

**GOOD SHEPHERD NON-PROFIT HOMES INC.**  
**HAMILTON, ONTARIO**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2024**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Good Shepherd Non-Profit Homes Inc.

### Qualified Opinion

We have audited the financial statements of Good Shepherd Non-Profit Homes Inc. (the organization), which comprise the balance sheet as at March 31, 2024, and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2024, and its results of operations and its 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, Good Shepherd Non-Profit Homes Inc. derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Good Shepherd Non-Profit Homes Inc. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended March 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the 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 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 qualified audit opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing Good Shepherd Non-Profit Homes Inc.'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 Good Shepherd Non-Profit Homes Inc.'s financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 auditors' report to the related disclosures in the 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 auditors' 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 financial statements, including the disclosures, and whether the 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.

*HGK Partners LLP*

***HAMILTON, ONTARIO***  
***June 25, 2024***


**HGK PARTNERS LLP**  
***Chartered Professional Accountants***  
***Licensed Public Accountants***




**GOOD SHEPHERD NON-PROFIT HOMES INC.****Balance Sheet****As at March 31, 2024**

	2024	2023
<b>ASSETS</b>		
<b>Current</b>		
Cash (Note 2)	\$ 656,671	\$ 2,153,439
Accounts receivable (Note 3)	2,127,600	409,146
Prepaid expenses	305,413	202,745
Investment (Note 4)	<u>224,000</u>	<u>230,184</u>
	<u>3,313,684</u>	<u>2,995,514</u>
Cash externally restricted (Note 2)	-	100,000
Capital Reserve (Note 5)	4,455,035	3,486,659
Funds held in trust - residents (Note 6)	1,125,765	836,688
Expropriated land and building (Note 7)	1,820,540	-
Prepaid land lease (Note 9)	1,339,867	1,379,834
Capital assets (Notes 8 & 10)	55,021,392	56,679,672
Other capital assets (Note 11)	<u>824,629</u>	<u>692,829</u>
	<u>64,587,228</u>	<u>63,175,682</u>
	<u>\$ 67,900,912</u>	<u>\$ 66,171,196</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Notes 12 & 14)	\$ 2,502,054	\$ 2,322,585
Tenant deposits and rents received in advance	47,388	189,859
Deferred contributions (Note 15)	660,851	486,306
Current portion of long term debt (Note 16)	<u>1,736,993</u>	<u>1,605,555</u>
	<u>4,947,286</u>	<u>4,604,305</u>
Trust funds payable (Note 6)	1,125,765	836,688
Capital Reserve (Note 17)	4,455,035	3,486,659
Deferred contributions related to capital assets (Note 15)	21,367,053	21,925,380
Advances from related parties (Note 14)	1,858,021	1,858,021
Long term debt (Note 16)	<u>29,619,825</u>	<u>30,058,665</u>
	<u>58,425,699</u>	<u>58,165,413</u>
	63,372,985	62,769,718
<b>NET ASSETS</b>		
Unrestricted net assets (Page 6)	<u>4,527,927</u>	<u>3,401,478</u>
	<u>\$ 67,900,912</u>	<u>\$ 66,171,196</u>
Contingencies and commitments (Note 18)		

