
Consolidated financial statements of Indwell Community Homes

March 31, 2025

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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, 2025, 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, 2025, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Organization as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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

July 16, 2025

Licensed Public Accountants

MNP

Indwell Community Homes

Consolidated statement of revenue and expenses

Year ended March 31, 2025

	Operating fund \$	Capital fund \$	Reserve fund \$	2025 Total \$	Operating fund \$	Capital fund \$	Reserve fund \$	2024 Total \$
Revenue								
Donations								
Churches, charities and foundations	1,249,419	10,089,507	—	11,338,926	1,070,850	6,625,636	—	7,696,486
Individuals and corporations	2,141,489	457,268	—	2,598,757	2,264,065	1,092,816	—	3,356,881
Residents room and board	315,251	—	—	315,251	304,693	—	—	304,693
Rent	11,683,830	—	—	11,683,830	9,603,611	—	—	9,603,611
Grants								
Municipalities	3,198,483	5,006,521	—	8,205,004	2,036,595	4,242,905	—	6,279,500
Ministry of Health	13,753,222	—	—	13,753,222	12,266,973	—	—	12,266,973
Federal and provincial	1,171,403	11,596,124	—	12,767,527	650,944	14,628,594	—	15,279,538
Charities and other agencies	225,108	30,000	—	255,108	263,080	8,002	—	271,082
Consulting revenue	986,807	—	—	986,807	373,143	—	—	373,143
Fundraising income	129,476	—	—	129,476	92,359	—	—	92,359
Commercial and service fees	330,894	—	—	330,894	223,331	—	—	223,331
Other	108,742	—	—	108,742	56,833	27,246	—	84,079
(Loss) gain on disposal of capital assets	—	(8,069)	—	(8,069)	—	290,211	—	290,211
Interest income	245,187	—	66,717	311,904	119,302	—	16,873	136,175
	35,539,311	27,171,351	66,717	62,777,379	29,325,779	26,915,410	16,873	56,258,062
Expenses								
Salaries and benefits	18,711,506	—	—	18,711,506	14,645,878	—	—	14,645,878
Interest expense	14,960	2,948,490	—	2,963,450	12,860	2,662,929	—	2,675,789
Amortization	—	6,422,134	—	6,422,134	—	5,991,473	—	5,991,473
Building facilities	6,314,470	—	—	6,314,470	4,909,616	—	—	4,909,616
Administration	1,464,908	221,762	—	1,686,670	1,138,796	186,140	—	1,324,936
Programs	2,516,838	—	—	2,516,838	1,724,064	—	—	1,724,064
Property taxes (net of refunds)	99,900	—	—	99,900	90,423	—	—	90,423
Rent expense	89,345	—	—	89,345	87,328	—	—	87,328
	29,211,927	9,592,386	—	38,804,313	22,608,965	8,840,542	—	31,449,507
Excess of revenue over expenses	6,327,384	17,578,965	66,717	23,973,066	6,716,814	18,074,868	16,873	24,808,555

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, 2025

		Operating fund \$	Capital fund \$	Reserve Fund \$	2025 Total \$	Operating fund \$	Capital fund \$	Reserve Fund \$	2024 Total \$
	Notes								
Fund balances, beginning of year		(441,092)	169,251,467	1,762,317	170,572,692	(26,332)	145,352,185	438,284	145,764,137
Excess of revenue over expenses		6,327,384	17,578,965	66,717	23,973,066	6,716,814	18,074,868	16,873	24,808,555
Transfers	5	(3,920,952)	3,536,527	384,425	—	(7,131,574)	5,824,414	1,307,160	—
Fund balances, end of year		1,965,340	190,366,959	2,213,459	194,545,758	(441,092)	169,251,467	1,762,317	170,572,692

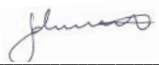
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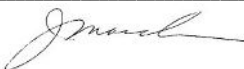
Indwell Community Homes
Consolidated balance sheet
As at March 31, 2025

