Consolidated financial statements of
Indwell Community Homes

August 31, 2022

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To the To the Board of Indwell Community Homes:

Opinion

We have audited the consolidated financial statements of Indwell Community Homes and its subsidiary (the "Organization"), which comprise the consolidated balance sheet as at August 31, 2022, and the consolidated statements of revenue and expenses and changes in fund balances and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as at August 31, 2022, and the results of its consolidated operations and its consolidated 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 Consolidated 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 consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Organization to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

MNP LLP

Burlington, Ontario — Chartered Professional Accountants

January 18, 2023 — Licensed Public Accountants

Indwell Community Homes
Consolidated statement of revenue and expenses
Year ended August 31, 2022

	Operating fund $	**Capital fund $**	**Reserve fund $**	**2022 Total $**	Operating fund $	Capital fund $	Reserve fund $	2021 Total $
Revenue								
Donations								
Churches, charities and foundations	**1,340,946**	**2,105,220**	**—**	**3,446,166**	1,459,924	1,923,364	—	3,383,288
Individuals and corporations	**1,583,153**	**1,175,405**	**—**	**2,758,558**	841,371	540,806	—	1,382,177
Residents room and board	**285,069**	**—**	**—**	**285,069**	269,353	—	—	269,353
Rent	**6,178,280**	**—**	**—**	**6,178,280**	5,158,844	—	—	5,158,844
Grants								
Municipalities	**1,049,613**	**7,291,760**	**—**	**8,341,373**	718,707	11,763,592	—	12,482,299
Ministry of Health and Long-Term Care	**4,843,944**	**—**	**—**	**4,843,944**	3,358,823	—	—	3,358,823
Federal and provincial	**366,998**	**38,528,379**	**—**	**38,895,377**	52,578	19,752,220	—	19,804,798
Charities and other agencies	**132,975**	**101,500**	**—**	**234,475**	640,429	274,982	—	915,411
Consulting revenue	**35,345**	**—**	**—**	**35,345**	13,700	—	—	13,700
Fundraising income	**96,750**	**—**	**—**	**96,750**	25,500	—	—	25,500
Commercial and service fees	**260,615**	**—**	**—**	**260,615**	213,223	—	—	213,223
Other	**186,248**	**—**	**—**	**186,248**	30,027	—	—	30,027
Interest income	**32,555**	**173**	**643**	**33,371**	—	20,138	—	20,138
	16,392,491	**49,202,437**	**643**	**65,595,571**	12,782,479	34,275,102	—	47,057,581
Expenses								
Salaries and benefits	**9,734,476**	**—**	**—**	**9,734,476**	7,126,485	—	—	7,126,485
Interest expense	**2,608**	**2,059,006**	**—**	**2,061,614**	—	2,088,927	—	2,088,927
Amortization	**—**	**4,183,436**	**—**	**4,183,436**	—	2,613,812	—	2,613,812
Building facilities	**2,927,337**	**—**	**—**	**2,927,337**	2,163,681	—	—	2,163,681
Administration	**630,428**	**56,386**	**—**	**686,814**	440,666	93,713	—	534,379
Programs	**1,138,911**	**—**	**—**	**1,138,911**	627,318	—	—	627,318
Property taxes (net of refunds)	**151,183**	**—**	**—**	**151,183**	176,550	—	—	176,550
Rent expense	**77,120**	**—**	**—**	**77,120**	7,690	—	—	7,690
	14,662,063	**6,298,828**	**—**	**20,960,891**	10,542,390	4,796,452	—	15,338,842
Excess of revenue over expenses	**1,730,428**	**42,903,609**	**643**	**44,634,680**	2,240,089	29,478,650	—	31,718,739

The accompanying notes are an integral part of the consolidated financial statements.

Indwell Community Homes

Consolidated statement of changes in fund balances

Year ended August 31, 2022

	Notes	Operating fund $	Capital fund $	Reserve Fund $	2022 Total $	Operating fund $	Capital fund $	Reserve Fund $	2021 Total $
Fund balances, beginning of year		**(115,693)**	**87,475,548**	**181,810**	**87,541,665**	(1,356,965)	57,013,169	166,722	55,822,926
Excess of revenue over expenses		**1,730,428**	**42,903,609**	**643**	**44,634,680**	2,240,089	29,478,650	—	31,718,739
Transfers	5	**(829,591)**	**696,641**	**132,950**	**—**	(998,817)	983,729	15,088	—
Fund balances, end of year		**785,144**	**131,075,798**	**315,403**	**132,176,345**	(115,693)	87,475,548	181,810	87,541,665

The accompanying notes are an integral part of the consolidated financial statements.

