

Habitat for Humanity of Bermuda

Financial Statements and
Independent Auditors' Report

For the period ended
March 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Habitat for Humanity of Bermuda

Qualified Opinion

We have audited the financial statements of Habitat for Humanity of Bermuda. (the "Charity"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations and changes in net assets and cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Charity as at March 31, 2023, and the results of its operations and its cash flows for the period then ended in accordance with accounting standards for not-for-profit organizations in Bermuda and Canada.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Charity derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Charity and we were not able to determine whether any adjustments might be necessary to recorded donations, the excess of revenues over expenses, and cash flows from operations for the period ended March 31, 2023 and year ended December 31, 2021, current assets as at March 31, 2023 and December 31, 2021, and net assets as at January 1 and March 31, 2023 and December 31, 2021.

We conducted our audit in accordance with generally accepted auditing standards in Bermuda and Canada. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bermuda, 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 qualified audit opinion.

Responsibilities of Management and The Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting standards for not-for-profit organizations in Bermuda and Canada, 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 Charity'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 Charity or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT (cont'd)

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 generally accepted auditing standards in Bermuda and Canada 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 generally accepted auditing standards in Bermuda and Canada, 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 Charity'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 Charity'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 Charity 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.

Deloitte Ltd.

September 27, 2023

HABITAT FOR HUMANITY OF BERMUDA
STATEMENT OF FINANCIAL POSITION
as at March 31, 2023
(expressed in Bermuda dollars)

	2023	2021
ASSETS		
Cash	\$ 396,867	\$ 45,575
	<u>\$ 396,867</u>	<u>\$ 45,575</u>
LIABILITIES		
Accounts payable	\$ 5,000	\$ 5,000
NET ASSETS		
Accumulated surplus	391,867	40,575
	<u>\$ 396,867</u>	<u>\$ 45,575</u>

See accompanying notes to the financial statements

APPROVED BY THE DIRECTORS:

.....Director

.....Director

HABITAT FOR HUMANITY OF BERMUDA
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
for the period ended March 31, 2023
(expressed in Bermuda dollars)

	2023	2021
REVENUES		
Individual donations (Note #3)	\$ 10,999	\$ 48,050
Corporate donations (Note #3)	504,809	430,486
Donated Materials (Note #4)	-	33,205
Donated Services (Note #5)	20,000	32,990
Other (Note #6)	10,352	13,568
	546,160	558,299
EXPENDITURES		
Occupancy costs	-	6,000
General and administrative	15,967	13,278
Professional services	32,750	58,400
Program specific expenses	141,472	658,613
Other expenses	4,679	-
	194,868	736,291
(DEFICIENCY) / EXCESS OF REVENUES OVER EXPENDITURES	351,292	(177,992)
Accumulated surplus – Beginning of the period	40,575	218,567
Accumulated surplus – End of the period	\$ 391,867	\$ 40,575

See accompanying notes to the financial statements

HABITAT FOR HUMANITY OF BERMUDA
STATEMENTS OF CASH FLOWS
for the period ended March 31, 2023
(expressed in Bermuda dollars)

	2023	2021
CASH FLOWS FROM OPERATING ACTIVITIES (Deficiency) / excess of revenues over expenditures	\$ 351,292	\$ (177,992)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Accounts payable	-	5,000
Net cash used in operating and investing activities, being NET (DECREASE)/INCREASE IN CASH	351,292	(172,992)
CASH, BEGINNING OF PERIOD	45,575	218,567
CASH, END OF PERIOD	\$ 396,867	\$ 45,575

See accompanying notes to the financial statements

HABITAT FOR HUMANITY OF BERMUDA
NOTES TO THE FINANCIAL STATEMENTS
for the period ended March 31, 2023
(expressed in Bermuda dollars)

1. ORGANIZATION

Habitat for Humanity of Bermuda (the “Charity”) is a charitable organization created on October 9, 2001 and is registered in Bermuda as a charity under Registration No. 557.

The Charity's purpose is to assist those living in derelict conditions to make home improvements that will ensure that every Bermudian may live in a safe, secure, and healthy home.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in conformity with accounting standards for not-for-profit organizations generally accepted in Bermuda and Canada. The preparation of financial statements in conformity with generally accepted accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition

Habitat for Humanity Bermuda follows the deferral method of accounting for contributions. Externally restricted contributions are recorded as deferred revenue until the related expenses are incurred. 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.

Pledges are receivable amounts that have been promised to the Charity but have not yet been received. Contributions are amounts that have been received as cash. Pledges are recognized as receivable when the amounts to be received can be reasonably estimated and ultimate collection is reasonably assured. Amounts relating to expected receipts in future years are recorded as pledges receivable on the statement of financial position.

