Consolidated financial statements of

Indwell Community Homes

March 31, 2023

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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, 2023, and the consolidated statements of revenue and expenses, changes in fund balances and cash flows for the seven month period 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, 2023, and the results of its consolidated operations and its consolidated cash flows for the seven month period 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

July 19, 2023 | Licensed Public Accountants

Indwell Community Homes

Consolidated statement of revenue and expenses

Period ended March 31, 2023

	Operating fund	**Capital fund**	**Reserve fund**	**7-month period ended March 31, 2023 Total**	Operating fund	Capital fund	Reserve fund	12-month year ended August 31, 2022 Total
	$	**$**	**$**	**$**	$	$	$	$
Revenue								
Donations								
Churches, charities and foundations	**1,609,347**	**2,372,324**	**—**	**3,981,671**	1,340,946	2,105,220	—	3,446,166
Individuals and corporations	**1,158,969**	**2,040,525**	**—**	**3,199,494**	1,583,153	1,175,405	—	2,758,558
Residents room and board	**175,095**	**—**	**—**	**175,095**	285,069	—	—	285,069
Rent	**4,718,027**	**—**	**—**	**4,718,027**	6,178,280	—	—	6,178,280
Grants								
Municipalities	**958,816**	**1,665,219**	**—**	**2,624,035**	1,049,613	7,291,760	—	8,341,373
Ministry of Health and Long-Term Care	**3,894,381**	**—**	**—**	**3,894,381**	4,843,944	—	—	4,843,944
Federal and provincial	**56,434**	**9,003,276**	**—**	**9,059,710**	366,998	38,528,379	—	38,895,377
Charities and other agencies	**123,081**	**150,502**	**—**	**273,583**	132,975	101,500	—	234,475
Consulting revenue	**12,304**	**—**	**—**	**12,304**	35,345	—	—	35,345
Fundraising income	**26,795**	**—**	**—**	**26,795**	96,750	—	—	96,750
Commercial and service fees	**97,313**	**—**	**—**	**97,313**	260,615	—	—	260,615
Other	**68,796**	**135,000**	**—**	**203,796**	186,248	—	—	186,248
Interest income	**72,712**	**766**	**3,377**	**76,855**	32,555	173	643	33,371
	12,972,070	**15,367,612**	**3,377**	**28,343,059**	16,392,491	49,202,437	643	65,595,571
Expenses								
Salaries and benefits	**6,796,430**	**—**	**—**	**6,796,430**	9,734,476	—	—	9,734,476
Interest expense	**4,296**	**1,248,409**	**—**	**1,252,705**	2,608	2,059,006	—	2,061,614
Amortization	**—**	**3,081,742**	**—**	**3,081,742**	—	4,183,436	—	4,183,436
Building facilities	**2,211,025**	**—**	**—**	**2,211,025**	2,927,337	—	—	2,927,337
Administration	**487,314**	**83,844**	**—**	**571,158**	630,428	56,386	—	686,814
Programs	**754,460**	**—**	**—**	**754,460**	1,138,911	—	—	1,138,911
Property taxes (net of refunds)	**32,844**	**—**	**—**	**32,844**	151,183	—	—	151,183
Rent expense	**54,903**	**—**	**—**	**54,903**	77,120	—	—	77,120
	10,341,272	**4,413,995**	**—**	**14,755,267**	14,662,063	6,298,828	—	20,960,891
Excess of revenue over expenses	**2,630,798**	**10,953,617**	**3,377**	**13,587,792**	1,730,428	42,903,609	643	44,634,680

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

Indwell Community Homes

Consolidated statement of changes in fund balances

Period ended March 31, 2023

	Notes	**Operating fund $**	**Capital fund $**	**Reserve Fund $**	**7-month period ended March 31, 2023 Total $**	Operating fund $	Capital fund $	Reserve Fund $	12-month year ended August 31, 2022 Total $
Fund balances, beginning of year		**785,144**	**131,075,798**	**315,403**	**132,176,345**	(115,693)	87,475,548	181,810	87,541,665
Excess of revenue over expenses		**2,630,798**	**10,953,617**	**3,377**	**13,587,792**	1,730,428	42,903,609	643	44,634,680
Transfers	5	**(3,442,274)**	**3,322,770**	**119,504**	**—**	(829,591)	696,641	132,950	—
Fund balances, end of year		**(26,332)**	**145,352,185**	**438,284**	**145,764,137**	785,144	131,075,798	315,403	132,176,345

