	\$ 761,252

4. Mortgages receivable:

The Society's mortgages receivable include two main types of mortgages, both of which are non-interest bearing. These mortgages are initially recorded at fair value, which is estimated as the present value of all future cash receipts, discounted using the Society's prevailing market interest rate. These mortgages are subsequently recognized at amortized cost.

a) Legacy Mortgages:

A non-interest bearing first mortgage and, if applicable, related non-forgivable second mortgage, ("Legacy Mortgage"). First mortgage repayment terms are based on family income levels, which are reviewed annually. During the year, there were Nil (2024 - 2) Legacy Mortgages signed, bringing the total number of Legacy Mortgages first to 193 (2024 - 205) and Legacy Non-forgivable Second Mortgages to 1 (2024 - 1).

b) Open Market Mortgages:

A non-interest bearing second mortgage ("Open Market Mortgage") where a third-party financial institution holds an interest-bearing first mortgage offered at preferred interest rates, while the Society holds a non-interest bearing second mortgage that is fully payable after 20 years. The opening first mortgage is between 30% and 50% of the home sales value, with the initial mortgage proceeds being paid directly to the Society. These first mortgages are strictly between the Homeowner and the financial institution and thus are arms-length to the Society. During the year, there were 24 (2024 - 32) Open Market Mortgages signed, bringing the total number of Open Market Mortgages to 207 (2024 - 188).

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2024

4. Mortgages receivable (continued):

	2025	2024
Legacy Mortgages		
Gross receivable	\$ 30,694,259	\$ 34,350,821
Unamortized fair value adjustment	(4,958,036)	(5,842,186)
Amortized cost	25,736,223	28,508,635
Less: current portion	(1,822,904)	(1,653,418)
Long-term portion	\$ 23,913,319	\$ 26,855,217
Open Market Mortgages		
Gross receivable	\$ 28,544,112	\$ 25,141,008
Unamortized fair value adjustment	(13,162,011)	(11,631,665)
Amortized cost	15,382,101	13,509,343
Less: current portion	-	-
Long-term portion	\$ 15,382,101	\$ 13,509,343
Total Mortgages		
Total Mortgages receivable	\$ 41,118,324	\$ 42,017,978
Less: current portion	(1,822,904)	(1,653,418)
Long-term portion	\$ 39,295,420	\$ 40,364,560

During 2025, there were 13 (2024 - 21) homes repurchased from Homeowners with total accumulated equity of \$1,322,966 (2024 -\$1,837,532) paid to Homeowners. Additionally, the Society refunded tenancy deposits to Nil prospective Homeowners (2024 - 1), for a total of \$nil (2024 - \$2,500).

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2024

4. Mortgages receivable (continued):

c) Forgivable second mortgages:

Forgivable second mortgages, representing 20% of the appraised value of homes sold, relate to properties sold by the Society from 1998 to 2005. Repayments of second mortgages, based on the resale of the home, are governed by the following terms: within the first 12 years of issuance, full repayment is required; from 12 years to 25 years a predetermined discounted repayment is required; and after 25 years the mortgage is fully forgiven.

At December 31, 2025, 9 (2024 - 12) forgivable second mortgages remain, totaling \$263,510 (2024 - \$393,737). These balances are reflected at a fair value of \$nil. During 2025, there was 1 (2024 - 1) forgivable second mortgage repaid and 2 (2024- 2) forgiven second mortgages.

d) Right of first refusal:

Beginning in 2006, the Society included a clause in mortgage agreements which allows the Society the right of first refusal to repurchase homes should the Partner Family decide to sell their home. The required buyback payment is calculated as the difference between the original sale price of the home to the Partner Family less any outstanding balances on the related mortgage.

5. Other current assets:

	2025		2024	
Prepaid rent and insurance	\$	107,376	\$	116,948
Other deposits		97,045		194,209
	\$	204,421	\$	311,157

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

6. Investments:

The Society's investments in fixed income fund, Canadian equities and Global equity fund are carried at fair value. Cash and GIC's are recorded at their carrying value, which approximates fair value. The investments are internally restricted from use.

	2025		2024	
Guaranteed investment certificates (GIC's)	\$	1,021,805	\$	-
Cash in investment accounts				113,465
Fixed income fund		-		1,737,872
Canadian equities		-		559,843
Global equity fund		-		843,639
	\$	1,021,805	\$	3,254,819

Investment income is comprised of:

	2025		2024	
Interest	\$	-	\$	216,002
Interest on GIC's		21,805		108,755
Dividends		20,616		119,645
Realized gains (losses)		(61,552)		2,173
Unrealized gains		-		34,176
Other		-		6,468
	\$	(19,131)	\$	487,219

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

7. Capital assets:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Building, Habitat Centre	\$ 2,511,457	\$ 1,467,029	\$ 1,044,428	\$ 1,140,354
Land	235,000	-	235,000	235,000
Retail equipment	703,438	374,223	329,215	63,314
Automotive equipment	354,402	354,402	-	-
Office equipment	510,271	403,026	107,245	132,315
Construction equipment	130,493	130,493	-	-
Leasehold improvements	1,078,044	380,654	697,390	266,570
	\$ 5,523,105	\$ 3,109,827	\$ 2,413,278	\$ 1,837,553

The invested in capital assets balance of \$1,966,834 (2024 - \$1,502,302) consists of the net book value of capital assets \$2,413,278 (2024 - \$1,837,553) less deferred capital contributions of \$446,444 (2024 - \$335,251).