Indwell Community Homes
Consolidated balance sheet
As at August 31, 2022

	Notes	**Operating fund $**	**Capital fund $**	**Reserve fund $**	**2022 Total $**	Operating fund $	Capital fund $	Reserve fund $	2021 Total $
Assets									
Current assets									
Cash		**2,080,215**	**21,850**	**315,403**	**2,417,468**	1,639,146	3,767,639	181,810	5,588,595
Accounts receivable		**708,181**	**35,884**	**—**	**744,065**	311,639	1,190,071	—	1,501,710
Grants receivable		**793,898**	**2,468,875**	**—**	**3,262,773**	504,776	2,299,630	—	2,804,406
Prepaid expenses and deposits		**386,568**	**757,153**	**—**	**1,143,721**	318,011	502,280	—	820,291
		3,968,862	**3,283,762**	**315,403**	**7,568,027**	2,773,572	7,759,620	181,810	10,715,002
Grants receivable - long-term portion		**—**	**5,966,931**	**—**	**5,966,931**	—	6,450,343	—	6,450,343
Capital assets	3	**—**	**222,944,702**	**—**	**222,944,702**	—	155,379,219	—	155,379,219
		3,968,862	**232,195,395**	**315,403**	**236,479,660**	2,773,572	169,589,182	181,810	172,544,564
Liabilities									
Current liabilities									
Bank loan	7	**—**	**10,521,770**	**—**	**10,521,770**	—	2,379,524	—	2,379,524
Accounts payable and accrued liabilities		**1,541,417**	**9,547,034**	**—**	**11,088,451**	991,263	4,954,841	—	5,946,104
Construction holdback payable		**—**	**4,931,895**	**—**	**4,931,895**	—	3,465,892	—	3,465,892
Residents' deposits		**416,138**	**—**	**—**	**416,138**	310,965	—	—	310,965
Deferred revenue		**1,226,163**	**—**	**—**	**1,226,163**	1,587,037	—	—	1,587,037
Current portion of long-term debt	4	**—**	**15,965,477**	**—**	**15,965,477**	—	7,146,758	—	7,146,758
		3,183,718	**40,966,176**	**—**	**44,149,894**	2,889,265	17,947,015	—	20,836,280
Long-term debt	4	**—**	**60,153,421**	**—**	**60,153,421**	—	64,166,619	—	64,166,619
		3,183,718	**101,119,597**	**—**	**104,303,315**	2,889,265	82,113,634	—	85,002,899.00
Contingencies and commitments	6								
Fund balances									
Unrestricted operating		**785,144**	**—**	**—**	**785,144**	(115,693)	—	—	(115,693)
Restricted		**—**	**131,075,798**	**315,403**	**131,391,201**	—	87,475,548	181,810	87,657,358
		785,144	**131,075,798**	**315,403**	**132,176,345**	(115,693)	87,475,548	181,810	87,541,665
		3,968,862	**232,195,395**	**315,403**	**236,479,660**	2,773,572	169,589,182	181,810	172,544,564

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board

______________________, Director

______________________, Director

Indwell Community Homes
Consolidated statement of cash flows
Year ended August 31, 2022

	Notes	2022 $	2021 $
Operating activities			
Excess of revenue over expenses		**44,634,680**	31,718,739
Item not affecting cash			
Amortization		**4,183,436**	2,613,812
Changes in non-cash operating working capital items	8	**6,328,497**	3,029,490
		55,146,613	37,362,041
Investing activities			
Additions to capital assets		**(71,748,919)**	(43,444,026)
Proceeds on sale of capital assets		**—**	4,050
Decrease in long-term portion of grants receivable		**483,412**	392,307
		(71,265,507)	(43,047,669)
Financing activities			
Net increase in bank loan		**8,142,246**	597,353
Increase in long-term debt		**13,447,441**	12,524,040
Repayment of long-term debt		**(8,641,920)**	(2,899,428)
		12,947,767	10,221,965
Net change in cash		**(3,171,127)**	4,536,337
Cash, beginning of year		**5,588,595**	1,052,258
Cash, end of year		**2,417,468**	5,588,595

The accompanying notes are an integral part of the consolidated financial statements.

1. Description of operations

Indwell Community Homes (the "Organization") is incorporated under the laws of the Province of Ontario as a not-for-profit organization. The Organization is a registered charitable organization and is exempt from income taxes under Section 149(1)(f) of the Income Tax Act.

The Organization is a provider of affordable housing with supports for the purpose of poverty relief and health improvement for people with disabilities.

2. Significant accounting policies

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

Principles of consolidation

The consolidated financial statements comprise the accounts of the Organization and its wholly owned subsidiary, Flourish Affordable Housing Communities.

The subsidiary is an entity over which the Organization has control and has the right and ability to obtain future economic benefits and is exposed to the related risks. Control is the continuing power to determine the strategic operating, investing, and financing policies of the other entity without the co-operation of others, and may be achieved through voting rights, contractual rights, potential voting rights or a combination thereof. When voting equity is not the dominant factor in determining control, the Organization considers whether it controls the other entity through other means (e.g., contractual rights). In evaluating whether contractual rights are sufficient to give the Organization control, a number of factors are considered, including the following: the purpose and design of the other entity; how decisions are made about the strategic policies of the other entity; the risks to which the other entity was designed to be exposed, the risks it was designed to pass onto the parties involved with it and whether the Organization is exposed to some or all of those risks; and whether the Organization has the continuing ability in a contractual arrangement to direct the strategic policies of the other entity without the co-operation of others.

Revenue recognition

The Organization follows the restricted fund method for accounting for restricted contributions.

Restricted donations and grants related to the operating fund are recognized as revenue in the year in which the related expenses are incurred. Restricted donations and grants relating to capital projects are recognized as revenue of the capital asset fund.

Unrestricted donations and grants are recognized as revenue of the operating fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rent and residents room and board are recognized as revenue in the period the services are provided.

Revenues from fundraising activities are recognized in the year in which the event takes place which can result in deferred revenue.

Use of estimates

The preparation of consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Key components of the consolidated financial statements requiring management to make estimates include the estimated useful life of capital assets, accrued liabilities, and deferred revenue. Actual results could differ from these estimates.