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

Indwell Community Homes

Consolidated balance sheet

As at March 31, 2023

	Notes	Operating fund $	Capital fund $	Reserve fund $	March 31, 2023 Total $	Operating fund $	Capital fund $	Reserve fund $	August 31, 2022 Total $
Assets									
Current assets									
Cash		**1,907,727**	**20,202**	**438,284**	**2,366,213**	2,080,215	21,850	315,403	2,417,468
Accounts receivable		**466,389**	**708,025**	**—**	**1,174,414**	708,181	35,884	—	744,065
Grants receivable		**417,817**	**1,305,363**	**—**	**1,723,180**	793,898	2,468,875	—	3,262,773
Prepaid expenses and deposits		**631,534**	**1,169,161**	**—**	**1,800,695**	386,568	757,153	—	1,143,721
Work in progress		**20,126**	**—**	**—**	**20,126**	—	—	—	—
		3,443,593	**3,202,751**	**438,284**	**7,084,628**	3,968,862	3,283,762	315,403	7,568,027
Grants receivable - long-term portion		**—**	**5,765,815**	**—**	**5,765,815**	—	5,966,931	—	5,966,931
Capital assets	3	**—**	**239,663,711**	**—**	**239,663,711**	—	222,944,702	—	222,944,702
		3,443,593	**248,632,277**	**438,284**	**252,514,154**	3,968,862	232,195,395	315,403	236,479,660
Liabilities									
Current liabilities									
Bank loan	7	**—**	**9,573,399**	**—**	**9,573,399**	—	10,521,770	—	10,521,770
Accounts payable and accrued liabilities		**1,749,217**	**3,752,595**	**—**	**5,501,812**	1,541,417	9,547,034	—	11,088,451
Construction holdback payable		**—**	**2,292,012**	**—**	**2,292,012**	—	4,931,895	—	4,931,895
Residents' deposits		**511,191**	**—**	**—**	**511,191**	416,138	—	—	416,138
Deferred revenue		**1,209,517**	**—**	**—**	**1,209,517**	1,226,163	—	—	1,226,163
Current portion of long-term debt	4	**—**	**16,409,054**	**—**	**16,409,054**	—	15,965,477	—	15,965,477
		3,469,925	**32,027,060**	**—**	**35,496,985**	3,183,718	40,966,176	—	44,149,894
Long-term debt	4	**—**	**71,253,032**	**—**	**71,253,032**	—	60,153,421	—	60,153,421
		3,469,925	**103,280,092**	**—**	**106,750,017**	3,183,718	101,119,597	—	104,303,315
Contingencies and commitments	6								
Fund balances									
Unrestricted operating		**(26,332)**	**—**	**—**	**(26,332)**	785,144	—	—	785,144
Restricted		**—**	**145,352,185**	**438,284**	**145,790,469**	—	131,075,798	315,403	131,391,201
		(26,332)	**145,352,185**	**438,284**	**145,764,137**	785,144	131,075,798	315,403	132,176,345
		3,443,593	**248,632,277**	**438,284**	**252,514,154**	3,968,862	232,195,395	315,403	236,479,660

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

Indwell Community Homes

Consolidated statement of cash flows

Period ended March 31, 2023

	Notes	**7-month period ended March 31, 2023**	12-month year ended August 31, 2022
		$	$
Operating activities			
Excess of revenue over expenses		**13,587,792**	44,634,680
Item not affecting cash			
Amortization		**3,081,742**	4,183,436
Changes in non-cash operating working capital items	8	**(7,715,971)**	6,328,497
		8,953,563	55,146,613
Investing activities			
Additions to capital assets		**(19,800,751)**	(71,748,919)
Proceeds on sale of capital assets		**—**	—
Decrease in long-term portion of grants receivable		**201,116**	483,412
		(19,599,635)	(71,265,507)
Financing activities			
Net increase in bank loan		**(948,371)**	8,142,246
Increase in long-term debt		**16,565,618**	13,447,441
Repayment of long-term debt		**(5,022,430)**	(8,641,920)
		10,594,817	12,947,767
Net change in cash		**(51,255)**	(3,171,127)
Cash, beginning of year		**2,417,468**	5,588,595
Cash, end of year		**2,366,213**	2,417,468

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.

During the fiscal period, the Organization received approval from the CRA to change their fiscal year end from August 31 to March 31 to coincide with the reporting requirements to a portion of their funders.