**On behalf of the Board:**

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

*(See Accompanying Notes & Statement)*

**GOOD SHEPHERD NON-PROFIT HOMES INC.**  
**Statement of Revenue and Expenses**  
**Year Ended March 31, 2024**

	2024	2023
<b>Revenue</b>		
Ontario Ministry of Health - Ontario Health <i>(Note 19)</i>	\$ 12,556,609	\$ 11,993,124
Ontario Ministry of Health - direct funding <i>(Note 19)</i>	7,963,019	7,472,140
City of Hamilton	1,205,233	1,215,294
Federal government	39,684	55,363
Provincial government - other	33,770	33,770
Non - government agencies	926,559	830,761
Rental - tenants	5,972,316	5,581,245
Fee for service and other	3,593,001	2,445,405
Donations and fundraising <i>(Note 14)</i>	564,710	424,035
	<u>32,854,901</u>	<u>30,051,137</u>
<b>Expenses</b>		
Salaries and benefits <i>(Page 30)</i>	14,653,855	13,347,720
Program		
Office <i>(Page 30)</i>	219,875	254,453
Building <i>(Page 30)</i>	1,312,408	1,317,582
Client service costs <i>(Page 30)</i>	1,908,426	2,088,528
General <i>(Page 30)</i>	1,975,713	1,564,865
Equipment <i>(Page 30)</i>	213,544	165,722
Building services <i>(Page 31)</i>	10,293,699	10,269,621
	<u>30,577,520</u>	<u>29,008,491</u>
Excess of revenue over expenses before other income (expenses)	<u>2,277,381</u>	<u>1,042,646</u>
Deferred contributions - amortization <i>(Note 15)</i>	917,128	906,208
Amortization <i>(Page 31)</i>	(2,032,868)	(1,951,942)
Realized (loss) gain on investment	-	(3,762)
Unrealized (loss) gain on investment	(6,184)	(193,816)
Non - government - COVID-19 swabbing funding	-	295,450
	<u>(1,121,924)</u>	<u>(947,862)</u>
Excess revenue over expenses before government subsidies repayable	1,155,457	94,784
Government subsidies repayable (net)	<u>34,123</u>	<u>21,436</u>
<b>EXCESS REVENUE OVER EXPENSES</b>	<u>\$ 1,121,334</u>	<u>\$ 73,348</u>

*(See Accompanying Notes and Schedule)*

**GOOD SHEPHERD NON-PROFIT HOMES INC.**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2024**

	2024	2023
<b>Unrestricted net assets balance, beginning of year</b>	<b>\$ 3,401,478</b>	<b>\$ 3,339,201</b>
Settlement of prior year funding <i>(Note 20)</i>	5,115	(11,071)
Excess revenue over expenses	<u>1,121,334</u>	<u>73,348</u>
<b>Unrestricted net assets balance, end of year</b>	<b><u>\$ 4,527,927</u></b>	<b><u>\$ 3,401,478</u></b>

*(See Accompanying Notes)*

**GOOD SHEPHERD NON-PROFIT HOMES INC.**  
**Statement of Cash Flows**  
**Year Ended March 31, 2024**

	2024	2023
<b>OPERATING ACTIVITIES</b>		
Excess revenue over expenses	\$ 1,121,334	\$ 73,348
Items not requiring a cash outlay:		
Amortization	2,032,868	1,951,942
Deferred contributions - amortization	(917,128)	(906,208)
Realized loss (gain) on investments	-	3,762
Unrealized loss (gain) on investment	6,184	193,816
	<u>2,243,258</u>	<u>1,316,660</u>
(Increase) decrease in accounts receivable	(1,718,454)	726,203
(Increase) decrease in prepaid expenses	(102,672)	(105,730)
Increase (decrease) in accounts payable and accrued liabilities	179,469	168,134
Increase (decrease) in tenant deposits and rents received in advance	(142,471)	74,898
Increase (decrease) in deferred contributions	174,545	196,681
Settlement of prior year funding	5,115	(11,071)
	<u>(1,604,468)</u>	<u>1,049,115</u>
Net cash provided by (used for) operating activities	<u>638,790</u>	<u>2,365,775</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds on sale of investments	-	162,991
Acquisition of capital assets	(803,804)	(2,339,332)
Net cash provided by (used for) investing activities	<u>(803,804)</u>	<u>(2,176,341)</u>
<b>FINANCING ACTIVITIES</b>		
Increase (decrease) in advances from related parties	-	(300,000)
Increase (decrease) in deferred contributions related to capital assets	358,801	498,002
Repayment of long term debt	(1,790,555)	(1,536,108)
Net cash provided by (used for) financing activities	<u>(1,431,754)</u>	<u>(1,338,106)</u>
<b>Increase (decrease) in cash</b>	<b>(1,596,768)</b>	<b>(1,148,672)</b>
<b>Cash, beginning of year</b>	<u><b>2,253,439</b></u>	<u><b>3,402,111</b></u>
<b>Cash, end of year</b>	<u><b>\$ 656,671</b></u>	<u><b>\$ 2,253,439</b></u>
<b>Comprised of:</b>		
<b>Externally restricted cash (Note 2)</b>	\$ -	\$ 100,000
<b>Unrestricted</b>	<u>656,671</u>	<u>2,153,439</u>
	<u><b>\$ 656,671</b></u>	<u><b>\$ 2,253,439</b></u>
<b>Non-cash investing and financing activity:</b>		
Acquisition of capital asset and related long term debt (Note 8)	<u>\$ 1,483,153</u>	<u>\$ -</u>
Acquisition of capital reserve asset and related liability (Note 8)	<u>\$ 283,709</u>	<u>\$ -</u>