2. Significant accounting policies (continued)

Donated services

The Organization's activities include time donated by a substantial number of volunteers. Because of the difficulty of determining their fair value, contributed services are not recognized in the consolidated financial statements.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Organization becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost except for the following instruments:

Investments in unlisted shares are measured at cost less any reduction for impairment.

Investments in listed shares and derivative financial instruments that are not designated in a qualifying hedge relationship are measured at fair value at the balance sheet date. The fair value of listed shares is based on the latest closing price and the fair value quote received from the bank counterparty is used as a proxy for the fair value of derivative financial instruments.

Interest earned on short-term investments and bonds, unrealized gains, and losses on listed shares, and realized gains and losses on sale of short-term investments and bonds are included in investment income in the consolidated statement of revenue and expenses.

Transaction costs related to financial instruments measured at fair value subsequent to initial recognition are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in net income as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Organization recognizes in net income an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in excess of revenue over expenses in the period the reversal occurs.

Related party financial instruments

The Organization initially measures financial instruments in a related party transaction ("related party financial instruments") at cost and subsequently, are measured at cost or amortized cost in accordance with ASPE Handbook Section 3856, related party financial instruments. Transaction costs directly attributable to related party transactions are immediately recognized in net earnings.

Capital assets

Capital assets are recorded at their original cost, except for donated assets, which are recorded at fair market value at the date of contribution, less accumulated amortization. Gains or losses on the disposal of capital assets are included in earnings, and the cost and accumulated amortization related to the disposition are removed from the accounts.

2. Significant accounting policies (continued)

Capital assets (continued)

Amortization is recorded at rates designed to amortize the assets over their estimated useful lives as follows:

Buildings	2.5% declining balance
Furniture and equipment	20% declining balance
Computer equipment	30% declining balance
Vehicles	30% declining balance
Leasehold improvements	10% straight line
Computer software	50% declining balance

Buildings under construction are not amortized until construction is completed and the building put into use.

Impairment of long-lived assets

Long-lived assets such as capital assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from the use and eventual disposition of the item. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value at the date of impairment.

Operating fund

Revenue and expenses other than those recorded in the Capital fund are recorded in the Operating fund.

Capital fund

The purpose of the Capital fund is to record all capital transactions, related debt, and the net investment of the Organization in such assets, which are considered to be in the normal course of operations.

Reserve fund

The purpose of the Reserve fund is to accumulate funds to assist in offsetting major repairs to the buildings that the Organization operates. Funds are added at the discretion of management with the approval of the Board of Directors.

3. Capital assets

	Cost	**Accumulated amortization**	**2022 Net book value**	2021 Net book value
	$	**$**	**$**	$
Land	**20,985,747**	**—**	**20,985,747**	17,849,747
Buildings	**156,677,622**	**15,063,247**	**141,614,375**	87,763,580
Buildings under construction	**59,664,138**	**—**	**58,354,602**	48,520,558
Furniture and equipment	**3,136,354**	**1,557,953**	**1,578,401**	932,405
Computer equipment	**857,529**	**517,568**	**339,961**	229,264
Vehicles	**115,904**	**83,641**	**32,263**	36,582
Leasehold improvements	**50,629**	**16,042**	**34,587**	37,552
Computer software	**27,108**	**22,342**	**4,766**	9,531
	241,515,031	**17,260,793**	**222,944,702**	155,379,219

4. Long-term debt

	2022	2021
	$	$
Mortgage payable, CRC Community Retirement Savings Plan, 2.45% interest only for September, 2020 to March 31, 2021 and 2.55% from April 1, 2021 to August 31, 2021. Interest only payable monthly, no set maturity date, collateralized by property at 118 & 124 Wentworth Street, Hamilton with a net book value of $2,132,872. Loan was fully repaid during the year.	**-**	1,000,000
Mortgage payable, Industrial and Financial Services Inc., 5.11% interest, repayable in blended monthly instalments of $7,040, matures 2027, collateralized by property at 249 Caroline Street, Hamilton with a net book value of $2,140,325.	**896,761**	934,844
Mortgage payable, CRC Extension Fund Inc., 2.45% interest only for September, 2020 to March 31, 2021 and 2.55% from April 1, 2021 to August 31, 2021, matured December 2021. Interest only payable monthly, collateralized by property at 80 Robinson Street, Hamilton with a net book value of $2,748,255. Loan was fully repaid during the year.	**-**	1,000,000
Mortgage payable, Hamilton Community Foundation, 3.75% interest, repayable in monthly principal payments of $6,750 plus interest, matures August 31, 2025, collateralized by property at 1430 Main Street East, Hamilton with a net book value of $8,537,452.	**1,105,230**	1,144,682
Mortgage payable, CMHC, interest at 3.20%, principal due April 30, 2031. Repayable in monthly instalments, collateralized by properties at 225 & 247 East Avenue N, Hamilton with a net book value of $5,243,952.	**2,372,105**	-
Mortgage payable, CMHC, interest at 1.72%, principal due November 30, 2031; repayable in monthly instalments, collateralized by property of 744 Dundas Street, London with a net book value of $18,500,907.	**5,579,138**	-
Mortgage payable, private lender, 5% interest, repayable in blended monthly instalments of $5,234, to mature 2040, unsecured. Loan was fully repaid during the year.	**-**	764,393
Mortgage payable, First National Financial LP, 3.17% interest, repayable in blended monthly instalments of $18,304, matures December 2025, collateralized by property at 18 Vansittart Avenue, Woodstock with a net book value of $12,799,905.	**3,635,141**	3,738,537
Mortgage payable, Libro Credit Union, 4.2% interest, repayable in blended monthly instalments of $13,423, matures February 2027 collateralized by property at 203 John Street, Simcoe with net book value of $4,422,410.	**2,143,250**	2,213,490
Balance forward	**15,731,625**	10,795,946

