RAISING THE ROOF CHEZ TOIT

NON-CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

RAISING THE ROOF CHEZ TOIT

JUNE 30, 2023

CONTENTS

KRAFT BERGER LLP
Chartered Professional Accountants

3160 Steeles Ave. E., Suite 300, Markham, ON L3R 3Y2
T 905.475.2222 TF 1.888.563.6868 F 905.475.9360
E accountants@kbllp.ca www.kbllp.ca

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, 2023, 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, 2023, 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, 2023 and 2022, current assets as at June 30, 2023 and 2022, and net assets as at July 1, 2022 and June 30, 2023.

In addition, we were not appointed as auditors of **RAISING THE ROOF CHEZ TOIT** until after June 30, 2022, and thus did not observe the counting of physical inventories at the beginning and end of the 2022 fiscal year. As a result, we were unable to satisfy ourselves by alternative means concerning the inventory quantities held as at June 30, 2022, which is stated in the statement of financial position. Additionally, we were unable to satisfy ourselves regarding the completeness of partner agency toque sales by alternative means. As a result of these matters, we were not able to determine whether any adjustments to accounts and sundry receivable, inventory, and toque sales as at June 30, 2022, or toque purchases or grants to community groups for the year ended June 30, 2022 might be necessary. Consequently, we were unable to determine the impact on opening inventory and net assets as at July 1, 2022, and cost of sales that were incurred during the year ended June 30, 2023.

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 26, 2024

RAISING THE ROOF CHEZ TOIT

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

	2023	2022
ASSETS		
CURRENT		
Cash and cash equivalents (Note 2)	$ 1,474,994	$ 1,757,909
Accounts and sundry receivable (Note 3)	98,938	39,116
Inventory (Note 4)	58,085	70,098
Prepaid expenses	12,582	10,492
	1,644,599	1,877,615
ADVANCES TO CONTROLLED ORGANIZATION (Note 5)	487,080	27,088
PROPERTY (Note 6)	11,944,699	2,579,010
	$ 14,076,378	$ 4,483,713
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 7)	$ 98,911	$ 107,206
Deferred revenue (Note 8)	160,243	355,575
Tenants' deposits	39,496	-
Current portion of long-term debt (Note 9)	28,188	3,703
Current portion of deferred capital contributions (Note 10)	190,801	72,640
	517,639	539,124
LONG-TERM DEBT (Note 9)	5,166,778	95,875
DEFERRED CAPITAL CONTRIBUTIONS (Note 10)	5,283,479	2,741,065
	10,967,896	3,376,064
NET ASSETS		
UNRESTRICTED NET ASSETS (Note 11)	1,958,482	607,649
ACQUISITION FUND (Note 11)	850,000	275,000
CONTINUATION FUND (Note 11)	300,000	225,000
	3,108,482	1,107,649
	$ 14,076,378	$ 4,483,713

See accompanying notes to non-consolidated financial statements.

APPROVED ON BEHALF OF THE BOARD:

DocuSigned by:
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Director

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Elisa Traficante
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Director

RAISING THE ROOF CHEZ TOIT

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2023

	Unrestricted	Acquisition Fund	Continuation Fund	2023 Total	2022 Total
NET ASSETS, beginning of year	$ 607,649	$ 275,000	$ 225,000	$ 1,107,649	$ 579,950
Excess of revenue over expenses for the year	511,940	-	-	511,940	287,699
Allocation of deferred capital contribution for land purchases	1,488,893	-	-	1,488,893	240,000
Inter-fund transfers (Note 11)	(650,000)	575,000	75,000	-	-
NET ASSETS, end of year	$ 1,958,482	$ 850,000	$ 300,000	$ 3,108,482	$ 1,107,649

See accompanying notes to non-consolidated financial statements.

RAISING THE ROOF CHEZ TOIT

NON-CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
REVENUE		
RESIDE program funding	$ 497,278	$ 294,074
Partner agency funding revenue	449,351	371,747
Sponsorship revenue	376,000	317,465
General donations	216,701	212,540
Special events	184,257	31,019
Toque sales	153,622	96,748
Amortization of deferred capital contributions	94,612	52,366
Rental income	69,176	54,282
RESIDE development management fees	44,758	-
Government funding	27,902	25,632
Other income	21,612	7,859
IRP program funding	13,843	-
	2,149,112	1,463,732
EXPENSES		
Salaries, fees, wages and benefits	658,972	468,253
Partner agency funding expense	432,162	353,040
Program expenses	104,272	100,256
Amortization	94,612	40,641
Office and general	90,091	51,080
Professional fees	75,897	39,741
Grants to community groups	55,852	43,201
Advertising and promotion	34,589	7,674
Bank charges and interest	21,132	15,396
Postage and courier	19,155	8,423
Events	18,555	7,143
Cost of toque inventory sold	15,234	26,695
Insurance	8,259	7,495
Rent	4,674	4,253
Telephone	3,716	2,742
	1,637,172	1,176,033
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	$ 511,940	$ 287,699