(See Accompanying Notes)



**GOOD SHEPHERD NON-PROFIT HOMES INC.**  
**Notes to Financial Statements**  
**Year Ended March 31, 2024**

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**DESCRIPTION OF ORGANIZATION**

Good Shepherd Non-Profit Homes Inc. is a registered charity, originally incorporated as a non-share capital non-profit organization on January 9, 1989 under the Ontario Corporations Act. As a result of its charitable status, the organization is exempt from the payment of income taxes under one or more provisions of the Income Tax Act (Canada). The purpose of the organization is to provide supportive housing in Hamilton and Toronto. Tenants are typically those with mental or physical disabilities and victims of domestic violence.

As at March 31, 2024, the housing facilities include:

**Hamilton Ontario Non-Profit Housing Program**

Brennan House (614 King Street East, Hamilton)  
Emmaus Place (31-35 Aikman Avenue, Hamilton)  
Emmanuel House (90 Stinson Street, Hamilton)  
Taylor Apartments (100 Locke Street South, Hamilton)

**Toronto Ontario Non-Profit Housing Program**

Brother Joseph Dooley Apartments (10 Tracy Street, Toronto)

**City of Hamilton - John/Aberdeen/Simcoe Consolidated**

Aberdeen Apartments (236 and 238 Aberdeen Avenue, Hamilton)  
John Street Apartments (320 John Street North, Hamilton)  
Simcoe Apartments (139 Simcoe Street East, Hamilton)

**Hamilton and Toronto Special Housing Projects**

Mathias Place (369 Main Street West, Hamilton)  
McGinty House (131 Catharine Street North, Hamilton)  
Regina's Place (320 Tragina Avenue North, Hamilton)  
Stinson Street (216 Stinson Street, Hamilton)  
King Street East (1080 King Street East, Hamilton)  
Jeanne Scott Parent & Resource Centre (1475 Barton Street East, Hamilton)  
Good Shepherd Square (10 Pearl Street, Hamilton and 15 Ray Street, Hamilton)  
Welkom House (147 Mary Street, Hamilton)  
Good Shepherd Community Health (850 King Street East, Hamilton) - expropriated in 2024  
Taras Shevchenko House (194 Gage Avenue South, Hamilton)  
135 Mary Street, Hamilton (under re-development)  
Bayview House (100 Holmes Avenue, North York (Toronto))

Good Shepherd Square has 156 rental units under the Canada-Ontario Affordable Housing Program.

**GOOD SHEPHERD NON-PROFIT HOMES INC.**  
**Notes to Financial Statements**  
**Year Ended March 31, 2024**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements were prepared in accordance with accounting standards for not for profit organizations and include the following significant accounting policies:

**(a) Financial Instruments**

**(i) Measurement of Financial Instruments**

Financial assets and financial liabilities originated or exchanged in arm's length transactions are initially measured at fair value. Transaction costs related to financial assets that will be subsequently measured at fair value are recognized in the statement of revenues and expenses in the year in which they are incurred.

Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with Good Shepherd Non-Profit Homes Inc. is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms.