8. Operating and term loans:

	2025	2024
Revolving operating loan	\$ -	\$ 681,436
Fixed term loan (18), interest at prime plus 0.15%, matures March 30, 2026	3,962,461	4,263,408
Fixed term loan (15), interest at prime plus 0.15%, matures May 14, 2026	3,116,411	3,338,446
Fixed term loan (36), interest at 3.13% per annum, matures August 30, 2026	2,587,862	2,742,010
Fixed term loan (34), interest at prime plus 0.15%, matures November 30, 2026	768,388	819,000
Fixed term loan (28), interest at prime plus 0.15%, repaid during the year	-	2,681,791
Total debt	10,435,122	14,526,991
Less: current portion of term loans	10,435,122	11,939,140
Less: revolving operating loan	-	681,436
	\$ -	\$ 1,906,415

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

8. Operating and term loans (continued):

- a) Revolving operating loan, available by way of prime rate loans (prime plus 0.15%), letters of credit and stand-by letters of guarantee, authorized to \$6,500,000, due on demand and secured by assignment general mortgage and homes held for sale excluding properties located on Crown, Metis, or leased land in addition to a general security agreement covering all property.
- b) Committed revolving facility, available by way of fixed and floating rate term loans, authorized to \$13,500,000, (2024 - \$18,500,000) amortized to a maximum of 20 years, secured by demand promissory notes and assignment of general mortgage and homes held for sale excluding properties located on Crown, Metis, or leased land in addition to a general security agreement covering all property.

The funds available under the operating loans are reduced by any outstanding letters of credit issued pursuant to this facility agreement. At December 31, 2025, the Society had outstanding letters of credit, totaling \$7,000 (2024 - \$7,000).

The Society must maintain a Debt Service Coverage (DSC) ratio of not less than 100% at all times. The DSC is adjusted by certain non-recurring or unusual items that may occur during the period. At December 31, 2025, the Society was in compliance with the DSC ratio (2024- compliant).

The level of financing under the \$20,000,000 (2025 - \$25,000,000) committed revolving facility and operating loan will at all times be the lesser of:

- A. Authorized Credit Limits and
- B. The total of:
 - i) 60% of the principal balance of first position mortgages on eligible first position mortgages in good standing plus;
 - ii) 60% of the value of eligible properties held for resale.

Based on the margining as at December 31, 2025, the Society has the full \$6,500,000 available for use under its operating loan facility.

Interest of \$501,580 (2024 - \$691,608) for fixed term and \$45,781 (2024 - \$180,824) on the operating loan is included in the interest expense in the statement of operations.

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

9. Government remittances:

Included in accounts payable and accrued liabilities at year-end are government remittances payable of \$nil (2024 - \$ 26,037) and \$18,437 (2024 - \$nil) included in accounts receivable.

10. Tenant deposits and other property accruals:

	2025	2024
Security deposits	\$ 1,550	\$ 1,100
Amounts to be remitted for property tax and insurance	331,795	519,618
	\$ 333,345	\$ 520,718

11. Due to affiliates:

Government of Alberta - *Affordable Housing Program* funding is administered by the Society for all Habitat for Humanity affiliates in Alberta. Other than acting as administrator of these funds, there are no financial transactions between the Society and other Habitat for Humanity affiliates in Alberta. The assets, liabilities, net assets, and results of operations for affiliates are not included in these financial statements. There were no balances outstanding under the program as at December 31, 2025. (2024 - \$nil)

12. Deferred revenue and contributions:

Deferred contributions represent designated donations and grants that were unspent at year-end. Deferred revenue represents outstanding ReStore gift cards for returned merchandise.

Deferred contributions	2025	2024
Balance, beginning of year	\$ 271,250	\$ 1,101,177
Contributions received during the year	1,119,827	963,766
Recognized as revenue (government grants) (note 14)	(1,104,827)	(1,698,766)
Recognized as revenue (other donations and fundraising)	(31,250)	(94,927)
Balance, end of year	\$ 255,000	\$ 271,250

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

12. Deferred revenue and contributions (continued):

	2025		2024	
Deferred revenue (ReStore gift cards)				
Balance, beginning of year	\$	-	\$	-
ReStore gift cards issued during the year		186,594		-
Balance, end of year	\$	186,594	\$	-
Total deferred revenue and contributions	\$	441,594	\$	271,250

13. Deferred capital contributions:

Deferred capital contributions represent designated donations and grants for capital purchases that were unamortized at the year-end.