4. Long-term debt (continued)

	2022 $	2021 $
Balance carried forward	**15,731,625**	10,795,946
Mortgage payable, Hamilton Community Foundation, 4% interest payable only through term, matured December 2021, collateralized by Royal Oak properties at 219-247 East Avenue North, Hamilton and 315 Robert Street, Hamilton with net book Value of $32,100,455. Loan was fully repaid during the year.	**-**	1,700,000
Mortgage payable, private family foundation, 3.75% interest only payable through term, not set maturity date, collateralized by property at 205 Melvin Street, Hamilton with a net book value of $24,668,319.	**4,500,000**	4,500,000
Mortgage payable, Libro Credit Union, 4.75% interest, repayable in blended monthly instalments of $7,783, matures August 2024, collateralized by property at 373 Blossom Park, Woodstock with a net book value of $8,723,685.	**1,424,790**	1,450,506
Mortgage payable, Venture Norfolk, 4.45% interest only through 36 month term with 24-month interest payment deferral, only interest payments, matured November 2021, collateralized by property at 41 Norfolk Street S Simcoe with a net book value of $17,111,149. Loan was fully repaid during the year.	**-**	1,104,429
Mortgage payable, Kitchener Waterloo Community Foundation, 4% interest. Interest only quarterly payments, principal due June 2023, collateralized by property at 825 King Street West, Kitchener With a net book value of $5,939,256.	**1,025,000**	1,025,000
Mortgage payable, private lender, interest at prime +2%. Interest only payment, matured July 2023, collateralized by property At 744 Dundas Street, London with a net book value of $18,500,907. Loan was fully repaid during the year.	**-**	949,111
Mortgage payable, Hamilton Community Foundation, interest at 4%. Interest only payment, principal due February 2023, collateralized by property at 356 Dundas Street, London, with a net book value of $13,881,190.	**1,800,000**	1,800,000
Mortgage payable, London Community Foundation, interest at 4%. Interest payment only, principal due February 2023, collateralized by property at 356 Dundas Street, London, with a net book value of $13,881,190.	**2,500,000**	2,500,000
Balance forward	**26,981,415**	25,824,992

4. Long-term debt (continued)

	2022 $	2021 $
Balance carried forward	**26,981,415**	25,824,992
Mortgage payable, CMHC, interest at 2.53%, principal due September 2028; repayable in monthly instalments of $14,397, collateralized by property at 356 Dundas Street, London, with net book value of $13,881,190.	**4,841,212**	4,891,446
Mortgage payable, City of London, interest only 2% not compounded Annually, with interest payment deferral until loan due date, Principal due July 2054, collateralized by property at 356 Dundas Street, London, with a net book value of $13,881,190.	**2,014,205**	2,014,205
Loan payable, 1201068 Ontario Inc., interest at 0%, no principal repayment date, unsecured.	**1,500,000**	1,500,000
Mortgage payable, CMHC, interest at 3.38%, principal due May 5, 2031. Repayable in monthly instalments, collateralized by property of 425 Lakeshore Rd E, Mississauga with a net book value of $24,836,069.	**2,616,198**	-
Mortgage payable, City of London, non-interest bearing, repayable in three instalments of $166,667 due upon completion of designated milestones, matures January 2023, collateralized by property at 744 Dundas Street, London with a net book value of $18,500,907.	**220,044**	333,333
Mortgage payable, Wentworth Baptist Church, non-interest bearing, repayable in yearly payments of $25,000, matures May 2051, collateralized by property at 120 Wentworth Street North, Hamilton with a net book value $1,428,274.	**719,463**	744,464
Mortgage payable, Hamilton Community Foundation, interest at 3.75%, principal due July 2024, collateralized by properties at 204 and 210 Gage Avenue North, Hamilton with a net book value of $1,848,196.	**1,300,000**	650,000
Non-revolving loan, Canada Mortgage and Housing Corporation, non-interest bearing, principal due December 2023, unsecured.	**5,000,000**	5,000,000
Private loans payable, unsecured, 0-5.5% interest, majority loans require no principal payments, interest payable at least annually	**30,926,361**	30,354,937
	76,118,898	71,313,377
Current portion of long-term debt	**15,965,477**	7,146,758
	60,153,421	64,166,619

4. Long-term debt (continued)

The various mortgages are secured by:

- A charge mortgage on the respective properties
- General assignment of rents and/or leases of the respective properties
- General security agreement over all of the Borrower's present and after-acquired personal property in connection with the respective properties
- Assignment of insurance proceeds

In addition to the security requirements noted above, the Organization must satisfy certain restrictive covenants as to certain minimum financial ratios such as debt service coverage.

As at August 31, 2022, the Organization complied with all these requirements.

Private loans payable are either open and callable and due upon 30, 60 or 90 days' notice or locked into multi-year loan terms. Since the vast majority of the open and callable private loans are renewed annually, they are shown as long-term, unless the due date is known.