Good Shepherd Non-Profit Homes Inc. subsequently measures all its financial assets and liabilities at cost or amortized cost less impairment except for investments. Investments are subsequently measured at fair value with changes in fair value recognized in excess revenue over expenses. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long term debt. Advances from related parties are measured at cost.

**(ii) Impairment**

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write down is recognized in excess revenue over expenses. 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 excess revenue over expenses.

**(b) Investments and Investment Revenue**

Investments are initially and subsequently measured at fair value, determined using quoted market prices. Investment purchases and sales transactions are accounted for on the settlement date. Transaction costs and net gains and losses arising from changes in fair value are immediately recognized in excess revenue over expenses. Investment revenue is recognized when earned. Investment revenue related to operations is accounted for under other revenue on the statement of revenue and expenses and investment revenue earned on externally restricted funds is credited directly to the funds held on the balance sheet.

**GOOD SHEPHERD NON-PROFIT HOMES INC.**

**Notes to Financial Statements**

**Year Ended March 31, 2024**

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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(c) Capital Assets**

Real property (land, buildings and leasehold improvements) is recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Buildings under construction comprise direct construction costs, development costs and capitalized interest. Interest costs, net of related interest income are capitalized during the construction period. No amortization is recorded until construction is substantially complete and the building is put in use.

The cost of renovations to the buildings which significantly increase their useful lives and capacity are capitalized as part of the cost of the related capital assets. Renovation costs to adapt the buildings to changed operating conditions or to maintain efficiency are expensed as incurred.

Buildings are amortized on a diminishing balance basis over their estimated useful lives at a rate of 4% per annum except for the Good Shepherd Square building which is amortized using the straight line method based on the estimated useful life of the building over forty-five years. Building improvements and leasehold improvements are amortized using the straight line method based on the estimated useful life of the asset over five to fifteen years.

Other capital assets excluding equipment are recorded at cost with amortization calculated using the straight line method over five years to ten years. Equipment and vehicles are amortized on a diminishing balance basis over their estimated useful lives at a rate of 20% per annum. All other minor capital expenditures, including furniture and equipment, are expensed in the year incurred.

Additions during the year are amortized at one-half their normal rates, and no amortization is taken in the year of disposition.

A capital 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 on the statement of revenue and expenses 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 capital asset exceeds its fair value. An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

**(d) Prepaid Land Lease**

Prepaid land lease is amortized using the straight line method over the remaining term of the lease.

**GOOD SHEPHERD NON-PROFIT HOMES INC.**  
**Notes to Financial Statements**  
**Year Ended March 31, 2024**

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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(e) Revenue Recognition**

Good Shepherd Non-Profit Homes Inc. follows the deferral method of accounting for donations and government grants. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions externally restricted for capital assets are deferred and amortized over the life of the related capital asset (*Note 15*). Designated contributions to the Capital Reserve are recognized as revenue in the year of receipt.

The amount of a grant approximating the land cost of property is treated as a direct contribution to net assets. The building cost portion of a grant is treated as contributions and is recognized as revenue based on the future amortization of the building.

Contributions externally restricted for repayment of mortgage principal are reported in operating revenue during the year in which the related assets are amortized.

Tenant rent revenue represents rent charged to residents and is determined as the lesser of market rent and a percentage of each resident's income.

Fees for services and other revenue are recognized when services are provided and collection is reasonably assured.

**(f) Allocated Expenditures**

In the course of its operations, management allocates certain expenditures between programs on the basis of its best estimates of the utilization of staff and services. Direct expenditures are charged directly to each program. The method of allocation is consistent with prior years.

**(g) Settlement of Prior Year Funding**

This represents funding adjustments resulting from ministerial reviews of previous years' operations. These adjustments are shown as current year adjustments to net assets and prior year figures are not restated.

**(h) Contributed Services**

The organization recognizes the contribution of materials and services at fair value when it can be reasonably estimated, when it is used in the normal course of operations and would otherwise have been purchased. Volunteers assist the organization in carrying out certain activities. Due to the difficulty of determining the fair value to the organization, contributed services are not recognized in the financial statements and related financial statement notes.