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

2. Significant accounting policies (continued)

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.

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

			March 31, 2023	August 31, 2022
	Cost	**Accumulated amortization**	**Net book value**	Net book value
	$	**$**	**$**	$
Land	**22,024,508**	**—**	**22,024,508**	20,985,747
Buildings	**200,551,761**	**17,768,288**	**182,783,473**	141,614,375
Buildings under construction	**32,388,646**	**—**	**32,388,646**	58,354,602
Furniture and equipment	**3,796,050**	**1,819,064**	**1,976,986**	1,578,401
Computer equipment	**961,474**	**595,252**	**366,222**	339,961
Vehicles	**115,899**	**89,287**	**26,612**	32,263
Leasehold improvements	**50,799**	**20,661**	**30,138**	34,587
Computer software	**117,108**	**49,982**	**67,126**	4,766
	260,006,245	**20,342,534**	**239,663,711**	222,944,702

4. Long-term debt

	March 31, 2023 $	August 31, 2022 $
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 $2,127,971.	**873,641**	896,761
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 $8,432,998.	**1,081,439**	1,105,230
Mortgage payable, 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 $31,134,917.	**7,440,100**	2,372,105
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 $20,972,884.	**8,867,779**	5,579,138
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 $12,632,802.	**3,573,308**	3,635,141
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 $4,397,333.	**2,100,693**	2,143,250
Mortgage payable, private family foundation, interest at 3.75%. Interest payment only, matures August 18, 2023. Collateralized by property at 205 Melvin Street, Hamilton with a net book value of $24,339,078.	**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 $8,597,677.	**1,409,059**	1,424,790
Mortgage payable, Kitchener Waterloo Community Foundation, 4% interest. Interest only quarterly payments. Collateralized by property at 825 King Street West, Kitchener with a net book value of $9,625,918. Loan was fully repaid during the year.	**-**	1,025,000
Balance forward	**29,846,019**	22,681,415

4. Long-term debt (continued)

	March 31, 2023 $	August 31, 2022 $
Balance carried forward	**29,846,019**	22,681,415
Mortgage payable, Hamilton Community Foundation, interest at 4%. Interest only payment, principal due February 29, 2024, collateralized by property at 356 Dundas Street, London, with a net book value of $13,714,361.	**1,800,000**	1,800,000
Mortgage payable, London Community Foundation, interest at 4.5%. Interest payment only, principal due February 21, 2025. Collateralized by property at 356 Dundas Street, London, with a net book value of $13,714,361.	**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 net book value of $13,714,361.	**4,811,018**	4,841,212
Mortgage payable, City of London, interest only 2% not Compounded annually, with interest payment deferral until loan due date, principal due June 30, 2054. Collateralized by property at 356 Dundas Street, London, with a net book value of $13,714,361.	**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%, repayable in monthly installments, principal due July 1, 2032. Collateralized by property of 425 Lakeshore Rd E, Mississauga with a net book value of $24,643,963.	**4,136,450**	2,616,198
Mortgage payable, City of London, non-interest bearing, repayable in three instalments of $166,667 due upon completion of designated milestones. Collateralized by property at 744 Dundas Street, London with a net book value of $20,972,884. Loan was fully repaid during the year.	**-**	220,044
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 $1,517,605.	**704,880**	719,463
Balance forward	**47,312,572**	38,892,537

4. Long-term debt (continued)

	March 31, 2023 $	August 31, 2022 $
Balance carried forward	**47,312,572**	38,892,537
Mortgage payable, Hamilton Community Foundation, interest at 3.75%, principal due July 25, 2024. Collateralized by properties at 204 and 210 Gage Avenue North, Hamilton with a net book value of $1,938,205.	**1,300,000**	1,300,000
Non-revolving loan, Canada Mortgage and Housing Corporation, non-interest bearing, principal due December 2023, unsecured.	**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 $2,174,321.	**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 $2,174,321.	**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 $1,379,595.	**465,000**	-
Mortgage payable, Canada Mortgage and Housing Corporation, 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 $12,475,258.	**3,039,557**	-
Mortgage payable, Canada Mortgage and Housing Corporation, 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 $9,625,918.	**657,541**	
Private loans payable, unsecured, 0-5.5% interest, majority loans require no principal payments, interest payable at least annually	**28,914,004**	30,926,361
	87,662,086	76,118,898
Current portion of long-term debt	**16,409,054**	15,965,477
	71,253,032	60,153,421

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 March 31, 2023, 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:

	$
2024	16,409,054
2025	10,677,542
2026	11,826,299
2027	4,529,682
2028 and thereafter	44,219,509
Total	87,662,086

5. Interfund transfers

The Organization's management transferred $3,322,770 ($696,641 at August 31, 2022) into the Capital Fund and $119,504 ($132,950 August 31, 2022) 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 (August 31, 2022 - $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 March 31, 2023 is $381,150 ($404,600 at August 31, 2022).