	2025		2024	
Balance, beginning of year	\$	335,251	\$	109,614
Contributions		175,000		253,187
Recognized as other revenue		(63,807)		(27,550)
Balance, end of year		446,444		335,251
Less: current portion		(63,806)		(47,444)
Long-term portion	\$	382,638	\$	287,807

14. Government grant program revenue:

	2025		2024	
Canada Mortgage and Housing Corporation	\$	825,242	\$	200,000
Government of Alberta grants		165,742		1,187,608
Municipal grants		113,843		311,158
	\$	1,104,827	\$	1,698,766

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

15. Sales and cost of sales:

	2025	2024
Legacy Mortgages		
Home sales	\$ -	\$ 572,500
Cost of home sales	-	(531,069)
Mortgage receivable fair value adjustment (note 4)	-	(146,020)
	-	(104,589)
Open Market Mortgages		
Home sales	8,455,000	9,732,465
Cost of home sales	(7,646,793)	(9,248,738)
Mortgage receivable fair value adjustment (note 4)	(2,423,058)	(3,188,546)
	(1,614,851)	(2,704,819)
Other income (expenses) related to home sales		
Amortization of mortgage receivable fair value adjustments (note 4)		
Legacy Mortgages	884,150	1,266,738
Open Market Mortgages	892,712	849,044
Impairments and other costs on repurchase of homes	(37,133)	(222,994)
Impairments and other costs on homes held for sale	(1,726,368)	(683,391)
	13,361	1,209,397
External sales of properties (outside of the program)		
Sales	540,000	1,251,900
Cost of sales	(543,461)	(1,455,015)
	(3,461)	(203,115)
	\$ (1,604,951)	\$ (1,803,126)

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

16. Mortgage and tenancy cash receipts:

Mortgage and other home receipts represents funds collected from Homeowners through mortgage payments. These funds are used as follows: 1) reinvesting in building or acquiring additional homes, 2) repaying debt, 3) funding buybacks, and 4) funding other program costs. The following amounts were paid into the Fund for Humanity during the year:

	2025	2024
Monthly mortgage payments	\$ 2,344,009	\$ 2,402,253
Open Market Mortgages - first mortgage proceeds	4,213,850	4,859,983
Rental payments recognized as income	210,421	200,689
Forgivable second mortgage payments	-	21,750
	\$ 6,768,280	\$ 7,484,675

17. Habitat for Humanity Canada fees:

The Society remits payments for national programs and initiatives based on the number of builds, ReStore sales and nationally administrated gifts in kind. Fees incurred during the year consist of the following:

	2025	2024
ReStore fees	\$ 230,944	\$ 207,576
Tithe fees	38,457	85,000
ReStore gift in kind fees	84,026	64,104
Annual fee	50,000	50,000
CMHC support fees	3,747	23,410
	\$ 407,174	\$ 430,090

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

18. Commitments:

Minimum annual base lease payments on five facilities are as follows:

2026	\$	1,312,856
2027		1,377,506
2028		1,396,911
2029		1,403,976
2030		1,417,857
Thereafter		2,030,398
	\$	8,939,504

As disclosed in note 8, the Society has outstanding letters of credit which may be called on.

As the Society has entered into operating leases with rent free periods or increasing lease payments as at December 31, 2025 the Society has recognized \$230,158 in future rent payable.

19. Contingencies:

In the normal course of operations, the Society is party to various claims and legal proceedings. When the resolution of the claims and legal proceedings cannot be determined with certainty, they are not recorded in the financial position or results of operations of the Society. The financial impact is recognized in the year in which the action is resolved or can be reasonably determined. Provisions for possible losses have been made in these financial statements as determined by management. The ultimate resolution of these matters may differ materially.

20. Financial risk:

The Society is exposed to various risks due to its holding of certain financial instruments. Unless otherwise stated below, the risks remains consistent with the previous year.

a) Credit risk:

The Society is exposed to credit risk in the event of non-payment of mortgages by Homeowners or from non-collection of accounts receivable. Management believes that the credit risk from non-collection of mortgages is mitigated as the carrying value of the mortgages is secured by the value of the underlying homes. Further, the credit risk arising from non-payment of accounts receivable balances is not significant to the Society.

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

20. Financial risk (continued):

b) Liquidity risk:

Liquidity risk is the risk of loss from not having access to sufficient funds to meet both expected and unexpected cash demands. The Society manages its liquidity risk by monitoring forecasted and actual cash flows. Additionally, the Society maintains an investment portfolio, that can be readily converted to cash, to cover any operating shortfalls.