	Notes	Operating fund \$	Capital fund \$	Reserve fund \$	2025 Total \$	Operating fund \$	Capital fund \$	Reserve fund \$	2024 Total \$
Assets									
Current assets									
Cash		3,178,301	9,023,816	2,213,459	14,415,576	1,493,228	5,939	1,762,317	3,261,484
Accounts receivable		881,259	1,584,113	—	2,465,372	983,878	649,948	—	1,633,826
Grants receivable		688,302	1,778,790	—	2,467,092	232,866	397,385	—	630,251
Prepaid expenses and deposits		1,088,324	1,202,450	—	2,290,774	790,276	1,277,385	—	2,067,661
		5,836,186	13,589,169	2,213,459	21,638,814	3,500,248	2,330,657	1,762,317	7,593,222
Grants receivable - long-term portion		—	4,968,889	—	4,968,889	—	5,368,429	—	5,368,429
Capital assets	3	—	274,797,267	—	274,797,267	—	262,024,023	—	262,024,023
		5,836,186	293,355,325	2,213,459	301,404,970	3,500,248	269,723,109	1,762,317	274,985,674
Liabilities									
Current liabilities									
Bank loan	7	—	11,696	—	11,696	—	1,303,200	—	1,303,200
Accounts payable and accrued liabilities		2,060,342	3,844,811	—	5,905,153	2,124,904	5,228,723	—	7,353,627
Construction holdback payable		—	1,551,073	—	1,551,073	—	1,645,647	—	1,645,647
Residents' deposits		651,505	—	—	651,505	613,186	—	—	613,186
Deferred revenue		1,158,999	—	—	1,158,999	1,203,250	—	—	1,203,250
Current portion of long-term debt	4	—	23,393,212	—	23,393,212	—	16,776,092	—	16,776,092
		3,870,846	28,800,792	—	32,671,638	3,941,340	24,953,662	—	28,895,002
Community bonds	8	—	6,110,241	—	6,110,241	—	201,000	—	201,000
Long-term debt	4	—	68,077,333	—	68,077,333	—	75,316,980	—	75,316,980
		3,870,846	102,988,366	—	106,859,212	3,941,340	100,471,642	—	104,412,982
Contingencies and commitments	6								
Fund balances									
Unrestricted operating		1,965,340	—	—	1,965,340	(441,092)	—	—	(441,092)
Restricted		—	190,366,959	2,213,459	192,580,418	—	169,251,467	1,762,317	171,013,784
		1,965,340	190,366,959	2,213,459	194,545,758	(441,092)	169,251,467	1,762,317	170,572,692
		5,836,186	293,355,325	2,213,459	301,404,970	3,500,248	269,723,109	1,762,317	274,985,674

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, 2025

	Notes	2025 \$	2024 \$
Operating activities			
Excess of revenue over expenses		23,973,066	24,808,555
Items not affecting cash			
Amortization		6,422,134	5,991,473
Loss (gain) on disposal of capital assets		8,069	(290,211)
Changes in non-cash operating working capital items	9	(6,764,183)	(4,389,954)
		23,639,086	26,119,863
Investing activities			
Additions to capital assets		(16,549,249)	(25,624,099)
Proceeds on sale of capital assets		1,050,910	2,732,357
Decrease in grants receivable - capital fund		(981,865)	1,305,363
		(16,480,204)	(21,586,379)
Financing activities			
Net decrease in bank loan		(1,291,504)	(8,270,199)
Proceeds from community bonds		5,909,241	201,000
Increase in long-term debt		9,022,095	11,720,227
Repayment of long-term debt		(9,644,622)	(7,289,241)
		3,995,210	(3,638,213)
Net change in cash		11,154,092	895,271
Cash, beginning of year		3,261,484	2,366,213
Cash, end of year		14,415,576	3,261,484

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 ("ASNPO") 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 if the amount to be received can be reasonably estimated and collection is reasonably assured.

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 if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenues from fundraising activities are recognized in the year in which the event takes place if the amount to be received can be reasonably estimated and collection is reasonably assured, which can result in deferred revenue.

2. Significant accounting policies (continued)

Use of estimates

The preparation of consolidated financial statements in conformity with ASNPO 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 and accrued liabilities. 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.

Arm's length financial instruments

Financial instruments originated/acquired or issue/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the consolidated statement of revenue and expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost.

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 Canadian accounting standards for private enterprises ("ASPE") Handbook Section 3856, related party financial instruments. Transaction costs directly attributable to related party transactions are immediately recognized in the consolidated statement of revenue and expenses.

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial asset impairment

The Organization assess impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the consolidated balance sheet date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in the current year consolidated statement of revenue and expenses.

The Organization reversed impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the consolidated statement of revenue and expenses in the year the reversal occurs.

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 is 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.

2. Significant accounting policies (continued)

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.

Adoption of new accounting standard – Accounting for cloud computing arrangements

Effective April 1, 2024, the Organization adopted ASPE's new guideline AcG-20 *Customer's Accounting for Cloud Computing Arrangements* (the "guideline"). Applying the new guideline results in the recognition, measurement, and disclosure of cloud computing arrangements, including the allocation of the arrangement consideration to significant separable elements of cloud computing arrangements.

Based on the available policy choices, the Organization has applied the simplification approach to account for expenditures in a cloud computing arrangement. Under the simplification approach, the Organization recognizes expenditures related to the elements in the cloud computing arrangement as software expenses totaling \$695,697 (\$449,325 in 2024) which are included in administration expenses.

There were no changes to the amounts presented or disclosed in the financial statements as a result of adopting the guideline.