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 March 31, 2023 is $137,500 ($166,667 at August 31, 2022).

(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 have 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 have been reported as revenue in 2019, 2020, 2021 and 2022. 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 March 31, 2023 is $2,531,483 ($2,616,270 at August 31, 2022).

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 has been reported as revenue in 2020, 2021 and 2022. 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 $25,000 recognized at March 31, 2023 ($0 at August 31, 2022)). 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 $317,000 recognized at March 31, 2023 ($0 at August 31, 2022)). 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 $874,119 recognized at March 31, 2023 ($0 at August 31, 2022)). 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 March 31, 2023 is $2,815,151 ($2,904,319 at August 31, 2022).

(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 has been reported as revenue in 2021 and 2022. 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 has been reported as revenue in 2021 and 2022. 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 $110,396 recognized at March 31, 2023 ($0 at August 31, 2022)). 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 March 31, 2023 is $3,649,696 ($4,131,731 at August 31, 2022).

(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 $0 at March 31, 2023 ($2,700,000 at August 31, 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 March 31, 2023 is $4,320,000 ($4,320,000 at August 31, 2022).

(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 $1,173,326 at March 31, 2023 ($1,955,544 at August 31, 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 $0 at March 31, 2023 ($4,088,157 at August 31, 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 $1,723,032 recognized at March 31, 2023 ($3,481,017 at August 31, 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 March 31, 2023 is $5,040,049.

(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 has been reported as revenue in 2022 and 2023. Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

(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 March 31, 2023 is $9,348,828.

(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 has been reported as revenue in 2022 and 2023. Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

(ee) In 2023, 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 $2,785,465 and a repayable mortgage of $6,321,215, secured to a property 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 has been reported as revenue as the funds were drawn in 2023. Should the conditions no longer be met, the Organization would be required to repay the unforgiven portion of the loan. The potential repayable portion at March 31, 2023 is $2,785,465.

(ff) In 2023, 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 $2,174,862 and a repayable mortgage of $6,256,960, secured to a property 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 has been reported as revenue as the funds were drawn in 2023. 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 March 31, 2023 is $2,174,862.

6. Contingencies and commitments (continued)

(gg) In 2023, the Organization entered into a capital contribution agreement with the Regional Municipality of Waterloo comprised of $8,987,497 from the Region's Strategic Investment Fund and $5,500,000 under the Canada-Ontario Community Housing Initiative program (COCHI). The agreement provides a forgivable mortgage in the amount of $14,487,497. The funding is expected to be received in 2024 and 2025. 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-five (55) years from the date of occupancy. Since the mortgage of $14,487,497 is considered forgivable, the forgivable mortgage will be reported as revenue as the project milestones are achieved (including $0 at March 31, 2023). Should the conditions no longer be met, the Organization would be required to repay the entire forgivable loan.

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, $2,393,789 ($2,394,547 at August 31, 2022) has been drawn used for interim funding of construction projects. 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, 2023, 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, $7,179,610 ($8,127,223 at August 31, 2022) 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.

As at March 31, 2023, the Organization is in compliance with TD Bank.

8. Supplemental cash flow information

Changes in non-cash operating working capital items

	March 31, 2023	August 31, 2022
	$	$
Accounts receivable	(430,349)	757,645
Grants receivable	1,539,593	(458,367)
Prepaid expenses and deposits	(656,974)	(323,430)
Work in progress	(20,126)	—
Accounts payable and accrued liabilities	(5,586,639)	5,142,347
Construction holdback payable	(2,639,883)	1,466,003
Residents' deposits	95,053	105,173
Deferred revenue	(16,646)	(360,874)
	(7,715,971)	6,328,497

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 March 31, 2023, the most significant financial liabilities are a bank loan, accounts payable and accrued liabilities, construction holdback payable, residents’ deposits and long-term debt.