**GOOD SHEPHERD NON-PROFIT HOMES INC.**  
**Notes to Financial Statements**  
**Year Ended March 31, 2024**

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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(i) Use of Estimates**

The preparation of 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 financial statements and revenue and expenses during the period reported. The significant estimates used in the preparation of the financial statements are the estimated useful life of the buildings and other capital assets. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in the period in which they become known.

**2. CASH**

	<u>2024</u>	<u>2023</u>
Unrestricted - cash	\$ 2,245,128	\$ 2,775,609
Restricted cash - due from (to) Capital Reserve from operating account	<u>(1,588,457)</u>	<u>(622,170)</u>
	<u>\$ 656,671</u>	<u>\$ 2,153,439</u>
Externally Restricted Cash - debt service reserve (Note 16)	<u>\$ -</u>	<u>\$ 100,000</u>

**3. ACCOUNTS RECEIVABLE**

	<u>2024</u>	<u>2023</u>
Grants - MOH (one time funding for Capital Reserve, transformation and sessional fee)	\$ 890,681	\$ -
City of Hamilton	217,774	11,078
Ministry of Finance	127,593	-
Harmonized sales tax rebates	133,188	123,188
Other services - non-government agencies	265,066	209,413
Related parties (Note 14)	<u>493,298</u>	<u>65,467</u>
	<u>\$ 2,127,600</u>	<u>\$ 409,146</u>

**4. INVESTMENT**

	<u>2024</u>	<u>2023</u>
Canadian equity	\$ 224,000	\$ 224,859
Cash in broker account	<u>-</u>	<u>5,325</u>
	<u>\$ 224,000</u>	<u>\$ 230,184</u>

The investment is held in trust in a broker account by The Good Shepherd Centre (Hamilton) on behalf of Good Shepherd Non-Profit Homes Inc.



**GOOD SHEPHERD NON-PROFIT HOMES INC.****Notes to Financial Statements****Year Ended March 31, 2024****5. CAPITAL RESERVE**

	<u>2024</u>	<u>2023</u>
Cash	\$ 1,402,042	\$ 1,708,624
Restricted cash due from (to) operating account	<u>1,588,457</u>	<u>622,170</u>
	<u>2,990,499</u>	<u>2,330,794</u>
Guaranteed Investment Certificate, flexible, maturing May 22, 2024 with an effective interest rate of 2.50% (2023 - maturing May 23, 2023 with an effective interest rate of 1.40%) including accrued interest of \$7,418 (2023 - \$4,083)	350,162	342,056
Social Housing Canadian Bond Fund - Worldsource Financial Management Inc.	1,086,507	793,957
First National Financial Escrow Account	<u>27,867</u>	<u>19,852</u>
	<u>1,464,536</u>	<u>1,155,865</u>
	<u>\$ 4,455,035</u>	<u>\$ 3,486,659</u>

**6. FUNDS HELD IN TRUST/TRUST FUNDS PAYABLE**

A number of individuals use Good Shepherd Non-Profit Homes Inc. as their home address in order to receive various government assistance payments. These trust funds are held and managed by Good Shepherd Non-Profit Homes Inc. on behalf of these individuals.

**7. EXPROPRIATED LAND AND BUILDING**

On February 22, 2024, Good Shepherd Non-Profit Homes Inc. received formal Notification of Application for Approval to Expropriate Land for a property located at 850 King Street East. The property is being expropriated under the Expropriation Act (Ontario) by Metrolinx, for purposes of building a Light Rail Transit (LRT) in Hamilton. The property's fair value as of the expropriation date was determined to be \$2,600,000. The fair value was determined using the Direct Comparison Approach Market Valuation Approach with the assumptions that according to appraisal standards, the estimate ignores the impact of the LRT and the site meets environmental standards for commercial properties, as set out in the application regulations. The fair value measurement reflects the amount that the organization could have reasonably expected to receive from a knowledgeable, willing buyer in an arm's length transaction at the expropriation date. As a result an expropriation gain of \$779,460 is expected upon final acceptance of the application, representing the difference between the fair value of the expropriated building and its carrying amount prior to the expropriation of \$1,820,540. No impairment loss was recognized prior to the expropriation date and the property has been reflected at the carrying value as the organization has been permitted to continue to operate the shelter until December 15, 2024 at which time the premises must be vacated.

