

RAISING THE ROOF CHEZ TOIT
NON-CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

RAISING THE ROOF CHEZ TOIT

JUNE 30, 2024

CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 2
NON-CONSOLIDATED FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 19

INDEPENDENT AUDITOR'S REPORT**To the Directors of
RAISING THE ROOF CHEZ TOIT****Qualified Opinion**

We have audited the non-consolidated financial statements of **RAISING THE ROOF CHEZ TOIT** (the "organization"), which comprise the non-consolidated statement of financial position as at June 30, 2024, and the non-consolidated statements of changes in net assets, operations and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the *Basis for Qualified Opinion* paragraph, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 2024, and its non-consolidated financial performance and its non-consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, **RAISING THE ROOF CHEZ TOIT** derives revenue from sources of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to the organization's revenues, excess of revenue over expenses, and cash flows from operations for the years ended June 30, 2024 and 2023, current assets as at June 30, 2024 and 2023, and net assets as at July 1, 2023 and June 30, 2024.

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 Non-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 non-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 Non-consolidated Financial Statements

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

In preparing the non-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 Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-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 non-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 non-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 non-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 non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Kraft Berger LLP

KRAFT BERGER LLP
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
January 21, 2025

RAISING THE ROOF CHEZ TOIT

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT		
Cash	\$ 932,773	\$ 1,423,311
Term deposit (Note 2)	51,734	51,683
Accounts and sundry receivable	176,617	98,938
Inventory	16,844	58,085
Prepaid expenses	<u>14,897</u>	<u>12,582</u>
	1,192,865	1,644,599
ADVANCES TO CONTROLLED ORGANIZATION (Note 3)	487,080	487,080
PROPERTY (Note 4)	<u>13,618,946</u>	<u>11,944,699</u>
	<u>\$ 15,298,891</u>	<u>\$ 14,076,378</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 160,481	\$ 98,911
Deferred revenue (Note 6)	214,346	160,243
Tenants' deposits	39,496	39,496
Current portion of long-term debt (Note 7)	37,617	28,188
Current portion of deferred capital contributions (Note 8)	<u>203,167</u>	<u>190,801</u>
	655,107	517,639
LONG-TERM DEBT (Note 7)	5,129,197	5,166,778
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	<u>5,852,894</u>	<u>5,283,479</u>
	<u>11,637,198</u>	<u>10,967,896</u>
NET ASSETS		
UNRESTRICTED NET ASSETS (Note 9)	2,511,693	1,958,482
ACQUISITION FUND (Note 9)	850,000	850,000
CONTINUATION FUND (Note 9)	<u>300,000</u>	<u>300,000</u>
	<u>3,661,693</u>	<u>3,108,482</u>
	<u>\$ 15,298,891</u>	<u>\$ 14,076,378</u>

See accompanying notes to non-consolidated financial statements.

APPROVED ON BEHALF OF THE BOARD:

DocuSigned by:

Mare Solerano

Director

98371C07081B49E...

DocuSigned by:

Matthew Yungler

Director

3B7ACEF17119492...

RAISING THE ROOF CHEZ TOIT
NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Unrestricted</u>	<u>Acquisition Fund</u>	<u>Continuation Fund</u>	<u>2024 Total</u>	<u>2023 Total</u>
NET ASSETS, beginning of year	\$ 1,958,482	\$ 850,000	\$ 300,000	\$ 3,108,482	\$ 1,107,649
Excess of revenue over expenses for the year	553,211	-	-	553,211	511,940
Allocation of deferred capital contribution for land purchases	-	-	-	-	1,488,893
NET ASSETS, end of year	<u>\$ 2,511,693</u>	<u>\$ 850,000</u>	<u>\$ 300,000</u>	<u>\$ 3,661,693</u>	<u>\$ 3,108,482</u>

See accompanying notes to non-consolidated financial statements.