Principal payments required in each of the next 5 years and thereafter are as follows:

	$
2023	15,965,477
2024	5,707,087
2025	4,842,965
2026	9,761,030
2027 and thereafter	39,842,339
Total	76,118,898

5. Interfund transfers

The Organization's management transferred $696,641 ($983,729 in 2021) into the Capital Fund and $132,950 ($15,088 in 2021) into the Reserve fund out of the Operating Fund to assist in funding of each respective fund.

6. Contingencies and commitments

(a) In 2007 and 2008, the Organization entered into a contribution agreement with the County of Oxford under the Canada-Ontario New Affordable Housing Program. Under this agreement, the Organization has received forgivable loans of $381,900. If all requirements are met, the entire loan will be forgiven at the end of the 25 year term. Under this same agreement, the Organization was also approved for a mortgage reduction grant of $623,100. The Organization will be receiving payments until 2028 to cover the monthly principal and interest payments on approximately 51% of a mortgage which has a balance of $nil at year end (2021 - $nil). Since these are considered forgivable loans, the total of $1,005,000 received in 2007 and 2008 was reported as grants in the appropriate year. Should the conditions no longer be met, the Organization would be required to repay the forgivable portion. The potential repayable portion at August 31, 2022 is $404,600 (2021 - $444,800).

6. Contingencies and commitments (continued)

(b) In 2009, the Organization received a forgivable loan of $750,000 under the Residential Rehabilitation Assistance Program. If all requirements are met, the entire loan will be forgiven at the end of 2025. Should the conditions no longer be met, the Organization would be required to repay the forgivable portion. The potential repayable portion at August 31, 2022 is $166,667 ($216,667 in 2021).

(c) In 2010, the Organization received a forgivable mortgage of $5,290,000 under the Canada-Ontario Affordable Housing Program and $126,140 under the Renewable Energy Initiative (REI) Funding – Direct Delivery Program. An agreement was signed with the City of Hamilton in 2011. Under this agreement, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven in 2031. Since these mortgage advances of $5,416,140 are considered forgivable, the receipt of the forgivable mortgages was reported as revenue in 2010 and 2011. Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

(d) In 2013, the Organization received approval for a forgivable mortgage of $5,746,632 under the Canada-Ontario Affordable Housing Program. An agreement was signed with the City of Hamilton in 2013 and the funding has been received in 2014, 2015 and 2016. Under this agreement, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven in 2053. Since the mortgage of $5,746,632 is considered forgivable, the forgivable mortgage has been reported as revenue in 2013. Should the conditions no longer be met, the Organization would be required to repay the entire forgivable portion.

(e) In 2015, the Organization was approved for a forgivable mortgage of $968,004 under the Canada-Ontario Affordable Housing Program, Ontario Renovates component. An agreement was signed with the City of Hamilton in 2015 and the funding has been received in 2015 and 2016 on a cost reimbursement basis. Under this agreement, if all conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven in 2030. Since the mortgage of $968,004 is considered forgivable, the reimbursed or incurred cost (receivable) portion of the mortgage has been reported as revenue in 2015 and 2016. Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

(f) In 2016, the Organization was approved for a forgivable mortgage of $2,000,000 under the Canada-Ontario Investment in Affordable Housing Program. An agreement was signed with Norfolk County in December 2015 and the funding has been received in 2016 and 2017. Under this agreement, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven in 2036. Since the mortgage of $2,000,000 is considered forgivable, the forgivable mortgage has been reported as revenue in 2016. Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

(g) In 2017, the Organization was approved for a forgivable mortgage of $1,031,800 under the County of Oxford's Capital Facilities for Affordable Housing funds. An agreement was signed with the County of Oxford and funding started in 2017 and finished in 2018. Under this agreement, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven in 2041. Since the mortgage of $1,031,800 is considered forgivable, the forgivable mortgage has been reported as revenue in 2017 and 2018. Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

6. Contingencies and commitments (continued)

(h) In 2017, the Organization was approved for a forgivable mortgage of $5,500,000 under the Canada-Ontario Investment in Affordable Housing Program. An agreement was signed with the City of Hamilton and the funding is receivable in 2017, 2018 and 2019. Under this agreement, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven in 2046. Since the mortgage of $5,500,000 is considered forgivable, the forgivable mortgage has been reported as revenue in 2017, 2018 and 2019. Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

(i) In 2017, the Organization was approved for a forgivable mortgage of $2,153,270 under the Canada-Ontario Investment in Affordable Housing Program. An agreement was signed with the County of Oxford and the funding is receivable in 2018, 2019 and 2020. Under this agreement, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven in 2042. Since the mortgage of $2,153,270 is considered forgivable, the forgivable mortgage has been reported as revenue in 2018, 2019 and 2020. Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

(j) In 2019, the Organization was approved for forgivable mortgages of $5,250,000, comprised of $2,838,030 under the Canada-Ontario Social Infrastructure Fund Program and $2,411,970 under the City of Hamilton Poverty Reduction Implementation Plan Rental Housing Program. Agreements were signed with the City of Hamilton and the funding is receivable in 2019, 2020 and 2021. Under these agreements, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven in 2051. Since the mortgages of $5,250,000 are considered forgivable, the forgivable mortgages has been reported as revenue in 2019, 2020 and 2021. Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

(k) In 2019, the Organization was approved for forgivable mortgages of $21,538,440, comprised of $2,184,986 under the Canada-Ontario Investment in Affordable Housing Program, $5,895,890 under the Canada-Ontario Social Infrastructure Fund Program and $13,457,564 from the Regional Municipality of Peel. Agreements were signed with the Regional Municipality of Peel and the funding is receivable in 2019, 2020, 2021 and 2022. Under these agreements, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven in 2051. Since the mortgages of $21,538,440 are considered forgivable, the forgivable mortgages will be reported as revenue as the project milestones are achieved (including $4,246,500 recognized in 2022 ($9,238,274 in 2021)). Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

