

HABITAT FOR HUMANITY GREY BRUCE
FINANCIAL STATEMENTS
DECEMBER 31, 2024

HABITAT FOR HUMANITY GREY BRUCE
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of **Habitat for Humanity Grey Bruce**:

Qualified Opinion

We have audited the financial statements of **Habitat for Humanity Grey Bruce** (the Organization), which comprise the statement of financial position as at December 31, 2024 and the statements of operations, changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 Organization as at December 31, 2024, and results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

Habitat for Humanity Grey Bruce derives revenue from charitable donations and fundraising activities, 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 Organization. Consequently, we were unable to determine whether any adjustments were necessary to revenues, excess of revenues over expenditures, and cash flows for the years ended December 31, 2024 and December 31, 2023 and assets and net assets as at December 31, 2024 and December 31, 2023. Our audit opinion for both years was modified accordingly because of the possible effect of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements Continued

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Licensed Public Accountants
Chartered Public Accountants
Owen Sound, Ontario
April 8, 2025

HABITAT FOR HUMANITY GREY BRUCE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31

	2024 \$	2023 \$
Assets		
Current		
Cash	293,117	753,862
Short term investments (Note 3)	868,319	770,199
Accounts receivable	620,607	447,649
HST receivable	175,828	225,509
Due from Habitat for Humanity Canada (Note 6)	-	961
Projects under development	922,815	1,113,043
Prepaid expenses	54,773	15,997
Current portion of first mortgages receivable (Note 5)	206,685	248,611
	<u>3,142,144</u>	<u>3,575,831</u>
First mortgages receivable (Note 5)	2,889,936	2,470,857
Property and equipment (Note 2)	1,789,699	1,915,461
	<u>7,821,779</u>	<u>7,962,149</u>
Liabilities		
Current		
Bank loan - CEBA (Note)	-	40,000
Accounts payable and accrued liabilities	217,159	207,258
Government remittances payable	43,379	22,373
Deferred revenue (Note 9)	174,006	330,267
Current portion of long-term debt (Note 10)	509,832	568,811
	<u>944,376</u>	<u>1,168,709</u>
Deferred contributions and grants (Note 8)	50,902	57,927
	<u>995,278</u>	<u>1,226,636</u>
Net Assets		
Unrestricted	1,187,107	1,348,142
Internally restricted	565,000	565,000
Investment in housing	3,845,430	3,533,650
Investment in capital assets	1,228,964	1,288,721
	<u>6,826,501</u>	<u>6,735,513</u>
	<u>7,821,779</u>	<u>7,962,149</u>

Approved on behalf of the board

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See accompanying notes to the financial statements

HABITAT FOR HUMANITY GREY BRUCE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31

	Unrestricted \$	Internally Restricted \$	Investment in Housing \$	Investment in Capital Assets \$	2024 \$	2023 \$
Fund balance at beginning of year	1,348,142	565,000	3,533,650	1,288,720	6,735,512	5,572,626
Excess of revenue over expenses	179,398	-	50,850	(139,259)	90,989	1,162,886
Interfund transfers (Note 4)	(340,433)	-	260,930	79,503	-	-
Fund balance at end of year	1,187,107	565,000	3,845,430	1,228,964	6,826,501	6,735,512

See accompanying notes to the financial statements

HABITAT FOR HUMANITY GREY BRUCE
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31