RAISING THE ROOF CHEZ TOIT

NON-CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
REVENUE		
Sponsorship and grant revenue	\$ 756,000	\$ 376,000
Rental income	573,717	69,176
Partner agency funding revenue	467,381	449,351
Program funding	436,221	497,278
Amortization of deferred capital contributions	187,161	94,612
General donations	160,442	216,701
Special events	151,507	184,257
Apparel sales	148,056	161,010
IRP program funding	39,237	13,843
RESIDE development management fees	31,996	44,758
Interest income	3,984	14,224
Government funding	<u>1,085</u>	<u>27,902</u>
	<u>2,956,787</u>	<u>2,149,112</u>
EXPENSES		
Salaries, fees, wages and benefits	618,190	658,972
Partner agency funding expense	438,619	432,162
Amortization - property	327,371	94,612
RESIDE property operating expenses	291,566	73,133
Interest on long-term debt	231,653	8,638
Professional fees	111,351	75,897
Loss due to fraud	86,987	-
RESIDE program expenses	69,528	68,100
Office and general	59,848	61,520
Apparel cost of sales	58,399	15,234
Grants to community groups	50,000	55,852
Postage and courier	17,388	19,155
Bank charges	15,104	12,494
Advertising and promotion	14,409	34,589
Events	7,713	18,555
Insurance	<u>5,450</u>	<u>8,259</u>
	<u>2,403,576</u>	<u>1,637,172</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 553,211</u>	<u>\$ 511,940</u>

See accompanying notes to non-consolidated financial statements.

RAISING THE ROOF CHEZ TOIT
NON-CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 553,211	\$ 511,940
Amortization of deferred capital contributions	(187,161)	(94,612)
Amortization - property	327,371	94,612
Amortization - transaction costs	7,993	-
	701,414	511,940
Change in non-cash components of working capital		
Accounts and sundry receivable	(77,679)	(59,822)
Inventory	41,241	12,013
Prepaid expenses	(2,315)	(2,090)
Accounts payable and accrued liabilities	61,570	(8,295)
Deferred revenue	54,103	(195,332)
Tenants' deposits	-	39,496
	76,920	(214,030)
	778,334	297,910
INVESTING ACTIVITIES		
Change in term deposit	(51)	(829)
Advances to controlled organization	-	(459,992)
Purchase of property	(2,001,618)	(9,460,301)
	(2,001,669)	(9,921,122)
FINANCING ACTIVITIES		
Proceeds from long-term debt	-	5,178,400
Repayment of long-term debt	(36,145)	(3,744)
Long-term debt transaction costs	-	(79,268)
Proceeds from deferred capital contributions	768,942	4,244,080
	732,797	9,339,468
CHANGE IN CASH	(490,538)	(283,744)
CASH, beginning of year	1,423,311	1,707,055
CASH, end of year	\$ 932,773	\$ 1,423,311

See accompanying notes to non-consolidated financial statements.

RAISING THE ROOF CHEZ TOIT**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS****JUNE 30, 2024****NATURE OF ORGANIZATION**

Raising the Roof Chez Toit (the "organization") is a not-for-profit organization that provides national leadership on long-term solutions to homelessness through partnership and collaboration with diverse stakeholders, investment in local communities, and public education. The organization provides opportunities for corporations, organizations, governments and individuals to invest in local solutions for men, women and children who are homeless or at risk of being homeless. The organization achieves this goal by providing financial support to community based charities, by educating the general public about the issues of homelessness and the solutions, and by building partnerships so Canadians can work together on long-term solutions to homelessness.

The organization is incorporated under the laws of Canada as a corporation without share capital, and is a registered charitable organization under the Income Tax Act and, as such, is exempt from income taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Presentation**

These non-consolidated financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances, and short-term deposits which are highly liquid or have an original maturity of 90 days or less.

(c) Inventory

Inventory is measured at the lower of cost and replacement value. Cost is determined using the weighted average method. Cost represents the direct invoice amount from the supplier plus freight and duty charges. Net realizable value is the estimated selling price in the ordinary course of business.

(d) Property

Property is measured at cost. Amortization is provided for over their estimated useful lives at the following annual rates and methods:

Building	- over twenty-five years, straight-line basis
Leasehold improvements	- over the term of the lease, straight-line basis

(e) Impairment of Long-Lived Assets

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

RAISING THE ROOF CHEZ TOIT**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS****JUNE 30, 2024****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****(f) Financial Instruments****i) Measurement of Financial Instruments**

The organization initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions which are measured at the carrying amount or exchange amount, as appropriate.