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, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	$ 511,940	$ 287,699
Amortization of deferred capital contributions	(94,612)	(52,366)
Amortization - property	94,612	40,641
	511,940	275,974
Change in non-cash components of working capital		
Accounts and sundry receivable	(59,822)	(3,195)
Inventory	12,013	8,334
Prepaid expenses	(2,090)	(1,051)
Accounts payable and accrued liabilities	(8,295)	50,982
Deferred revenue	(195,332)	39,174
Tenants' deposits	39,496	-
	(214,030)	94,244
	297,910	370,218
INVESTING ACTIVITIES		
Advances to controlled organization	(459,992)	(27,088)
Purchase of property	(9,460,301)	(982,474)
	(9,920,293)	(1,009,562)
FINANCING ACTIVITIES		
Proceeds from long-term debt	5,178,400	100,000
Repayment of long-term debt	(3,744)	(422)
Long-term debt transaction costs	(79,268)	-
Proceeds from deferred capital contributions	4,244,080	1,014,265
	9,339,468	1,113,843
CHANGE IN CASH AND CASH EQUIVALENTS	(282,915)	474,499
CASH AND CASH EQUIVALENTS, beginning of year	1,757,909	1,283,410
CASH AND CASH EQUIVALENTS, end of year	$ 1,474,994	$ 1,757,909

See accompanying notes to non-consolidated financial statements.

RAISING THE ROOF CHEZ TOIT

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

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 have an original maturity of one year 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, 2023

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 and cash equivalents, 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.

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.

Investment and rental income are recognized on an accrual basis.

Special events revenue is recognized on completion of the event.

Toque sales are recognized upon delivery of goods.

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.

(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.

RAISING THE ROOF CHEZ TOIT

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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. CASH AND CASH EQUIVALENTS

Cash and cash equivalents is comprised as follows:

	2023	2022
Cash	$ 1,423,311	$ 1,707,055
Term deposit	51,683	50,854
	$ 1,474,994	$ 1,757,909

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

3. ACCOUNTS AND SUNDRY RECEIVABLE

Accounts and sundry receivable are presented net of the allowance for doubtful accounts of $Nil (2022 - $10,180).

4. INVENTORY

Inventory includes goods in transit of $Nil (2022 - $17,841).

5. 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, 2023

6. PROPERTY

	2023			2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
RESIDE - Cedar Mains				
Leasehold improvements	$ 563,061	$ 93,844	$ 469,217	$ 497,371
RESIDE - Epsom Downs				
Building	$ 901,369	$ 135,205	$ 766,164	$ 802,218
RESIDE - Eastern				
Land	$ 23,879	$ -	$ 23,879	$ 23,879
Building	210,797	12,648	198,149	206,579
	$ 234,676	$ 12,648	$ 222,028	$ 230,458
RESIDE - Winnipeg				
Land	$ 165,750	$ -	$ 165,750	$ 165,750
Building	150,156	-	150,156	80,752
	$ 315,906	$ -	$ 315,906	$ 246,502
RESIDE - Sudbury (1498 Kingslea Court)				
Land	$ 120,000	$ -	$ 120,000	$ 120,000
Building	401,569	2,677	398,892	279,176
	$ 521,569	$ 2,677	$ 518,892	$ 399,176
RESIDE - Sudbury (1517 Kingslea Court)				
Land	$ 120,000	$ -	$ 120,000	$ 120,000
Building	394,488	2,629	391,859	269,725
	$ 514,488	$ 2,629	$ 511,859	$ 389,725
RESIDE - Sudbury (1545 Redfern Ave)				
Land	$ 120,000	$ -	$ 120,000	$ -
Building	337,141	-	337,141	4,520
	$ 457,141	$ -	$ 457,141	$ 4,520
RESIDE - Sudbury (1829 Madison Ave)				
Land	$ 120,000	$ -	$ 120,000	$ -
Building	322,377	-	322,377	4,520
	$ 442,377	$ -	$ 442,377	$ 4,520
RESIDE - Sudbury (2247 Madison Ave)				
Land	$ 120,000	$ -	$ 120,000	$ -
Building	311,499	-	311,499	4,520
	$ 431,499	$ -	$ 431,499	$ 4,520

RAISING THE ROOF CHEZ TOIT

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

6. PROPERTY (Continued)

	2023			2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
RESIDE - 2421-2423 Keele St				
Land	$ 2,778,285	$ -	$ 2,778,285	$ -
Building	5,047,998	16,667	5,031,331	-
	$ 7,826,283	$ 16,667	$ 7,809,616	$ -
	$ 12,208,369	$ 263,670	$ 11,944,699	$ 2,579,010

The RESIDE - Sudbury (1498 Kingslea Court) property began operating in June 2023. The asset is being amortized on a straight-line basis over 25 years.

