
Consolidated financial statements of Indwell Community Homes

For the year ended March 31, 2024

Independent Auditor's Report	1-2
Consolidated statement of revenue and expenses	3
Consolidated statement of changes in fund balances	4
Consolidated balance sheet	5
Consolidated statement of cash flows	6
Notes to the consolidated financial statements	7-16

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 March 31, 2024, and the consolidated statements of revenue and expenses, 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 March 31, 2024, 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.

Burlington, Ontario

July 17, 2024

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

MNP

Indwell Community Homes
Consolidated statement of revenue and expenses

Year ended March 31, 2024

	Operating fund	Capital fund	Reserve fund	12-month year ended March 31, 2024 Total	Operating fund	Capital fund	Reserve fund	7-month period ended March 31, 2023 Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Donations								
Churches, charities and foundations	1,070,850	6,625,636	—	7,696,486	1,609,347	2,355,859	—	3,965,206
Individuals and corporations	2,264,065	1,092,816	—	3,356,881	1,158,969	2,056,990	—	3,215,959
Residents room and board	304,693	—	—	304,693	175,095	—	—	175,095
Rent	9,603,611	—	—	9,603,611	4,718,027	—	—	4,718,027
Grants								
Municipalities	2,036,595	4,242,905	—	6,279,500	958,816	1,665,219	—	2,624,035
Ministry of Health	12,266,973	—	—	12,266,973	3,894,381	—	—	3,894,381
Federal and provincial	650,944	14,628,594	—	15,279,538	56,434	9,003,276	—	9,059,710
Charities and other agencies	263,080	8,002	—	271,082	123,081	150,502	—	273,583
Consulting revenue	373,143	—	—	373,143	12,304	—	—	12,304
Fundraising income	92,359	—	—	92,359	26,795	—	—	26,795
Commercial and service fees	223,331	—	—	223,331	97,313	—	—	97,313
Other	56,833	27,246	—	84,079	68,796	135,000	—	203,796
Gain on disposal of capital assets	—	290,211	—	290,211	—	—	—	—
Interest income	119,302	—	16,873	136,175	72,712	766	3,377	76,855
	29,325,779	26,915,410	16,873	56,258,062	12,972,070	15,367,612	3,377	28,343,059
Expenses								
Salaries and benefits	14,645,878	—	—	14,645,878	6,796,430	—	—	6,796,430
Interest expense	12,860	2,662,929	—	2,675,789	4,296	1,248,409	—	1,252,705
Amortization	—	5,991,473	—	5,991,473	—	3,081,742	—	3,081,742
Building facilities	4,909,616	—	—	4,909,616	2,211,025	—	—	2,211,025
Administration	1,138,796	186,140	—	1,324,936	487,314	83,844	—	571,158
Programs	1,724,064	—	—	1,724,064	754,460	—	—	754,460
Property taxes (net of refunds)	90,423	—	—	90,423	32,844	—	—	32,844
Rent expense	87,328	—	—	87,328	54,903	—	—	54,903
	22,608,965	8,840,542	—	31,449,507	10,341,272	4,413,995	—	14,755,267
Excess of revenue over expenses	6,716,814	18,074,868	16,873	24,808,555	2,630,798	10,953,617	3,377	13,587,792

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

Indwell Community Homes
Consolidated statement of changes in fund balances
Year ended March 31, 2024

				12-month year ended March 31, 2024					7-month period ended March 31, 2023
	Operating fund	Capital fund	Reserve Fund	Total	Operating fund	Capital fund	Reserve Fund	Total	
Notes	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fund balances, beginning of year	(26,332)	145,352,185	438,284	145,764,137	785,144	131,075,798	315,403	132,176,345	
Excess of revenue over expenses	6,716,814	18,074,868	16,873	24,808,555	2,630,798	10,953,617	3,377	13,587,792	
Transfers	(7,131,574)	5,824,414	1,307,160	—	(3,442,274)	3,322,770	119,504	—	
Fund balances, end of year	(441,092)	169,251,467	1,762,317	170,572,692	(26,332)	145,352,185	438,284	145,764,137	

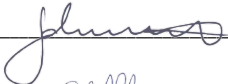

The accompanying notes are an integral part of the consolidated financial statements.