The organization subsequently measures all of its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, term deposit, accounts and sundry receivable, and advances to controlled organization.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and long-term debt.

The organization has not designated any financial assets or financial liabilities to be recorded at fair value.

ii) Impairment

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in results of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in results of operations.

iii) Transaction Costs

The organization recognizes transaction costs in results of operations in the year they are incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption and are amortized over the life of the instrument using the straight-line method.

RAISING THE ROOF CHEZ TOIT**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS****JUNE 30, 2024****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****(g) Revenue Recognition**

The organization follows the deferral method of accounting for contributions. Under this method, restricted contributions are recognized as revenue in the same period as the related expense. Restricted contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization of the related asset. Restricted contributions for the purchase of land are recognized to net assets. Unrestricted contributions are recognized when they are received.

Sponsorship and grant revenue, partner agency funding revenue, general donations, and government funding are recognized when funds are received.

Rental income and interest income are recognized on an accrual basis.

Program funding and IRP program funding are recognized as revenue in the same period as the related expense.

Amortization of deferred capital contributions are recognized as revenue on the same basis as the amortization of the related asset.

Apparel sales are recognized upon delivery of goods.

Special events revenue is recognized upon completion of the event.

RESIDE development management fees are recognized when services are performed.

(h) Government Assistance

The organization recognizes only the portion of the government assistance it expects to receive, provided there is reasonable assurance that it has complied and will continue to comply with the government assistance conditions.

Government assistance related to current expenses and revenues is included in the determination of results of operations for the year.

(i) Donated Services

Donated services are not recognized in these financial statements because of the difficulty in determining their fair value.

RAISING THE ROOF CHEZ TOIT**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS****JUNE 30, 2024****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****(j) Estimates and Measurement Uncertainty**

The preparation of non-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 the disclosure of contingent assets and liabilities at the date of the non-consolidated financial statements, and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include useful lives of property, allowance for doubtful accounts, and amortization of deferred capital contributions. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in results of operations in the years in which they become known. Actual results could differ from these estimates.

(k) Reporting of Controlled Organizations

The organization has chosen not to consolidate the organization it controls but to instead disclose information about the resources of the controlled organization.

2. TERM DEPOSIT

	<u>2024</u>	<u>2023</u>
Term deposit	\$ <u>51,734</u>	\$ <u>51,683</u>

The term deposit is non-redeemable, bearing interest at 4.90% per annum (2023 - 4.65%), and matures in February 2025 (2023 - February 2024).

3. ADVANCES TO CONTROLLED ORGANIZATION

Advances to controlled organization are unsecured, non-interest bearing and due on demand. Management has no intention of demanding repayment within the next twelve months, therefore, the advances have been classified as long-term.

RAISING THE ROOF CHEZ TOIT

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

4. PROPERTY

	2024		2023	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
RESIDE - 1 Cedar Mains Drive				
Leasehold improvements	\$ 563,061	\$ 121,997	\$ 441,064	\$ 469,217
RESIDE - 212 Epsom Downs Drive				
Building	\$ 901,369	\$ 171,260	\$ 730,109	\$ 766,164
RESIDE - 896 Eastern Avenue				
Land	\$ 23,879	\$ -	\$ 23,879	\$ 23,879
Building	210,797	21,080	189,717	198,149
	<u>\$ 234,676</u>	<u>\$ 21,080</u>	<u>\$ 213,596</u>	<u>\$ 222,028</u>
RESIDE - 573 Mountain Avenue				
Land	\$ 165,750	\$ -	\$ 165,750	\$ 165,750
Building	786,098	-	786,098	150,156
	<u>\$ 951,848</u>	<u>\$ -</u>	<u>\$ 951,848</u>	<u>\$ 315,906</u>
RESIDE - 1498 Kingslea Court				
Land	\$ 120,000	\$ -	\$ 120,000	\$ 120,000
Building	404,069	17,501	386,568	398,892
	<u>\$ 524,069</u>	<u>\$ 17,501</u>	<u>\$ 506,568</u>	<u>\$ 518,892</u>
RESIDE - 1517 Kingslea Court				
Land	\$ 120,000	\$ -	\$ 120,000	\$ 120,000
Building	396,988	17,194	379,794	391,859
	<u>\$ 516,988</u>	<u>\$ 17,194</u>	<u>\$ 499,794</u>	<u>\$ 511,859</u>
RESIDE - 1545 Redfern Avenue				
Land	\$ 120,000	\$ -	\$ 120,000	\$ 120,000
Building	404,558	9,440	395,118	337,141
	<u>\$ 524,558</u>	<u>\$ 9,440</u>	<u>\$ 515,118</u>	<u>\$ 457,141</u>
RESIDE - 1829 Madison Avenue				
Land	\$ 120,000	\$ -	\$ 120,000	\$ 120,000
Building	420,502	8,410	412,092	322,377
	<u>\$ 540,502</u>	<u>\$ 8,410</u>	<u>\$ 532,092</u>	<u>\$ 442,377</u>
RESIDE - 2247 Madison Avenue				
Land	\$ 120,000	\$ -	\$ 120,000	\$ 120,000
Building	405,926	5,412	400,514	311,499
	<u>\$ 525,926</u>	<u>\$ 5,412</u>	<u>\$ 520,514</u>	<u>\$ 431,499</u>