The RESIDE - Sudbury (1517 Kingslea Court) property began operating in June 2023. The asset is being amortized on a straight-line basis over 25 years.

The RESIDE - 2421-2423 Keele St property was acquired and began operations in June 2023. The asset is being amortized on a straight-line basis over 25 years.

Amortization has not been taken on the RESIDE - Winnipeg and Sudbury (1545 Redfern Ave, 1829 Madison Ave and 2247 Madison Ave) properties as these projects are still in progress and the buildings are not yet available for use.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include government remittances payable of $10,911 (2022 - $Nil).

8. 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.

	2023	2022
RESIDE program funding	$ 85,180	$ 169,546
IRP program funding	31,158	-
Wrap Around Support funding	43,905	149,718
Be Homes program funding	-	36,311
	$ 160,243	$ 355,575

RAISING THE ROOF CHEZ TOIT

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

9. LONG-TERM DEBT

		2023		2022
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.	$	95,875	$	99,578
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 St in the case the organization defaults on the loan; b) Priority general assignment of rents and/or leases of 2421-2423 Keele St; c) Priority general security agreement of the borrower's personal property in connection with 2421-2423 Keele St; and d) Priority specific assignment of any lease required by the lender.		4,528,400		-

RAISING THE ROOF CHEZ TOIT

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

9. LONG-TERM DEBT (Continued)

	2023	2022
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 beginning in December 2023 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 Ave, 2247 Madison Ave, and 1829 Madison Ave; b) Registered postponements of the mortgages in favour of the City of Greater Sudbury on 1498 Kingslea Court, 1517 Kingslea Court, 1545 Redfern Ave, 2247 Madison Ave, and 1829 Madison Ave; c) General security agreement charging all assets of the organization; d) Assignment of all leases for 1498 Kingslea Court, 1517 Kingslea Court, 1545 Redfern Ave, 2247 Madison Ave, and 1829 Madison Ave; and e) Assignment of insurance.	649,959	-
	5,274,234	99,578
Less: Unamortized transaction costs	(79,268)	-
Loans payable	5,194,966	99,578
Cash repayments required within the next 12 months	36,181	-
Transaction costs to be recognized within the next 12 months	(7,993)	-
Current portion of long-term debt	28,188	3,703
	$ 5,166,778	$ 95,875

Included in bank charges and interest expense is $8,638 (2022 - $132) of interest paid on the long-term debt during the year.

Scheduled principal repayments and amortization of transaction costs for the long-term debt for the next five years and thereafter, ending June 30, are as follows:

	Principal Repayments	Amortization of Transaction Costs	Net
2024	$ 36,181	$ 7,993	$ 28,188
2025	45,356	7,993	37,363
2026	47,414	7,993	39,421
2027	49,567	7,993	41,574
2028	51,824	7,993	43,831
Subsequent	5,043,892	39,303	5,004,589
	$ 5,274,234	$ 79,268	$ 5,194,966

RAISING THE ROOF CHEZ TOIT

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

10. DEFERRED CAPITAL CONTRIBUTIONS

	Opening Balance	Contributions During the Year	Reallocated Contributions	Purchase of Land	Amortization	Ending Balance
RESIDE-Cedar Mains	$ 497,371	$ -	$ -	$ -	$ (28,153)	$ 469,218
RESIDE-Epsom Downs	802,218	-	-	-	(36,055)	766,163
RESIDE-Eastern	206,579	-	-	-	(8,432)	198,147
RESIDE-Winnipeg	322,512	73,041	-	-	-	395,553
RESIDE-Sudbury (general)	377,003	169,039	(546,042)	-	-	-
RESIDE-Orillia	176,000	158,000	-	-	-	334,000
RESIDE-Future projects	224,022	-	(149,022)	-	-	75,000
RESIDE-Sudbury (1498 Kingslea Court)	108,000	-	293,569	-	(2,677)	398,892
RESIDE-Sudbury (1517 Kingslea Court)	100,000	-	294,488	-	(2,629)	391,859
RESIDE-Sudbury (1545 Redfern Ave)	-	219,000	-	(120,000)	-	99,000
RESIDE-Sudbury (2247 Madison Ave)	-	225,000	-	(120,000)	-	105,000
RESIDE-Sudbury (1829 Madison Ave)	-	220,000	-	(120,000)	-	100,000
RESIDE-2421-2423 Keele St	-	3,180,000	107,007	(1,128,893)	(16,666)	2,141,448
	$ 2,813,705	$ 4,244,080	$ -	$ (1,488,893)	$ (94,612)	$ 5,474,280