The Society's financial liabilities, which expose it to liquidity risk are the operating loan, accounts payable and accrued liabilities, amounts due to Homeowners and term debt. The most significant risk facing the Society is the operating loan and many of the term loans (note 8) are due on demand. The Society manages liquidity risk related to its debt by complying with its debt terms, including complying with financial covenants.

c) Market risk:

Market risk is comprised of interest rate risk, price risk and foreign currency risk.

Interest rate risk

Interest rate risk is the value of a financial instrument or future cash flows can change depending on changes in market interest rates. The fixed income investments (note 6) do not expose the Society to interest rate risk as they are issued at fixed interest rates. The operating and term loans (note 8) exposes the Society to interest rate risk as they bear interest at floating rates of interest indexed to the prime lending rate. The interest free mortgages receivable are subject to interest rate risk at the time of a home sale, as the discount brought into income is calculated with reference to the Society's lending rates at the time of sale.

Price risk

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. During the year, the Society disposed of its investments in fixed income fund, Canadian equities and Global equities fund (note 6) and are therefore no longer exposed to price risk.

Foreign currency risk

Foreign currency risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. With the sale of its investments in non-Canadian equities during the year, the Society is no longer exposed to material foreign currency risk.

21. Comparative Information

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

HABITAT FOR HUMANITY - EDMONTON SOCIETY

Schedule 1 - Homes Asset Inventory

Year ended December 31, 2025

	Number of Homes		2025
Homes held for sale:			
Edmonton	2	\$	524,338
Stony Plain	12		375,000
Cold Lake	1		263,344
Edson	1		200,000
	16	\$	1,362,682
	2025		2024
Homes held for sale	16 homes		23 homes
Construction in progress	-		7 homes
Land for future builds	1 lot		2 lots

HABITAT FOR HUMANITY – EDMONTON SOCIETY

Schedule 2 - Program Expenses

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Homeowner and community support		
Salaries and benefits	\$ 437,221	\$ 399,261
Homeowner expenses	241,575	313,928
Contracted services	101,173	140,166
Habitat for Humanity Canada tithe	38,457	85,000
Other	38,689	25,606
Travel	2,549	3,102
	<u>859,664</u>	<u>967,063</u>
Interest on bank overdraft and debt (note 8)		
Interest on debt	501,580	691,608
Interest on bank overdraft	45,781	180,824
	<u>547,361</u>	<u>872,432</u>
Volunteer support		
Salaries and benefits	88,765	69,088
Volunteer meals and other expenses	13,971	7,056
	<u>102,736</u>	<u>76,144</u>
Capacity building		
Facilities	-	220,030
Allocations to builds	-	-
	<u>-</u>	<u>220,030</u>
	<u>\$ 1,509,761</u>	<u>\$ 2,135,669</u>

HABITAT FOR HUMANITY – EDMONTON SOCIETY

Schedule 3 - ReStore

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Number of ReStores	6	4
Revenue		
Sales	\$ 6,089,315	\$ 5,189,394
Donations	228,278	150,000
Sales returns / issuance of gift cards	(186,594)	-
Other income	45,661	96,031
	<u>6,176,660</u>	<u>5,435,425</u>
Expenses		
Salaries and benefits	3,123,288	2,497,511
Facilities	1,541,165	1,384,249
Fees and dues	258,029	215,090
Amortization of deferred rent	230,158	-
Product costs	223,695	135,973
Amortization	152,646	45,908
Other	124,739	65,299
Travel	87,821	81,912
Advertising and promotion	81,873	50,878
Bank charges	65,466	49,767
	<u>5,888,880</u>	<u>4,526,587</u>
ReStore revenues over expenses	<u>\$ 287,780</u>	<u>\$ 908,838</u>

HABITAT FOR HUMANITY – EDMONTON SOCIETY

Schedule 4 - General and Administrative Expenses

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Salaries and benefits	\$ 1,928,815	\$ 1,990,076
Contracted services	292,911	121,552
Advertising and promotion	223,815	139,437
Amortization	136,737	132,727
Professional fees	108,231	90,126
Office	107,164	72,159
Facilities	72,215	73,110
Insurance	68,836	57,630
Habitat for Humanity Canada fees	54,997	73,410
Travel	32,324	19,143
Bank charges	25,608	32,936
	\$ 3,051,653	\$ 2,802,306

Total costs of fundraising of \$563,718 (2024 - \$413,686) are included in General and Administrative Expenses. Total fundraising costs includes salaries and benefits of \$318,520 (2024 - \$247,159) and gifts in-kind of \$nil (2024 - \$nil). During the year, \$13,745 (2024 - 10,000) was paid as remuneration to a fund-raising business, including any expenses or fees paid by the Society on behalf of the fund-raising business.