	2024 \$	2023 \$
Revenue		
Sales	1,202,043	1,377,309
Construction contract revenue	875,643	1,295,527
Critical repair revenue	881,101	271,517
Donations (Note 6)	272,936	619,974
Delivery fees	7,790	8,660
Gift-in-kind donations (Note 6)	30,210	93,329
Fundraising	51,794	57,850
Grants and subsidies	331,147	305,651
Recycled materials	31,426	36,144
Miscellaneous revenue	-	1,213
	3,684,090	4,067,174
Expenses		
Advertising, promotion and donations	35,887	28,861
Bank interest and charges	31,284	29,626
Construction costs	1,186,102	1,287,432
Conference, professional development and travel	6,439	7,906
Fundraising	16,686	15,000
Global Neighbours Alliance contribution (Note 6)	30,000	10,000
Habitat for Humanity Canada fees (Note 6)	93,572	96,923
Health and safety	14,077	25,879
Insurance	34,745	38,671
Occupancy costs	115,567	134,616
Office and telephone	61,213	48,464
Professional services	25,591	36,164
Vehicle	165,774	158,120
Volunteer	78,604	26,400
Wages and employee benefits	1,694,919	1,572,182
	3,590,460	3,516,244
Excess of revenue over expenses before other income	93,630	550,930
Other income (expense)		
Loss on disposal of property and equipment	(410)	(4,755)
Gain on disposal of properties held for resale	201,013	-
Investment income (Note 3)	53,438	45,384
Amortization of deferred capital contributions	20,785	10,888
Amortization of property and equipment	(127,305)	(120,145)
Mortgage discount	(150,162)	680,584
	(2,641)	611,956
Excess of revenue over expenses for the year	90,989	1,162,886

See accompanying notes to the financial statements

HABITAT FOR HUMANITY GREY BRUCE
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31

	2024 \$	2023 \$
Cash provided by (used for)		
Operating activities		
Excess of revenue over expenses	90,989	1,162,886
Items not involving cash		
Amortization	127,305	120,145
Amortization of deferred capital contributions	(7,026)	46,846
Gift-in-kind donations received	(30,210)	(93,329)
Mortgage discount	150,162	(680,584)
Loss on disposal of property and equipment	410	4,755
Gain on disposal of property held for resale	(201,013)	-
	130,617	560,719
Change in		
Accounts receivable	(172,958)	409,864
HST receivable	49,681	(41,497)
Prepaid expenses	(38,776)	33,417
Due to Habitat for Humanity Canada	961	36,679
Deferred revenue	(156,261)	267,538
Accounts payable and accrued liabilities	9,904	31,867
Government remittances payable	21,005	(6,718)
	(155,827)	1,291,869
Financing activities		
Repayment of CEBA loan	(40,000)	-
Repayment of long-term debt	(58,979)	(207,150)
	(98,979)	(207,150)
Investing activities		
Acquisition of property and equipment	(6,954)	(179,661)
Proceeds of property and equipment	5,000	1,500
Acquisition of short term investments	(98,120)	(312,701)
First mortgage receivable	(527,316)	241,059
Projects under development	391,241	(473,237)
Gift-in-kind donations invested in housing	30,210	93,329
	(205,939)	(629,711)
Change in cash during year	(460,745)	455,008
Cash at beginning of year	753,862	298,854
Cash at end of year	293,117	753,862

See accompanying notes to the financial statements

HABITAT FOR HUMANITY GREY BRUCE

NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

Purpose and status

Habitat for Humanity Grey Bruce (HFHGB) is an affiliate member of Habitat for Humanity Canada (HFHC) whose purpose is to create opportunity for people to thrive through innovative housing solutions.

The Organization was incorporated in 1990 without share capital by letters patent issued under the Corporations Act of Ontario. The Organization has received tax-exempt status as a registered charitable organization under the Canadian Income Tax Act.

1. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies applied in accordance with these standards are as follows:

(a) Cash and cash equivalents

The Organization's policy is to include bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

(b) Inventory

In line with the accounting policy of Habitat for Humanity Canada, ReStore inventory is not valued since all items are donated and would not otherwise have been purchased. There was a significant value of new and used items on hand at year end.

(c) Property and equipment and amortization

Property and equipment are stated at cost if individually valued over \$2,500. Items with values under this threshold are expensed. Provision is made for amortization under the diminishing balance method using the following annual rates:

Buildings	4%
Signage	30%
Vehicles	30%
Furniture and equipment	20%
Construction equipment	20%

(d) Projects under development

Projects under development, which include land, building, building materials and purchased third party services, are recorded at the lower of cost and net realizable value for items purchased and estimated fair market value for items donated. If the combined values of items purchased and donated exceeds the anticipated selling price of a home, the value in inventory is adjusted to the anticipated selling price.