(l) In 2019, the Organization was approved for a forgivable mortgage of $2,907,000, under the Canada Mortgage and Housing Corporation's (CMHC) National Housing Co-investment Fund Program. Commitments were signed with CMHC in 2019 with funds receivable in 2019 and the final loan agreement signed in 2020. Under this agreement, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven in 2039. Since the mortgage of $2,907,000 is considered forgivable, the entire forgivable mortgage has been reported as revenue in 2019. An equal portion of the principal amount of the loan shall be forgiven on each anniversary of the date of advance. The potential repayable portion at August 31, 2022 is $2,616,270 ($2,761,620 in 2021).

6. Contingencies and commitments (continued)

(m) In 2020, the Organization was approved for a forgivable mortgage of $2,298,575, under the Ontario Priorities Housing Initiative Program. An agreement was signed in January 2020 with the City of Hamilton and the funding is receivable in 2020, 2021 and 2022. In 2021, the agreement was amended to add additional funds of $297,770. Under this agreement, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven twenty-five (25) years from the date of occupancy. Since the mortgage of $2,596,345 is considered forgivable, the forgivable mortgage will be reported as revenue as the project milestones are achieved (including $259,634 recognized in 2022 ($1,187,423 in 2021)). Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

(n) In 2020, the Organization was approved for a forgivable mortgage of $250,000, under the Ontario Priorities Housing Initiative Program. An agreement was signed in December 2019 with the County of Norfolk and the funding is receivable in 2020, 2021 and 2023. Under this agreement, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven twenty (20) years from the date of occupancy. Since the mortgage of $250,000 is considered forgivable, the forgivable mortgage will be reported as revenue as the project milestones are achieved (including $0 recognized in 2022 ($100,000 in 2021)). Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

(o) In 2020, the Organization was approved for a forgivable mortgage of $3,170,000, under the Province of Ontario's Home for Good Program (Capital Component). An agreement was signed in March 2020 with the County of Norfolk and the funding is receivable in 2020, 2021, and 2023. Under the agreement, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven twenty (20) years from the date of occupancy. Since the mortgage of $3,170,000 is considered forgivable, the forgivable mortgage will be reported as revenue as the project milestones are achieved (including $0 recognized in 2022 ($1,268,000 in 2021)). Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

(p) In 2020, the Organization purchased an apartment building at 356 Dundas St E, London. The vendor completed construction in 2019 and had received a forgivable mortgage for developing affordable housing of $2,980,795 through the Canada-Ontario Investment in Affordable Housing Program. An agreement was signed by the vendor in December 2016 with the City of London and the funding was fully received in 2020. An assignment and assumption agreement between the vendor, Indwell and the City of London was signed in January 2020 assigning all obligations and commitments to Indwell as the buyer. The assumption of the agreement by Indwell was part of the purchase contract. Under this agreement, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven in 2054. Since the assumed mortgage of $2,980,795 is considered forgivable, the forgivable mortgage is reported as revenue in 2020. Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

6. Contingencies and commitments (continued)

(q) In 2020, the Organization was approved for forgivable mortgages of $5,000,000, comprised of $4,000,000 from the City of London, $682,397 under the Ontario Priorities Housing Initiative Program (OPHI) and $317,603 from the Housing Development Corporation of London (HDC). An agreement was signed in August 2020 with the City of London and HDC and the funding is receivable in 2021 and 2023. In 2021, the agreement was amended to add additional funds of $141,199 with the funding mix amended to $982,397 from OPHI and $158,802 from HDC. Under this agreement, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven fifty (50) years from the date of occupancy. Since the mortgages of $5,141,199 are considered forgivable, the forgivable mortgages will be reported as revenue as the project milestones are achieved (including $0 recognized in 2022 ($4,267,080 in 2021)). Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

(r) In 2021, the Organization was approved for a forgivable mortgage of $3,057,178, under the CMHC National Housing Co-investment Fund Program, secured to a property in Hamilton. An agreement was signed with CMHC in 2021 with funds receivable in 2021 Under this agreement, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven in equal portions over twenty (20) years from the date of final advance. Since the mortgage of $3,057,178 is considered forgivable, the entire forgivable mortgage has been reported as revenue in 2021. The potential repayable portion at August 31, 2022 is $2,904,319 ($3,057,178 in 2021).

(s) In 2021, the Organization was approved for a forgivable mortgage of $4,000,000, under the Rapid Housing Initiative National Housing Strategy Year 2020. An agreement was signed with the City of Hamilton and the funding is receivable in 2021 and 2022. Under this agreement, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven in 2042. Since the mortgage of $4,000,000 is considered forgivable, the forgivable mortgage will be reported as revenue as the project milestones are achieved (including $2,000,000 recognized in 2022 ($2,000,000 in 2021)). Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

(t) In 2021, the Organization was approved for a forgivable mortgage of $5,000,000, under the Social Services Relief Fund Phase 2 (capital component). An agreement was signed with the City of Hamilton and the funding is receivable in 2021 and 2022. Under this agreement, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven in 2042. Since the mortgage of $5,000,000 is considered forgivable, the forgivable mortgage will be reported as revenue as the project milestones are achieved (including $500,000 recognized in 2022 ($4,500,000 in 2021)). Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