Indwell Community Homes
Consolidated balance sheet
As at March 31, 2024

Notes	Operating fund	Capital fund	Reserve fund	March 31, 2024 Total	Operating fund	Capital fund	Reserve fund	March 31, 2023 Total
	\$	\$	\$	\$	\$	\$	\$	\$
Assets								
Current assets								
	1,493,228	5,939	1,762,317	3,261,484	1,907,727	20,202	438,284	2,366,213
	983,878	649,948	—	1,633,826	466,389	708,025	—	1,174,414
	232,866	397,385	—	630,251	417,817	1,305,363	—	1,723,180
	790,276	1,277,385	—	2,067,661	631,534	1,169,161	—	1,800,695
	—	—	—	—	20,126	—	—	20,126
	3,500,248	2,330,657	1,762,317	7,593,222	3,443,593	3,202,751	438,284	7,084,628
	—	5,368,429	—	5,368,429	—	5,765,815	—	5,765,815
3	—	262,024,023	—	262,024,023	—	239,663,711	—	239,663,711
	3,500,248	269,723,109	1,762,317	274,985,674	3,443,593	248,632,277	438,284	252,514,154
Liabilities								
Current liabilities								
7	—	1,303,200	—	1,303,200	—	9,573,399	—	9,573,399
	2,124,904	5,228,723	—	7,353,627	1,749,217	3,752,595	—	5,501,812
	—	1,645,647	—	1,645,647	—	2,292,012	—	2,292,012
	613,186	—	—	613,186	511,191	—	—	511,191
	1,203,250	—	—	1,203,250	1,209,517	—	—	1,209,517
4	—	16,776,092	—	16,776,092	—	16,409,054	—	16,409,054
	3,941,340	24,953,662	—	28,895,002	3,469,925	32,027,060	—	35,496,985
8	—	201,000	—	201,000	—	—	—	—
4	—	75,316,980	—	75,316,980	—	71,253,032	—	71,253,032
	3,941,340	100,471,642	—	104,412,982	3,469,925	103,280,092	—	106,750,017
6	Contingencies and commitments							
Fund balances								
	(441,092)	—	—	(441,092)	(26,332)	—	—	(26,332)
	—	169,251,467	1,762,317	171,013,784	—	145,352,185	438,284	145,790,469
	(441,092)	169,251,467	1,762,317	170,572,692	(26,332)	145,352,185	438,284	145,764,137
	3,500,248	269,723,109	1,762,317	274,985,674	3,443,593	248,632,277	438,284	252,514,154

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 March 31, 2024

	Notes	12-month year ended March 31, 2024 \$	7-month period ended March 31, 2023 \$
Operating activities			
Excess of revenue over expenses		24,808,555	13,587,792
Items not affecting cash			
Amortization		5,991,473	3,081,742
Gain on disposal of capital assets		(290,211)	—
Changes in non-cash operating working capital items	9	1,687,855	(7,715,971)
		32,197,672	8,953,563
Investing activities			
Additions to capital assets		(30,793,931)	(19,800,751)
Proceeds on sale of capital assets		2,732,357	—
Decrease in long-term portion of grants receivable		397,386	201,116
		(27,664,188)	(19,599,635)
Financing activities			
Net decrease in bank loan		(8,270,199)	(948,371)
Proceeds from community bonds		201,000	—
Increase in long-term debt		11,720,227	16,565,618
Repayment of long-term debt		(7,289,241)	(5,022,430)
		(3,638,213)	10,594,817
Net change in cash		895,271	(51,255)
Cash, beginning of year		2,366,213	2,417,468
Cash, end of year		3,261,484	2,366,213

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.

2. Significant accounting policies (continued)

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.

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.

2. Significant accounting policies (continued)

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.

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.

Indwell Community Homes
Notes to the consolidated financial statements
For the year ended March 31, 2024

3. Capital assets

	Cost \$	Accumulated amortization \$	March 31, 2024 Net book value \$	March 31, 2023 Net book value \$
Land	23,669,929	—	23,669,929	22,024,508
Buildings	229,564,814	23,025,362	206,539,452	182,783,473
Buildings under construction	29,310,800	—	29,310,800	32,388,646
Furniture and equipment	4,443,303	2,343,847	2,099,456	1,976,986
Computer equipment	1,059,281	734,460	324,821	366,222
Vehicles	123,261	99,479	23,782	26,612
Leasehold improvements	50,799	28,579	22,220	30,138
Computer software	117,108	83,545	33,563	67,126
	288,339,295	26,315,272	262,024,023	239,663,711

4. Long-term debt

	March 31, 2024 \$	March 31, 2023 \$
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 \$2,078,396.	832,390	873,641
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 \$8,229,295.	1,039,728	1,081,439
Mortgage payable, Canada Mortgage and Housing Corporation (CMHC), interest at 3.20%. Interest payment only, principal due June 1, 2032. Collateralized by properties at 225 & 247 East Avenue N, Hamilton with a net book value of \$29,993,276.	7,409,076	7,440,100
Mortgage payable, CMHC, interest at 1.72%. Interest payment only, principal due January 1, 2032. Collateralized by property of 744 Dundas Street, London with a net book value of \$20,545,006.	8,829,952	8,867,779
Mortgage payable, First National Financial LP, 3.17% interest, repayable in blended monthly instalments of \$18,304, matures December 1, 2025. Collateralized by property at 18 Vansittart Avenue, Woodstock with a net book value of \$12,347,000.	3,464,634	3,573,308
Balance forward	21,575,780	21,836,267