(e) Mortgages receivable

Mortgages receivable are reported at fair market value at inception. Subsequent measurement at each year end is at fair value using a net present value method. This method discounts the expected mortgage payments by the rate of inflation in order to provide an estimate of the present value of the non-interest bearing mortgages receivable. The change between estimated present values at year end is reported as a mortgage discount on the statement of revenue and expenses.

Each mortgage is assessed for impairment at year end. If there are events or circumstances that indicate that a mortgage receivable may be impaired, its value is decreased to reflect this impairment. If the value increases in a future period, the mortgage may subsequently be written up past the original carrying amount based on the net present value calculation.

HABITAT FOR HUMANITY GREY BRUCE
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024

1. Significant accounting policies (continued)

(f) Revenue recognition

Habitat for Humanity Grey Bruce follows the deferral method of accounting for contributions.

Restricted contributions are 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. Accordingly, donations and pledges to donate funds to the organization are not recorded until the funds are received. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the same basis and at rates corresponding to those of the related capital assets.

Restore sales are recorded at point of sale. E-waste revenue is recorded in the month e-waste recycling is picked up by the e-waste processor. Critical repair revenue is recognized when service is completed.

The sale of homes is recorded when the homes are sold and title is transferred to homeowners.

Revenue earned under contracts to provide construction services on land not owned by the Organization are recorded using the completed contract method.

Government subsidies and grants are recognized when there is reasonable assurance that the amounts will be received and all attached conditions will be complied with. The Organization recognizes the subsidy and grant as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Fundraising revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(g) Donated property, goods and services

Donated materials and services are recorded when a fair value can be reasonably estimated and they would otherwise be purchased if not donated. Gifts-in-kind of \$30,210 (2023 - \$93,329) have been included in donation revenue, capital assets and properties under development.

In addition to the recorded gift-in-kind donations, HFHGB received donation of goods that have not been recognized in the financial statements. All items sold in the ReStore are of this nature.

(h) Contributed services

A substantial number of volunteers have made significant contributions of their time to the Organization's program and supporting services. Because of the difficulty of determining the fair value, contributed time has not been reflected in these financial statements.

(i) Financial instruments

The Organization, with the exception of mortgages receivable, initially measures its financial assets and liabilities at fair value and subsequently measures its financial assets and financial liabilities at amortized cost. Mortgage receivables are measured at fair value.

Financial assets measured at amortized cost include cash, accounts receivable and due from HFHC. Financial liabilities measured at amortized cost include bank overdraft, bank loan - CEBA, accounts payable, and long term debt.

Investments in guaranteed investment certificates are measured at amortized cost, which equals fair market value.

HABITAT FOR HUMANITY GREY BRUCE
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024

1. Significant accounting policies (continued)

(j) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used when accounting for items and matters such as fair value of mortgage receivables, the value of donated goods, amortization, and recoverability of mortgages. Actual results may differ from best estimates as additional information becomes available in the future and adjustments, if any, are recorded as that information becomes known.

(k) Fund accounting

The Unrestricted fund represents the revenues and expenses of HFHGB operations, administration and fundraising activities.

The Internally restricted fund represents surplus funds to be used for future projects.

The Investment in Housing fund represents the mortgage discount of HFHGB mortgages receivable and the projects under development.

The Investment in Capital Assets fund represents the net investment in capital assets.

2. Property and equipment

	2024 \$	2023 \$
Cost		
Land	371,770	371,770
Buildings	1,886,354	1,886,354
Signage	5,956	5,956
Vehicles	263,298	286,230
Furniture and equipment	52,788	45,835
Construction equipment	97,104	97,104
	<u>2,677,270</u>	<u>2,693,249</u>
Accumulated amortization		
Buildings	641,801	576,298
Signage	5,813	5,752
Vehicles	140,667	108,229
Furniture and equipment	32,483	28,276
Construction equipment	66,807	59,233
	<u>887,571</u>	<u>777,788</u>
	<u>1,789,699</u>	<u>1,915,461</u>

3. Short-term investments

Short term investments consist of guaranteed investment certificates held at Meridian credit union bearing interest between 3.65% - 4.90% with maturity dates between March 28, 2025 and November 4, 2025.