(u) In 2021, the Organization was approved for a forgivable mortgage of $1,103,963, under the Social Services Relief Fund Phase 2 (capital component). An agreement was signed with Norfolk County and the funding is receivable in 2021 and 2023. Under this agreement, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven in 2042. Since the mortgage of $1,103,963 is considered forgivable, the forgivable mortgage will be reported as revenue as the project milestones are achieved (including $0 recognized in 2022 ($993,567 in 2021)). Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

6. Contingencies and commitments (continued)

(v) In 2021, the Organization was approved for a forgivable mortgage of $4,131,731, under the Federal Reaching Home (Covid-19 Economic Response Plan). An agreement was signed with the City of Hamilton and the funding was received in 2021. Under this agreement, if all the conditions are met, the interest will be forgiven on an annual basis and a portion of the principal (20%) will be forgiven in each of the first five years of operation. Since the mortgage of $4,131,731 is considered forgivable, the forgivable mortgage has been reported as revenue in 2021. The potential repayable portion at August 31, 2022 is $4,131,731. Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

(w) In 2022, the Organization entered into a capital contribution agreement with the City of St. Thomas under the Social Services Relief Fund Phase 4 (capital component). The agreement provides a forgivable mortgage in the amount of $3,000,000. The funding is expected to be received in 2022, 2023 and 2024. Under this agreement, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven twenty (20) years from the date of occupancy. Since the mortgage of $3,000,000 is considered forgivable, the forgivable mortgage will be reported as revenue as the project milestones are achieved (including $2,700,000 in 2022). Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

(x) In 2022, the Organization entered into a loan and capital contribution agreement under the CMHC National Housing Co-investment Fund Program. The agreement provides a forgivable mortgage in the amount of $4,320,000 and a repayable mortgage of $8,867,779, secured to a property in London, Ontario. For the forgivable portion, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven in equal portions over twenty (20) years from the date of final advance. For the forgivable portion, the $4,320,000 has been reported as revenue as the funds were drawn in 2022. Should the conditions no longer be met, the Organization would be required to repay any unforgiven portion of the loan. The potential repayable portion at August 31, 2022 is $4,320,000.

(y) In 2022, the Organization entered into a capital contribution agreement with the Regional Municipality of Waterloo comprised of $2,930,000 from the Region's Strategic Investment Fund and $1,415,653 under the Ontario Priorities Housing Initiative Program (OPHI). The agreement provides a forgivable mortgage in the amount of $4,345,653. The funding is expected to be received in 2022, 2023 and 2024. Under this agreement, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven twenty-five (25) years from the date of occupancy. Since the mortgage of $4,345,653 is considered forgivable, the forgivable mortgage will be reported as revenue as the project milestones are achieved (including $1,955,544 in 2022). Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

(z) In 2022, the Organization entered into a capital contribution agreement with the Regional Municipality of Peel under the Social Services Relief Fund Phase 4 (capital component). The agreement provides a forgivable mortgage in the amount of $4,542,397. The funding is expected to be received in 2022 and 2024. Under this agreement, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven ten (10) years from the date of occupancy. Since the mortgage of $4,542,397 is considered forgivable, the forgivable mortgage will be reported as revenue as the project milestones are achieved (including $4,088,157 in 2022). Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

6. Contingencies and commitments (continued)

(aa) In 2022, the Organization was approved for a forgivable mortgage of $20,841,554 under the CMHC Rapid Housing Initiative Round II. An agreement was signed with the Region of Peel and the funding is receivable in 2022, 2023 and 2024. Under this agreement, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven in equal portions over forty (40) years from the date of final advance. Since the mortgage of $20,841,554 is considered forgivable, the forgivable mortgage will be reported as revenue as the project milestones are achieved (including $3,481,017 recognized in 2022). Should the conditions no longer be met, the Organization would be required to repay any unforgiven portion of the loan. The potential repayable portion at August 31, 2022 is $3,481,017.

(bb) In 2022, the Organization was approved for a forgivable mortgage of $10,188,742 under the CMHC Rapid Housing Initiative Round II. An agreement was signed with Norfolk County and the funding is receivable in 2022 and 2023. Under this agreement, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven in 2042. Since the mortgage of $10,188,742 is considered forgivable, the forgivable mortgage will be reported as revenue as the project milestones are achieved (including $9,106,868 recognized in 2022). Should the conditions no longer be met, the Organization would be required to repay any unforgiven portion of the loan. The potential repayable portion at August 31, 2022 is $9,106,868.

(cc) In 2022, the Organization entered into a loan and capital contribution agreement under the CMHC National Housing Co-investment Fund Program. The agreement provides a forgivable mortgage in the amount of $9,348,828 and a repayable mortgage of $7,440,100, secured to a property in Hamilton, Ontario. For the forgivable portion, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven in equal portions over twenty (20) years from the date of final advance. For the forgivable portion, the $9,348,828 has been reported as revenue as the funds were drawn in 2022. The potential repayable portion at August 31, 2022 is $9,348,828. Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

(dd) In 2022, the Organization entered into a capital contribution agreement with the City of Hamilton under the Social Services Relief Fund Phase 4 (capital component). The agreement provides a forgivable mortgage in the amount of $2,000,000. The funding is expected to be received in 2022 and 2023. Under this agreement, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven in 2063. Since the mortgage of $2,000,000 is considered forgivable, the forgivable mortgage will be reported as revenue as the project milestones are achieved (including $1,800,000 in 2022). Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

7. Bank loan credit agreements

<u>Libro Line of Credit</u>

The Organization's approved line of credit with Libro Credit Union is $2,400,000. As at year end, $2,394,547 ($2,379,524 in 2021) has been drawn used for interim funding of construction projects. The bank facility bears interest at prime rate plus 6.7%. The loan is repayable on demand and is interest only monthly during the construction phase.