Indwell Community Homes
Notes to the consolidated financial statements
For the year ended March 31, 2024

4. Long-term debt (continued)

	March 31, 2024	March 31, 2023
	\$	\$
Balance carried forward	21,575,780	21,836,267
Mortgage payable, Libro Credit Union, 4.2% interest, repayable in blended monthly instalments of \$13,423, matures February 2, 2027. Collateralized by property at 203 John Street, Simcoe with net book value of \$4,308,055.	2,025,914	2,100,693
Mortgage payable, private family foundation, interest at 3.75%. Interest payment only, due date not yet determined. Collateralized by property at 205 Melvin Street, Hamilton with a net book value of \$23,736,446.	4,500,000	4,500,000
Mortgage payable, Libro Credit Union, 4.75% interest, repayable in blended monthly instalments of \$7,783, matures August 10, 2024. Collateralized by property at 373 Blossom Park, Woodstock with a net book value of \$8,396,888.	1,381,541	1,409,059
Loan payable, Federation of Canadian Municipalities, 6.58% interest, repayable in blended semi-annual payments of \$35,546, matures October 27, 2043. Collateralized by property 219 East Avenue N, Hamilton with a net book value of \$5,144,038.	774,743	—
Mortgage payable, Hamilton Community Foundation, interest at 4%. Interest only payment. Collateralized by property at 356 Dundas Street, London, with a net book value of \$13,367,718. Mortgage was fully repaid during the year.	—	1,800,000
Mortgage payable, London Community Foundation, interest at 4%. Interest payment only, principal due February 21, 2025. Collateralized by property at 356 Dundas Street, London, with a net book value of \$13,367,718.	2,500,000	2,500,000
Mortgage payable, CMHC, interest at 2.53%, repayable in monthly instalments of \$14,397, principal due September 24, 2028. Collateralized by property at 356 Dundas Street, London, with a net book value of \$13,367,718.	4,759,021	4,811,018
Mortgage payable, City of London, interest at 2% compounded annually, principal and accrued interest due June 30, 2054. Collateralized by property at 356 Dundas Street, London, with a net book value of \$13,367,718.	2,014,205	2,014,205
Balance forward	39,531,204	40,971,242

Indwell Community Homes
Notes to the consolidated financial statements
For the year ended March 31, 2024

4. Long-term debt (continued)

	March 31, 2024	March 31, 2023
	\$	\$
Balance carried forward	39,531,204	40,971,242
Loan payable, 1201068 Ontario Inc., interest at 0%, no principal repayment date, unsecured. Loan was fully repaid during the year.	—	1,500,000
Mortgage payable, CMHC, interest at 3.38%, repayable in monthly Installments of \$14,234, principal due July 1, 2032. Collateralized by property of 425 Lakeshore Rd E, Mississauga with a net book value of \$24,056,182.	4,130,736	4,136,450
Mortgage payable, Wentworth Baptist Church, non-interest bearing, repayable in yearly payments of \$25,000, matures May 11, 2051. Collateralized by property at 120 Wentworth Street North, Hamilton with a net book value \$1,649,938.	679,880	704,880
Mortgage payable, Hamilton Community Foundation, interest at 3.75%. Collateralized by properties at 204 and 210 Gage Avenue North, Hamilton. Properties and related mortgage were disposed of during the year.	—	1,300,000
Non-revolving loan, CMHC, Unsecured, non-interest bearing, due date yet to be determined.	5,000,000	5,000,000
Mortgage payable, Waterloo Region Community Foundation, interest at 5%, principal and accrued interest due October 25, 2025. Collateralized by property at 1102 King St. E., Cambridge, with a net book value of \$4,633,591.	677,250	645,750
Mortgage payable, Hamilton Community Foundation, interest at 5%, principal and accrued interest due October 25, 2025. Collateralized by property at 1102 King St. E., Cambridge, with a net book value of \$4,633,591.	343,233	327,662
Mortgage payable, London Community Foundation, interest at 3.75%. Interest payment only, principal due September 27, 2024. Collateralized by properties at 346 and 392 South St., London, with a net book value of \$3,864,538.	1,051,713	465,000
Mortgage payable, CMHC, interest at 2.81%, principal and accrued interest due date not yet determined. Collateralized by property at 16 Queen St., St. Thomas with a net book value of \$14,556,713.	6,321,215	3,039,557
Balance forward	57,735,231	58,090,541

Indwell Community Homes
Notes to the consolidated financial statements
For the year ended March 31, 2024