RAISING THE ROOF CHEZ TOIT

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

4. PROPERTY (Continued)

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
RESIDE - 2421-2423 Keele Street				
Land	\$ 2,778,286	\$ -	\$ 2,778,286	\$ 2,778,285
Building	<u>5,047,999</u>	<u>218,747</u>	<u>4,829,252</u>	<u>5,031,331</u>
	<u>\$ 7,826,285</u>	<u>\$ 218,747</u>	<u>\$ 7,607,538</u>	<u>\$ 7,809,616</u>
RESIDE - 480 Yonge Street				
Land	\$ 269,863	\$ -	\$ 269,863	\$ -
Building	<u>830,842</u>	<u>-</u>	<u>830,842</u>	<u>-</u>
	<u>\$ 1,100,705</u>	<u>\$ -</u>	<u>\$ 1,100,705</u>	<u>\$ -</u>
	<u>\$ 14,209,987</u>	<u>\$ 591,041</u>	<u>\$ 13,618,946</u>	<u>\$ 11,944,699</u>

The RESIDE - 1545 Redfern Avenue property began operating in December 2023. The asset is being amortized on a straight-line basis over 25 years.

The RESIDE - 1829 Madison Avenue property began operating in January 2024. The asset is being amortized on a straight-line basis over 25 years.

The RESIDE - 2247 Madison Avenue property began operating in March 2024. The asset is being amortized on a straight-line basis over 25 years.

Amortization has not been taken on the RESIDE - 573 Mountain Avenue and 480 Yonge Street properties as these projects are still in progress and the buildings are not yet available for use.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include government remittances payable of \$47,568 (2023 - \$10,911).

6. DEFERRED REVENUE

Deferred revenue represents funds received in respect of future periods. This is primarily comprised of funding collected in advance but designated and intended for specific program expenses.

	<u>2024</u>	<u>2023</u>
Program funding	\$ 64,695	\$ 85,180
IRP program funding	-	31,158
Partner agency funding	<u>149,651</u>	<u>43,905</u>
	<u>\$ 214,346</u>	<u>\$ 160,243</u>

RAISING THE ROOF CHEZ TOIT

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

7. LONG-TERM DEBT

	<u>2024</u>	<u>2023</u>
Assiniboine Mortgage		
The organization has a mortgage with the Assiniboine Credit Union that bears interest at a rate of 2.972%, repayable by monthly blended payments of \$555 and maturing in April 2027.		
Security for the mortgage is provided by the following:		
a) First mortgage on 573 Mountain Avenue, Winnipeg, in the amount of \$100,000 constituting a first fixed charge;		
b) General security agreement charging all assets of the organization;		
c) General assignment of rents and leases of 573 Mountain Avenue, Winnipeg;		
d) A promissory note in the amount of \$100,000;		
e) Assignment of insurance; and		
f) A corporate guarantee from the Jubilee Fund in the amount of \$100,000.	\$ 92,015	\$ 95,875
First National Financial LP Loan		
The organization entered into a loan agreement with First National Financial LP to receive a \$4,528,400 loan that bears interest at a rate of 4.164%, repayable by monthly blended payments of \$17,961 and maturing in June 2033.		
Security for the loan is provided by the following:		
a) Priority to the rights of 2421-2423 Keele Street in the case the organization defaults on the loan;		
b) Priority general assignment of rents and/or leases of 2421-2423 Keele Street;		
c) Priority general security agreement of the borrower's personal property in connection with 2421-2423 Keele Street; and		
d) Priority specific assignment of any lease required by the lender.	4,503,126	4,528,400