4. Interfund transfers

During the year, \$79,503 was transferred to the Investment in Capital Asset fund to fund building and equipment additions. To fund the housing activity, \$260,930 was transferred to Investment in housing. These amounts were transferred from the Unrestricted fund.

HABITAT FOR HUMANITY GREY BRUCE
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024

5. Mortgages receivable

First mortgages receivable are as follows:

	2024 \$	2023 \$
Face value of first mortgages	4,078,105	3,550,790
Less: present value adjustment on first mortgages	981,484	831,322
Present value of first mortgages	3,096,621	2,719,468
Less: current portion	206,685	248,611
	2,889,936	2,470,857

Principal due within each of the next five years is as follows:

2025	\$ 266,942
2026	263,710
2027	260,710
2028	250,467
2029	250,467
Thereafter	2,785,809

First mortgages receivable are repayable monthly over a period of up to 30 years. The first mortgages are interest-free and secured by a charge on the specific property. Monthly repayments are reviewed annually and adjusted accordingly based on a means test.

The inflation rate used to discount the first mortgages is the core consumer price index which was 2.1% as at December 31, 2024 (2.6% as at December 31, 2023).

Second mortgages receivable are as follows:

	2024 \$	2023 \$
Second mortgages receivable at face value	308,462	308,462
Less: present value of adjustments on second mortgages	308,462	308,462
Present value of second mortgage receivable	-	-

Prior to 2009, at the time a house was sold, the homeowner provided a first mortgage which was determined based on a formula using the cost of construction of the home. The home was then appraised and the difference between the appraised value and the first mortgage was the amount assigned to the second mortgage given by the homeowner.

Given that the overall intent was to forgive the second mortgages, these balances have not been reflected in these financial statements. However, repayment is contingent upon the occurrence of certain events and any amount subsequently realized is recognized as income in the period received.

HABITAT FOR HUMANITY GREY BRUCE
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024

6. Related party balances

Habitat for Humanity Grey Bruce (HFHGB) is a related party of Habitat for Humanity Canada (HFHC) by being a duly authorized affiliate of HFHC. There is a covenant agreement between HFHC and HFHGB which sets the general operating principles for the affiliate. HFHC provides the affiliate with administrative and marketing support, training opportunities and gift-in-kind coordination. A system of fees is paid by the affiliate, and in turn, HFHC provides support and assistance with best practices for the affiliate and helps to coordinate corporate donations for the ReStores. HFHC also reviews the local affiliate on a regular basis to ensure its operations meet the criteria to maintain its affiliate status.

The amount due from HFHC is due on demand and non-interest bearing. Gifts in kind for builds are valued at contractors' pricing. Fees are per agreement of the related parties and measured at exchange amount. Amounts for the donations are at the amounts received from the arm's length parties involved.

During the year HFHGB received \$529,467 (2023 - \$446,226) from HFHC which included \$16,250 (2023 - \$90,260) related to gifts-in-kind. At December 31, 2024 \$13,416 (2023 - \$39,206) of these receipts have been included in deferred revenue.

During the year, HFHGB paid \$123,538 (2023 - \$106,923) to HFHC for services rendered under the covenant agreement. Which included their fees, Global Neighbours Alliance contribution, and other costs.

7. Security on loans and authorized credit limits

A general security agreement over all personal property of HFHGB a collateral mortgage of \$850,000 on the property located in Owen Sound, a collateral mortgage of \$569,900 on the property located in Hanover, the assignment of fire insurance policies on said properties and the assignment of certain mortgage receivable balances are security for the bank operating line of credit and demand loans. At December 31, 2024 \$Nil (2023 - \$Nil) of an authorized operating line of credit of \$250,000 was in use. HFHGB has an additional construction line of credit of \$250,000 which as at December 31, 2024 is \$Nil (2023 - \$Nil).