Donated materials and services

The Charity records the value of donated services at fair value when the fair value can be reasonably estimated, and the value at which services are normally purchased and would be paid for if not donated.

Financial instruments

The Charity initially measures its financial assets and liabilities at fair value. The Charity subsequently measures cash and investments at fair value at the balance sheet date with the changes in fair value included in the statement of operations. Purchases and sales of marketable securities are accounted for at the transaction date. Interest income earned is recorded on an accrual basis in the statement of operations.

HABITAT FOR HUMANITY OF BERMUDA
NOTES TO THE FINANCIAL STATEMENTS
for the period ended March 31, 2023
(expressed in Bermuda dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Change of accounting period

For the 2022 fiscal year-end, Habitat for Humanity has changed the fiscal year-end from December 31 to March 31. Therefore, for all income statement comparisons, the fiscal year 2022 income statement is for the 15-months ended March 31, 2023.

3. CASH DONATIONS

Cash donations are received by both individual and corporate donors. Cash donations are recorded at the time of receipt. Habitat for Humanity Bermuda has no restricted donations. The following breakdown of individual/corporate donations as of March 31, 2023:

Type	Amount
Individual	\$ 10,999
Corporate	504,809
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Total cash donations	\$ 515,808
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For the comparative period ending December 31, 2021:

Type	Amount
Individual	\$ 48,050
Corporate	430,486
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Total cash donations	\$ 478,536
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4. DONATED MATERIALS

Donated materials are recorded at their fair value of \$Nil (2021: \$33,205). These materials are donated by local businesses and community members to be used in Habitat for Humanity Bermuda projects during the period. Habitat did not have any major projects in the period ending March 31, 2023, that required donated materials.

5. DONATED SERVICES

Total donated services for the period ended March 31, 2023, have a fair value of \$20,000 (2021: \$32,990). All donated services for fiscal period 2022 relate to audit fees. Audit fees are recorded at their fair value of \$20,000 (2021: \$20,000). Of the total audit fees, \$15,000 (2021: \$15,000) is donated and recorded as donations in revenue.

HABITAT FOR HUMANITY OF BERMUDA
NOTES TO THE FINANCIAL STATEMENTS
for the period ended March 31, 2023
(expressed in Bermuda dollars)

6. OTHER REVENUE

Other revenue of \$10,352 as of March 31, 2023, (2021: \$13,568) is comprised of income earned from unexpected sources, including refunds on materials, insurance policies, and other miscellaneous income.

7. RELATED PARTY TRANSACTIONS

Habitat for Humanity Bermuda has a related party through the Habitat 'ReStore'. ReStore is a trademarked name by Habitat International. Habitat collects donations of household goods, hardware and building materials and re-sells them at a very reduced price. The items are gently used or in many cases can be brand new donated from overstocked stores or businesses closing their doors. The ReStore is a separate entity from Habitat for Humanity Bermuda, however, Habitat for Humanity Bermuda leverages the ReStore as donated office space. The ReStore makes donations to Habitat for Humanity when required to fund projects.

Two board members of Habitat for Humanity are also related parted parties to the Charity. Two Non-voting board members are contractors of Habitat and are compensated for their services, which include bookkeeping and other core construction projects.

A breakdown of total related party transactions for the period -ended March 31, 2023 is as follows:

Related Party	Amount
Director - 2023 salary	\$ 39,400
Director - 2023 construction services	\$ 195,510

8. FINANCIAL RISK MANAGEMENT

The Charity, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at March 31, 2023.

Market risk

Market risk represents the potential loss that can be caused by a change in the market value of the financial instrument. The Charity's exposure to market risk is determined by a number of factors, including interest rates and market volatility.

Liquidity Risk

Liquidity risk is the risk that the Charity will encounter difficulty in meeting financial obligations as they come due. The Charity maintains active cash management policies to ensure it has sufficient available funds to meet current and foreseeable financial requirements at a reasonable cost.

HABITAT FOR HUMANITY OF BERMUDA
NOTES TO THE FINANCIAL STATEMENTS
for the period ended March 31, 2023
(expressed in Bermuda dollars)

8. FINANCIAL RISK MANAGEMENT (cont'd)

Credit Risk

Credit risk arises from the failure of the counterparty to perform according to the terms of the contract. The Charity's financial assets that are exposed to credit risk consist primarily of cash, and investments. The Charity's cash and investments are held at a major bank and a reputable investment company in Bermuda.

9. SUBSEQUENT EVENTS

The Charity has evaluated subsequent events occurring through September 27, 2023, the date that these financial statements were available to be issued, for disclosure and recognition and it was determined that there were no material events that would require recognition or disclosure in the Charity's financial statements through that date.