RAISING THE ROOF CHEZ TOIT

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

7. LONG-TERM DEBT (Continued)

	2024	2023
Sudbury Community Forward Loan		
The organization entered into a loan agreement with Community Forward Fund to receive a \$650,000 loan that bears interest at a rate of 5.5%, repayable by monthly blended payments of \$3,992 and maturing in November 2028.		
Security for the loan is provided by the following:		
a) Registered first mortgage against 1498 Kingslea Court, 1517 Kingslea Court, 1545 Redfern Avenue, 2247 Madison Avenue, and 1829 Madison Avenue;		
b) Registered postponements of the mortgages in favour of the City of Greater Sudbury on 1498 Kingslea Court, 1517 Kingslea Court, 1545 Redfern Avenue, 2247 Madison Avenue, and 1829 Madison Avenue;		
c) General security agreement charging all assets of the organization;		
d) Assignment of all leases for 1498 Kingslea Court, 1517 Kingslea Court, 1545 Redfern Avenue, 2247 Madison Avenue, and 1829 Madison Avenue; and		
e) Assignment of insurance.	642,948	649,959
	5,238,089	5,274,234
Less: Unamortized transaction costs	71,275	79,268
Loans payable	5,166,814	5,194,966
Cash repayments required within the next 12 months	45,610	36,181
Transaction costs to be recognized within the next 12 months	(7,993)	(7,993)
	37,617	28,188
	\$ 5,129,197	\$ 5,166,778

Included in interest on long-term debt is \$7,993 (2023 - \$Nil) of transaction costs amortized during the year.

RAISING THE ROOF CHEZ TOIT

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

7. LONG-TERM DEBT (Continued)

Management does not believe that the demand features of the long-term debt will be exercised in the current period. Assuming payment of the callable debt is not demanded, scheduled principal repayments required on the long-term debt for the next five years and thereafter, ending June 30, are as follows:

	Principal Repayments	Amortization of Transaction Costs	Net
2025	\$ 45,610	\$ 7,993	\$ 37,617
2026	47,414	7,993	39,421
2027	49,567	7,993	41,574
2028	51,824	7,993	43,831
2029	54,185	7,993	46,192
Subsequent	<u>4,989,489</u>	<u>31,310</u>	<u>4,958,179</u>
	<u>\$ 5,238,089</u>	<u>\$ 71,275</u>	<u>\$ 5,166,814</u>

8. DEFERRED CAPITAL CONTRIBUTIONS

	Opening Balance	Contributions During the Year	Reallocated Contributions	Amortization	Ending Balance
RESIDE - 1 Cedar Mains Drive	\$ 469,218	\$ -	\$ -	\$ (28,153)	\$ 441,065
RESIDE - 212 Epsom Downs Drive	766,163	-	-	(36,055)	730,108
RESIDE - 896 Eastern Avenue	198,147	-	-	(8,432)	189,715
RESIDE - 573 Mountain Avenue	395,553	698,941	-	-	1,094,494
RESIDE - Orillia	334,000	50,000	-	-	384,000
RESIDE - Future projects	75,000	-	(75,000)	-	-
RESIDE - 1498 Kingslea Court	398,892	-	-	(16,063)	382,829
RESIDE - 1517 Kingslea Court	391,859	-	-	(15,780)	376,079
RESIDE - 2421-2423 Keele Street	2,141,448	-	-	(76,851)	2,064,597
RESIDE - 1545 Redfern Avenue	99,000	5,000	-	(2,426)	101,574
RESIDE - 1829 Madison Avenue	100,000	-	-	(2,000)	98,000
RESIDE - 2247 Madison Avenue	105,000	-	-	(1,400)	103,600
RESIDE - 480 Yonge Street	-	15,000	75,000	-	90,000
	<u>\$ 5,474,280</u>	<u>\$ 768,941</u>	<u>\$ -</u>	<u>\$ (187,160)</u>	<u>\$ 6,056,061</u>