8. Deferred capital contributions

Deferred Contributions related to property and equipment includes the unamortized portions of restricted contributions with which the property and equipment were originally purchased.

	2024 \$	2023 \$
Balance beginning of the year	57,927	11,081
Additions in the year	13,760	57,735
Amounts amortized to revenue	(20,785)	(10,889)
	<u>50,902</u>	<u>57,927</u>

HABITAT FOR HUMANITY GREY BRUCE
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024

9. Deferred revenue

Deferred revenue represents donations and grants restricted by the contributor for a specific purpose that were not spent at year end.

Continuity schedule as follows:

	2024 \$	2023 \$
Deferred revenue at beginning of year	330,267	62,730
Restricted program revenue received during year	174,006	321,860
Restricted program revenue recognized during year	(330,267)	(54,323)
Deferred revenue at end of year	<u>174,006</u>	<u>330,267</u>

Deferred revenue is comprised of the following:

	2024 \$	2023 \$
Tiny Homes Project	-	31,406
Chippewas of Nawash Unceded First Nation Build in Progress	174,006	298,861
	<u>174,006</u>	<u>330,267</u>

10. Long-term debt

	2024 \$	2023 \$
(a) Demand loan payable, Meridian Credit Union, repayable in monthly blended payments of \$4,204 bearing interest at 6.05%	279,049	311,400
(b) Demand loan payable, Meridian Credit Union, repayable in monthly payments of \$3,405 bearing interest at 6.03%	230,783	257,411
	<u>509,832</u>	<u>568,811</u>
Less: current portion	509,832	568,811
	<u>-</u>	<u>-</u>

Management does not expect the demand feature to be exercised. Scheduled principal payments expected within each of the next five years is as follows:

2025	\$ 62,178
2026	66,037
2027	70,137
2028	74,463
2029	79,095
Thereafter	157,922

HABITAT FOR HUMANITY GREY BRUCE
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024

11. Commitments

HFHGB will complete the building of one 4 bedroom detached home on behalf of the Chippewas of Nawash Unceded First Nation in 2025. Activity related to this build in 2024 are revenue received of \$160,590, included in deferred revenue and the expenses of \$140,401, included in projects under development.

12. Financial instruments

(a) Credit risk

Credit Risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from the first mortgages receivable. HFHGB very purpose exposes it to credit risk since the people it serves would not otherwise be able to afford their own home. HFHGB manages its credit risk by securing the mortgages receivable against the property that the mortgage is issued for.

HFHGB is also exposed to credit risk in connection with the collection of its accounts receivable. HFHGB mitigates this risk by maintaining credit approval and payment policies and by billing projects on an ongoing basis as work is completed. HFHGB does not anticipate a significant loss for non-collection of accounts receivable. There has been little change to HFHGB credit risk exposure from the prior year. The current allowance for accounts receivable is \$Nil (2023 - \$Nil).

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on loans payable as they become due and are renewed. This exposes the Organization to a cash flow risk should rates increase.

(c) Liquidity risk

Liquidity risk is the risk that HFHGB encounters difficulty meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that HFHGB will not have sufficient funds to settle a transaction on the due date, will be forced to sell financial assets at a value which is less than what they are worth, or will be unable to settle or recover a financial asset. Liquidity risk arises from HFHGB current and long-term liabilities and is dependent on the collection of receivables and the raising of funds to meet commitments and sustain operations. HFHGB controls liquidity risk by the management of working capital and the availability of borrowing facilities.

(d) Other price risk

Other Price Risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than that arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer.

Other price risk arises from the interest free mortgage receivables. The expected future payments are discounted by the core consumer price index at each year end in order to determine their fair value. Each year family financial circumstances are reviewed and mortgage payments change accordingly. The exposure to other price risk changes with changes in the cost of living as determined by the components that make up the core consumer price index and as family financial situations change. Additionally, the value of the security of the mortgage receivables can fluctuate due to changes in the housing market.