RAISING THE ROOF CHEZ TOIT

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

10. 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 Cedar Mains, RESIDE Epsom Downs, RESIDE Eastern, RESIDE Sudbury 1498 Kinglsea Court, RESIDE Sudbury 1517 Kingslea Court, and RESIDE 2421-2423 Keele St upon completion of the projects. Amortization has not been taken on the RESIDE Winnipeg, RESIDE Sudbury (1545 Redfern Ave, 2247 Madison Ave and 1829 Madison Ave), 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 Cedar Mains (2022 - $28,153), $36,055 for RESIDE Epsom Downs (2022 - $36,055), $8,432 for RESIDE Eastern (2022 - $8,432), $16,060 for RESIDE Sudbury 1498 Kingslea Court (2022 - $Nil), $15,777 for RESIDE Sudbury 1517 Kingslea Court (2022 - $Nil), and $89,324 for RESIDE 2421-2423 Keele St. (2022 - $Nil).

The opening balance for RESIDE Epsom Downs 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 balance for RESIDE Sudbury 1498 Kingslea Court consists of the building's value, amounting to $108,000, as part of a forgivable vendor-take back mortgage from the City of Sudbury. A similar arrangement exists for RESIDE Sudbury 1517 Kingslea Court, where the building value of $100,000 is part of a forgivable mortgage from the same city.

For other Sudbury properties, including RESIDE Sudbury 1545 Redfern Ave, 1829 Madison Ave, and 2247 Madison Ave, the contributions are forgivable vendor-take back mortgages from the City of Sudbury valued at $219,000, $225,000, and $220,000, respectively.

Lastly, RESIDE 2421-2423 Keele St obtained a $3,180,000 forgivable loan from the City of Toronto during the year. The organization adheres to all conditions outlined in these agreements.

Funds were reallocated from RESIDE Sudbury (general) to RESIDE Sudbury 1498 Kingslea Court and 1517 Kingslea Court to complete the renovations of the properties. Additionally, funds were reallocated from RESIDE Future projects to RESIDE Sudbury 1517 Kingslea Court to complete the renovations not covered by the contributions available from RESIDE Sudbury (general). The remainder of funds available from RESIDE Future projects available for Ontario projects were reallocated to RESIDE 2421-2423 Keele St. The remaining $75,000 in the RESIDE Future projects are for projects outside of Ontario.

11. 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 $75,000 to the continuation fund for the year ended June 30, 2023 (2022 - $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 $575,000 to the acquisition fund for the year ended June 30, 2023 (2022 - $125,000).

12. CONTROLLED ORGANIZATION

The organization is the only appointed member of 14069404 Canada Association ("14069404") giving them 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, 2023 and June 30, 2022 and for the years then ended are as follows:

	2023	2022
Assets	$ 1,912,535	$ 27,088
Liabilities	1,260,407	27,088
Net assets	$ 652,128	$ -
Revenue	$ 250,960	$ -
Expenses	$ 157,642	$ -
Increase in cash		
Operating activities	$ 77,038	$ -
Financial activities	(1,779,291)	(27,088)
Investing activities	1,790,492	27,088
	$ 88,239	$ -

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NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

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13. 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.

14. GOVERNMENT ASSISTANCE

During the year, the organization received government assistance in the amount of $27,902 (2022 - $25,632), which is included in Government funding revenue. The organization has also received various forgivable loans (Note 9).

15. 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:

	2023	2022
Transactions during the year:		
Purchase of property	$ 604,040	$ 301,838
Special events	-	2,000
Toque sales	-	4,320
Salaries, fees, wages and benefits	36,209	19,922
Partner agency funding expense	424,662	353,040
Program expenses	20,185	450
Office and general expenses	546	-

	2023	2022
Balance, end of year:		
Accounts payable and accrued liabilities	$ 14,250	$ 5,763

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.

15. RELATED PARTY TRANSACTIONS (Continued)

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.

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

The significant risks arising from financial instruments to which the organization is exposed as at June 30, 2023 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.

During the year, the organization's exposure to interest rate risk changed from the previous year mainly as a result of the increase in fixed rate long-term debt.

(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 accounts and sundry receivable, and advances to controlled organization. The organization does not obtain collateral or other security to support the 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.

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NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

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17. COMPARATIVE FIGURES

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