RAISING THE ROOF CHEZ TOIT**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS****JUNE 30, 2024****8. DEFERRED CAPITAL CONTRIBUTIONS (Continued)**

Deferred contributions related to property include the unamortized portions of contributed capital assets and restricted contributions that will be used for the expansion of the RESIDE program. Amortization has commenced for RESIDE 1 Cedar Mains Drive, RESIDE 212 Epsom Downs Drive, RESIDE 896 Eastern Avenue, RESIDE 1498 Kingslea Court, RESIDE 1517 Kingslea Court, RESIDE 2421-2423 Keele Street, RESIDE 1545 Redfern Avenue, RESIDE 1829 Madison Avenue, and RESIDE 2247 Madison Avenue upon completion of the projects. Amortization has not been taken on the RESIDE 573 Mountain Avenue and RESIDE Orillia projects as these are still in progress. The organization is continuously seeking new locations to take on future RESIDE projects.

The amount of deferred capital contributions to be amortized into income within 12 months of year end are as follows: \$28,153 for RESIDE 1 Cedar Mains Drive (2023 - \$28,153); \$36,055 for RESIDE 212 Epsom Downs Drive (2023 - \$36,055); \$8,432 for RESIDE 896 Eastern Avenue (2023 - \$8,432); \$16,063 for RESIDE 1498 Kingslea Court (2023 - \$16,060); \$15,780 for RESIDE 1517 Kingslea Court (2023 - \$15,777); \$86,325 for RESIDE 2421-2423 Keele Street (2023 - \$89,324); \$4,160 for RESIDE 1545 Redfern Avenue (2023 - \$Nil); \$4,000 for RESIDE 1829 Madison Avenue (2023 - \$Nil); and \$4,200 for RESIDE 2247 Madison Avenue (2023 - \$Nil).

The opening balance for RESIDE 212 Epsom Downs Drive includes a \$50,000 forgivable loan from the City of Toronto. This loan is contingent on the property being used for longer-term and transitional housing, with ongoing case management for youth at risk of homelessness. Should the property no longer serve this purpose, the organization is required to repay its market value at the time of default to the federal government agency that donated it.

Additionally, the opening balances for RESIDE 1498 Kingslea Court, RESIDE 1517 Kingslea Court, RESIDE 1545 Redfern Avenue, RESIDE 1829 Madison Avenue, and RESIDE 2247 Madison Avenue includes a forgivable vendor-take back mortgage from the City of Sudbury that total \$1,112,000. Included in net assets of the organization as at June 30, 2024 is \$616,800 (2023 - \$601,387) of the forgivable vendor-take back mortgage.

Lastly, the opening balance for RESIDE 2421-2423 Keele Street includes a \$3,180,000 forgivable loan from the City of Toronto. Included in net assets of the organization as at June 30, 2024 is \$1,217,774 (2023 - \$1,135,730) of the forgivable loan.

The organization adheres to all conditions outlined in these agreements.

Funds were reallocated from RESIDE Future projects to 480 Yonge Street to assist in renovations of the property.

RAISING THE ROOF CHEZ TOIT

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

9. UNRESTRICTED NET ASSETS

A portion of the organization's net assets has been internally restricted into one of the below funds:

(i) Continuation Fund:

The organization has designated an internally restricted fund, which represents reserve funds set aside by the board of directors for use at its discretion to ensure that it could operate in case of unforeseen financial difficulties, emergencies or temporary cash flow needs. The funds can also be utilized for special projects or grants to community groups.

The board of directors approved a transfer of \$Nil to the continuation fund for the year ended June 30, 2024 (2023 - \$75,000).

(ii) Acquisition Fund:

The organization has designated an internally restricted fund, which represents reserve funds set aside by the board of directors for use at its discretion to acquire new properties for the RESIDE program.

The board of directors approved a transfer of \$Nil to the acquisition fund for the year ended June 30, 2024 (2023 - \$575,000).