4. Long-term debt (continued)

	March 31, 2024	March 31, 2023
	\$	\$
Balance carried forward	57,735,231	58,090,541
Mortgage payable, CMHC, interest at 2.82%, principal and accrued interest due date not yet determined. Collateralized by property at 825 King St. W, Kitchener with a net book value of \$15,374,024.	6,086,584	657,541
Private loans payable, unsecured, 0-5% interest, majority loans require no principal payments, interest payable at least annually.	28,271,257	28,914,004
	92,093,072	87,662,086
Current portion of long-term debt	16,776,092	16,409,054
	75,316,980	71,253,032

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 March 31, 2024, 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:

	\$
2025	16,776,092
2026	17,037,210
2027	4,998,066
2028	3,699,581
2029 and thereafter	49,582,123
Total	<u>92,093,072</u>

5. Interfund transfers

The Organization's management transferred \$5,824,414 (\$3,322,770 at March 31, 2023) into the Capital Fund and \$1,307,160 (\$119,504 at March 31, 2023) into the Reserve fund out of the Operating Fund to assist in funding of each respective fund.

6. Contingencies and commitments

As described in Note 1, the Organization is a provider of affordable housing with supports for the purpose of poverty relief and health improvements for people with disabilities. Because of this mandate, the federal and provincial governments along with many municipalities that the Organization works with, have provided forgivable loans or mortgages on specific properties. These are forgivable over time, provided the Organization meets many conditions. These conditions are linked to the Organization continuing to carry out its mandate of providing housing and programming with the purpose of poverty relief and health improvements for the people in their respective areas. If these conditions continue to be met, then any interest that would otherwise be payable it will be forgiven, as well as the principal amount that would otherwise be due. If these conditions should no longer be met, the Organization would be required to repay the entire forgivable loan. The amount of these contingent liabilities for the year ended March 31, 2024 would be \$145,597,430 (\$129,300,541 in 2023).

7. Bank loan credit agreements

Libro Line of Credit

The Organization's approved line of credit with Libro Credit Union is \$2,400,000. As at year end, \$nil (\$2,393,789 as at March 31, 2023) has been drawn used for interim funding of construction projects and \$5,799 (\$nil as at March 31, 2023) of pre-authorized credit remains on the line of credit balance. The bank facility bears interest at prime rate plus 2%. The loan is repayable on demand and is interest only monthly during the construction phase.

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 March 31, 2024, the Organization complied with all these requirements.

TD Operating Loan

The Organization has access to an operating loan with TD Bank for \$9,000,000. As at year end, \$1,303,200 (\$7,179,610 as at March 31, 2023) has been drawn and used for cash disbursements on construction projects. The bank facility bears the TD Bank prime rate plus 1%. 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.

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 March 31, 2024, the Organization is in compliance with TD Bank.

Indwell Community Homes
Notes to the consolidated financial statements
For the year ended March 31, 2024

8. Community bonds

During the year, the Organization commenced issuing Hope & Homes Hamilton Community Bond series ("community bonds"). The community bonds are unsecured and its repayments are subordinate to the Organizations long term debt outlined in Note 4 and outstanding lines of credit outlined in Note 7. Community bonds outstanding as of year end are as follows:

Series	Minimum individual purchase	Annual interest earned	Repayment period	Amount outstanding
	\$			\$
A	1,000	3.5%	3 years	1,000
B	5,000	4.0%	3 years	-
C	10,000	4.0%	3 years	-
D	25,000	4.5%	3 years	-
E	50,000	5.0%	5 years	200,000
Total				<u>201,000</u>

Interest earned on the community bonds are accrued and to be repaid annually. As of March 31, 2024 there is \$nil (\$nil in 2023) accrued for interest to be repaid.

9. Supplemental cash flow information

Changes in non-cash operating working capital items

	2024	2023
	\$	\$
Accounts receivable	(459,412)	(430,349)
Grants receivable	1,092,929	1,539,593
Prepaid expenses and deposits	(266,966)	(656,974)
Work in progress	20,126	(20,126)
Accounts payable and accrued liabilities	1,851,815	(5,586,639)
Construction holdback payable	(646,365)	(2,639,883)
Deferred revenue	(6,267)	(16,646)
Residents' deposits	101,995	95,053
	<u>1,687,855</u>	<u>(7,715,971)</u>

10. 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.

10. Financial instruments (continued)

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. With respect to loans maturing in the next year management does not expect interest rates to vary significantly. In addition, the Organization is exposed to changing interest rates on its variable rates lines of credit facilities outlined in Note 7.

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 March 31, 2024, the most significant financial liabilities are the bank loan, accounts payable and accrued liabilities, construction holdback payable, residents' deposits and long-term debt.

11. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

12. Subsequent events

On June 28, 2024, the Organization closed a mortgage loan with First National Financial LP for \$4,662,844 with a term of 10 years. The mortgage is secured, in second priority, by the properties at 205 Melvin Ave. and 256 Parkdale Ave. N in Hamilton. The mortgage paid out an existing loan of \$4,500,000 from a private family foundation.