3. Capital assets

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
	\$	\$	\$	\$
Land	23,352,429	—	23,352,429	23,669,929
Buildings	251,207,648	28,734,597	222,473,051	206,539,452
Buildings under construction	26,448,181	—	26,448,181	29,310,800
Furniture and equipment	4,941,710	2,864,875	2,076,835	2,099,456
Computer equipment	1,211,014	874,951	336,063	324,821
Vehicles	123,261	106,616	16,645	23,782
Leasehold improvements	107,462	42,938	64,524	22,220
Computer software	142,499	112,960	29,539	33,563
	307,534,204	32,736,937	274,797,267	262,024,023

Included in accounts payable are \$3,705,108 (\$5,169,832 in 2024) related to the buildings under construction.

Indwell Community Homes
Notes to the consolidated financial statements
For the year ended March 31, 2025

4. Long-term debt

	2025	2024
	\$	\$
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 \$2,070,172.	789,003	832,390
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 \$8,086,850.	996,347	1,039,728
Mortgage payable, Canada Mortgage and Housing Corporation (CMHC), interest at 3.20%, repayable in blended monthly instalments of \$24,775, matures January 9, 2073. Collateralized by properties at 225 & 247 East Avenue N, Hamilton with a net book value of \$29,387,882.	7,345,872	7,409,076
Mortgage payable, CMHC, interest at 1.72%, repayable in blended monthly instalments of \$22,016, matures January 1, 2032. Collateralized by property of 744 Dundas Street, London with a net book value of \$20,053,706.	8,715,871	8,829,952
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 \$12,099,610.	3,352,487	3,464,634
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 \$4,201,751.	1,947,730	2,025,914
Mortgage payable, private family foundation, interest at 3.75%. Interest payment only, due date not yet determined. Collateralized by property at 205 Melvin Avenue, Hamilton with a net book value of \$23,261,245. Mortgage was repaid and converted to the First National Financial mortgage for 205 Melvin Avenue.	—	4,500,000
Mortgage payable, Libro Credit Union, 7.15% interest, repayable in blended monthly instalments of \$9,722, matures August 10, 2025. Collateralized by property at 373 Blossom Park, Woodstock with a net book value of \$8,353,104.	1,357,580	1,381,541
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 \$5,029,726.	785,593	774,743
Balance forward	25,290,483	30,257,978

Indwell Community Homes
Notes to the consolidated financial statements
For the year ended March 31, 2025

4. Long-term debt (continued)

	2025	2024
	\$	\$
Balance carried forward	25,290,483	30,257,978
Mortgage payable, First National Financial LP, 4.81% interest, repayable in blended monthly instalments of \$20,407, matures December 1, 2034. Collateralized by property at 205 Melvin Avenue, Hamilton, with a net book value of \$23,261,245.	4,647,482	—
Mortgage payable, London Community Foundation, interest at 4.5%. Interest payment only, principal due August 21, 2025. Collateralized by property at 356 Dundas Street, London, with a net book value of \$14,706,466.	2,460,000	2,500,000
Mortgage payable, CMHC, interest at 2.53%, repayable in blended Monthly instalments of \$14,397, matures September 24, 2028. Collateralized by property at 356 Dundas Street, London, with a net book value of \$14,706,466.	4,705,149	4,759,021
Mortgage payable, City of London, fixed interest at 2%, principal and interest due June 30, 2054. Collateralized by property at 356 Dundas Street, London, with a net book value of \$14,706,466.	2,014,205	2,014,205
Mortgage payable, Hamilton Community Foundation, interest at 5%. Interest payment only, principal due September 30, 2029. Collateralized by property of 1907 King Street E., Hamilton with a net book value of \$1,335,894.	1,271,000	—
Mortgage payable, CMHC, interest at 3.38%, repayable in blended Monthly installments of \$14,234, matures January 1, 2074. Collateralized by property of 425 Lakeshore Rd E, Mississauga with a net book value of \$23,511,616.	4,097,774	4,130,736
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 \$1,862,077.	654,880	679,880
Non-revolving loan, CMHC, Unsecured, non-interest bearing, due date yet to be determined.	3,500,000	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 \$2,238,733.	708,750	677,250
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 \$2,238,733.	358,968	343,233
Balance forward	49,708,691	50,362,303

4. Long-term debt (continued)

	2025 \$	2024 \$
Balance carried forward	49,708,691	50,362,303
Mortgage payable, London Community Foundation, interest at 4.25%. Interest payment only, principal due September 27, 2026. Collateralized by properties at 346 and 392 South St., London, with a net book value of \$6,129,787.	2,000,000	1,051,713
Mortgage payable, CMHC, interest at 2.81%, repayable in blended monthly payments of \$19,564 due on July 1, 2074. Collateralized by property at 16 Queen St., St. Thomas with a net book value of \$14,168,169.	6,296,629	6,321,215
Mortgage payable, CMHC, interest at 2.82%, principal and accrued interest due January 12, 2074. Collateralized by property at 825 King St. W, Kitchener with a net book value of \$14,795,873.	6,256,800	6,086,584
Private loans payable, unsecured, 0-5% interest, majority loans require no principal payments, interest payable at least annually.	27,208,425	28,271,257
	91,470,545	92,093,072
Current portion of long-term debt	23,393,212	16,776,092
	68,077,333	75,316,980

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, 2025, 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.