10. CONTROLLED ORGANIZATION

The organization is the only appointed member of 14069404 Canada Association ("14069404") giving it the power to determine strategic, operating, investing and financial policies without the co-operation of others. 14069404 was created to develop and construct the Orillia RESIDE project on behalf of the organization. The organization will receive the building constructed by 14069404 upon completion of the project. 14069404 is incorporated under the Canada Not-for-profit Corporations Act as a non-profit organization.

14069404 has not been consolidated in the organization's financial statements. The organization and 14069404 follow the same accounting policies. Summary financial statements of 14069404 as at June 30, 2024 and June 30, 2023 and for the years then ended are as follows:

	<u>2024</u>	<u>2023</u>
Assets	\$ 2,184,056	\$ 1,912,535
Liabilities	<u>1,281,543</u>	<u>1,260,407</u>
Net assets	<u>\$ 902,513</u>	<u>\$ 652,128</u>
Revenue	<u>\$ 380,849</u>	<u>\$ 250,960</u>
Expenses	<u>\$ 220,689</u>	<u>\$ 157,642</u>
Increase in cash		
Operating activities	\$ 192,680	\$ 77,038
Investing activities	(48,875)	(1,779,291)
Financing activities	<u>106,500</u>	<u>1,790,492</u>
	<u>\$ 250,305</u>	<u>\$ 88,239</u>

RAISING THE ROOF CHEZ TOIT

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

11. COMMITMENT

The organization has entered a long-term lease for the property at 1 Cedar Mains Drive, Caledon. The lease was signed on October 16, 2018 and expires within 10 years on October 15, 2028. The organization has the option to extend the lease for 2 successive five-year periods. The basic annual rent is \$12 plus operating costs. The landlord has the option to terminate the lease with a 90 days' prior written notice. There are financial penalties to the landlord for early termination.

12. GOVERNMENT ASSISTANCE

During the year, the organization received government assistance in the amount of \$1,085 (2023 - \$27,902), which is included in Government funding revenue. The organization has also received various forgivable loans (Note 8).

13. RELATED PARTY TRANSACTIONS

During the year, the organization had transactions with entities over which it has significant influence. The particulars of the transactions with and the balances owing to these entities at the end of the year are as follows:

	<u>2024</u>	<u>2023</u>
Transactions during the year:		
Purchase of property	\$ 332,108	\$ 604,040
Salaries, fees, wages and benefits	36,379	36,209
Partner agency funding expense	299,561	424,662
RESIDE property operating expenses	2,328	12,390
RESIDE program expenses	2,713	7,795
Office and general expenses	-	546
	<u>2024</u>	<u>2023</u>
Balance, end of year:		
Accounts payable and accrued liabilities	\$ -	\$ 14,250

These transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Description of the significantly influenced organizations:

Building Up is a non-profit construction contractor that delivers high quality work, while providing long-term career pathways for motivated members of the community. The organization has significant influence over Building Up as the organization has representation on the board of directors, material inter-entity transactions during the year and interchange of managerial personnel.

Community Builders is a non-profit construction based social enterprise that provides training, employment and affordable housing to meet the growing needs of the community. The organization has significant influence over Community Builders as the organization has representation on the board of directors, and material inter-entity transactions during the year.

RAISING THE ROOF CHEZ TOIT**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS****JUNE 30, 2024****14. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS**

The significant risks arising from financial instruments to which the organization is exposed as at June 30, 2024 are detailed below.

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed interest rate instruments subject the organization to a fair value risk since fair value fluctuates inversely to changes in market interest rates. Floating interest rate instruments subject the organization to changes in related future cash flows.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk in the event of non-performance by counterparties in connection with its term deposit, accounts and sundry receivable, and advances to controlled organization. The organization does not obtain collateral or other security to support the term deposit, accounts and sundry receivable, and advances to controlled organization subject to credit risk.

(c) Liquidity Risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to liquidity risk arising primarily from its accounts payable and accrued liabilities, and long-term debt. The organization's ability to meet obligations depends on the receipt of funds from its operating activities.

15. SUBSEQUENT EVENT

In December 2024, the organization purchased 536 Birchmount Road. To fund the purchase of the property, the organization obtained a new loan for \$3,080,700 bearing interest at 4.14% and maturing on June 1, 2030, and additional assistance from the City of Toronto in the form of a forgivable loan in the amount of \$5,479,057.

16. COMPARATIVE FIGURES

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