7. Bank loan credit agreements (continued)

The bank loan is secured by the following:

- First position mortgage/charge in the minimum amount of $2,500,000 in favour of the lender
- General security agreement representing a first and fixed floating charge over the chattels, fixtures and equipment and on all other assets and undertakings of the borrower
- Assignment of insurance proceeds

In addition to the security requirements noted above, the Organization must satisfy certain restrictive covenants as to certain minimum financial ratios such as debt service coverage.

As at August 31, 2022, the Organization complied with all these requirements.

TD Operating Loan

During the year the Organization was approved for an operating loan with TD Bank for $9,000,000. As at year end, $8,127,223 has been drawn and used for cash disbursements on construction projects. The bank facility bears the TD Bank prime rate plus 5%. The loan is repayable on demand.

The bank loan is secured by the following:

- Collateral charge/mortgage of Land securing the principal amount of $9,000,000 identified as a first charge
- General security agreement that grants the TD Bank first priority security interest in the entity's assets.

As at August 31, 2022, the Organization is in compliance with TD Bank.

8. Supplemental cash flow information

Changes in non-cash operating working capital items

	2022	2021
	$	$
Accounts receivable	**757,645**	(270,797)
Grants receivable	**(264,145)**	(1,495,390)
Prepaid expenses and deposits	**(323,430)**	(370,928)
Accounts payable and accrued liabilities	**5,142,347**	3,081,262
Construction holdback payable	**1,466,003**	2,473,325
Residents' deposits	**105,173**	36,944
Deferred revenue	**(360,874)**	(424,926)
	6,522,719	3,029,490

9. Financial instruments

Credit risk

Credit risk arises from the potential that the counterparty will fail to perform its obligation. The Organization is exposed to credit risk with respect to accounts receivable.

The Organization provides credit to its residents through the normal course of the landlord tenant relationship. However, the Organization has a significant number of diverse customers, which reduces the concentration of credit risk.

Interest rate risk

The Organization is exposed to interest rate risk since the interest rates on some of its loans could change in the year. Management does not expect interest rates to vary significantly in the next year.

Liquidity risk

Liquidity risk arises through having excess financial obligations over available financial assets at any point in time. The Organization's objective is to have sufficient liquidity to meet its liabilities when due. The Organization monitors its cash balances and cash flows generated from operations to meet its requirements. As at August 31, 2022, the most significant financial liabilities are a bank loan, accounts payable and accrued liabilities, construction holdback payable, residents' deposits and long-term debt.

10. Subsequent event

(a) Subsequent to the year end, the Organization closed the purchase of a property at the municipal address of 1102 King Street East, Cambridge, Ontario. The purchase was financed by loans from the Waterloo Region Community Foundation and the Hamilton Community Foundation.

(b) Subsequent to the year end, the Organization closed the purchase of two London, Ontario properties, at the municipal addresses of 346 and 392 South Street. The properties were purchased together with other adjacent properties by four affordable housing development partners through a Trustee. The individual properties will be transferred to Indwell and the other partners in due course. The purchases were financed by a loan from the London Community Foundation and collateralized by an Indwell property at 37 Steele Street, St. Thomas, Ontario.

(c) Subsequent to the year end, the Organization entered into a loan and capital contribution agreement with CMHC under the CMHC National Housing Co-investment Fund Program. The agreement provides a forgivable mortgage in the amount of $2,785,465 and a repayable mortgage of $6,321,215, secured to a property under construction in St. Thomas, Ontario. For the forgivable portion, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven in equal portions over twenty (20) years from the date of final advance. For the forgivable portion, the $2,785,465 will be reported as revenue as the funds are drawn in 2023 and 2024. Should the conditions no longer be met, the Organization would be required to repay any unforgiven portion of the loan. The term of the repayable mortgage is ten (10) years with an interest rate of 2.82%. The first payment for the mortgage was received subsequent to the year end.

10. Subsequent event (continued)

(d) Subsequent to the year end, the Organization entered into a loan and capital contribution agreement with CMHC under the CMHC National Housing Co-investment Fund Program. The agreement provides a forgivable mortgage in the amount of $2,174,862 and a repayable mortgage of $6,256,960, secured to a property under construction in Kitchener, Ontario. For the forgivable portion, if all the conditions are met, the interest charges will be forgiven on an annual basis and the principal will be forgiven in equal portions over twenty (20) years from the date of final advance. For the forgivable portion, the $2,174,862 will be reported as revenue as the funds are drawn. Should the conditions no longer be met, the Organization would be required to repay any unforgiven portion of the loan. The term of the repayable mortgage is ten (10) years with an interest rate of 2.81%. The first payment for the mortgage was received subsequent to the year end and part of the proceeds were used to pay off the purchase loan for the property at 825 King Street West, Kitchener, to Waterloo Region Community Foundation listed in Note 4 at a value of $5,939,256 at year end.

11. Prior year comparatives

Certain of prior year comparative figures have been reclassified to conform with the current year consolidated financial statement presentation.