The current portion of long-term debt includes outstanding principal amounts of mortgages and loans payable that have a maturity date within twelve months of year end. The Organization expects that these mortgages and loans will be renewed under similar terms.

4. Long-term debt (continued)

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

	\$
2026	23,393,212
2027	12,298,611
2028	5,222,025
2029	9,511,644
2030 and thereafter	41,045,053
Total	<u>91,470,545</u>

5. Interfund transfers

The Organization's management transferred \$3,536,527 (\$5,824,414 in 2024) into the Capital Fund and \$384,425 (\$1,307,160 in 2024) 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 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, 2025 would be \$157,341,345 (\$145,539,955 in 2024).

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, \$11,696 (\$nil as at March 31, 2024) has been drawn used for interim funding of construction projects and \$nil (\$5,799 as at March 31, 2024) 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 line of credit 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

7. Bank loan credit agreements (Continued)

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, 2025, 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, \$nil (\$1,303,200 as at March 31, 2024) 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, 2025, the Organization is in compliance with these requirements.

8. Community bonds

During the year, the Organization has issued the Hope & Homes Hamilton Community Bond series ("community bonds"). The community bonds are unsecured and their repayments are subordinate to the Organization's 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	23,500
B	5,000	4.0%	3 years	267,500
C	10,000	4.0%	3 years	281,000
D	25,000	4.5%	3 years	370,500
E	50,000	5.0%	5 years	5,095,000
Total				<u>6,037,500</u>

Interest incurred on the community bonds is accrued and to be repaid annually. As at March 31, 2025 there is \$72,741 (\$nil in 2024) accrued interest to be repaid.

9. Supplemental cash flow information

Changes in non-cash operating working capital items

	2025 \$	2024 \$
Accounts receivable	(831,546)	(459,412)
Grants receivable – operating fund	(455,436)	184,952
Prepaid expenses and deposits	(223,113)	(266,966)
Work in progress	—	20,126
Accounts payable and accrued liabilities	(5,153,582)	(3,318,017)
Construction holdback payable	(94,574)	(646,365)
Deferred revenue	(44,251)	(6,267)
Residents' deposits	38,319	101,995
	(6,764,183)	(4,389,954)

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.

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, 2025, 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

- (a) Subsequent to year end, the Organization closed the extension of its operating line of credit with TD Bank, with the same terms as the current TD Bank operating loan. The extension expands the access to capital by \$3,750,000, to a total access of \$12,750,000. As part of the transaction, the operating line with Libro Credit Union of \$2,400,000 was discharged, with TD Bank taking the security position vacated by Libro on a property in Hamilton.
- (b) Subsequent to year end, the Organization entered into a municipal contribution agreement with the Regional Municipality of Peel under the Peel Affordable Rental Incentives Program. The agreement provides a forgivable mortgage in the amount of \$2,200,000, secured by a property under construction in Mississauga, Ontario. The forgivable mortgage will be reported as revenue as the funds are drawn in 2026 and 2027. Should the conditions no longer be met during the forty (40) year term, the Organization would be required to repay any unforgiven portion of the mortgage.
- (c) Subsequent to year end, the Organization executed the security of a loan and capital contribution agreement with CMHC under the Affordable Housing Fund. The agreement provides a forgivable mortgage in the amount of \$3,150,000 and a repayable mortgage of \$5,349,394, secured by a property under construction in London, Ontario with a municipal address of 392 South Street. 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. The forgivable portion will be reported as revenue as the funds are drawn in 2026 and 2027. 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 4.35%.
- (d) Subsequent to year end, the Organization closed a land donation agreement with the County of Lambton, whereby the County donated a parcel of land to the Organization, at the municipal address of 333 George Street in the City of Sarnia, to develop a supportive housing project.
- (e) Subsequent to year end, the Organization entered into a municipal contribution agreement with the City of Hamilton under the Affordable Housing Development Project Stream Program. The agreement provides a forgivable mortgage in the amount of \$3,500,000, secured to a property under construction in Hamilton, Ontario. The forgivable mortgage will be reported as revenue as the funds are drawn in 2026 and 2027. Should the conditions no longer be met during the forty (40) year term, the Organization would be required to repay any unforgiven portion of the mortgage.