**GOOD SHEPHERD NON-PROFIT HOMES INC.**  
**Notes to Financial Statements**  
**Year Ended March 31, 2024**

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**7. EXPROPRIATED LAND AND BUILDING (Continued)**

The organization is currently in discussions with Metrolinx regarding compensation for the expropriated building which is expected to be \$2,600,000 plus the cost of any leasehold improvement completed. Management is of the opinion that the compensation received or receivable from the expropriation is fully realizable. However, there are uncertainties regarding the timing and final amount of compensation. Given the uncertainty surrounding the compensation, it has not been recognized in the financial statements as of March 31, 2024 but management will continue to assess the situation and recognize any compensation received or receivable in the period in which it becomes known.

**8. ACQUISITION OF LAND AND BUILDING**

Effective June 18, 2023, Good Shepherd Non-Profit Homes Inc. acquired the property located at 194 Gage Ave, along with the corresponding mortgage, in a transfer agreement with Taras Shevchenko Non-Profit Housing Inc. The acquisition of the property has been recognized at fair value at the date of acquisition. As the property provides a low income housing facility, the acquisition aligns with the objectives and mission of Good Shepherd Non-Profit Homes Inc. which will continue to run the facility in accordance with the terms of the transfer agreement. The agreed transfer price for the land and building was \$1,483,153, inclusive of associated costs, the assumption of the existing mortgage held by the charity with terms as described in *Note 16*, and a capital reserve and related reserve assets of \$283,709.

**9. PREPAID LAND LEASE**

The prepaid land lease is an operating lease with Good Shepherd Centre (Hamilton), as disclosed in (*Note 14*), for land on which the Good Shepherd Square (Hamilton Special Housing Project) is located.

**GOOD SHEPHERD NON-PROFIT HOMES INC.**  
**Notes to Financial Statements**  
**Year Ended March 31, 2024**

**10. CAPITAL ASSETS**

**Land and Buildings:**

	<b>2024</b>			
	<b>Land Cost</b>	<b>Building &amp; Improvements</b>	<b>Accumulated Amortization</b>	<b>Net</b>
<b>Hamilton Ontario Non-Profit Housing Program</b>				
Brennan House	\$ 315,169	\$ 890,165	\$ 391,181	\$ 814,153
Emmaus Place	1,239,230	4,832,946	3,047,229	3,024,947
Emmanuel House	75,001	2,150,454	1,044,490	1,180,965
Taylor Apartments	105,258	1,876,956	1,117,094	865,120
	<u>1,734,658</u>	<u>9,750,521</u>	<u>5,599,994</u>	<u>5,885,185</u>
<b>Toronto Ontario Non-Profit Housing Program</b>				
Brother Joseph Dooley Apts	<u>525,000</u>	<u>2,750,175</u>	<u>1,672,684</u>	<u>1,602,491</u>
<b>City of Hamilton - John/Aberdeen/Simcoe Consolidated</b>				
Aberdeen Apartments (Apts)	465,701	699,772	340,848	824,625
John/Simcoe Apartments	<u>375,477</u>	<u>708,174</u>	<u>463,256</u>	<u>620,395</u>
	<u>841,178</u>	<u>1,407,946</u>	<u>804,104</u>	<u>1,445,020</u>
<b>Hamilton and Toronto Special Housing Projects</b>				
Mathias Place	133,200	1,853,252	1,099,936	886,516
McGinty House	18,143	913,558	425,161	506,540
Regina's Place	95,000	1,529,416	734,069	890,347
Stinson Street	50,000	914,714	432,708	532,006
King Street East	30,000	531,076	250,413	310,663
Jeanne Scott Parent & Resource Centre, 1475 Barton Street East	-	543,153	173,974	369,179
Welkom House, 147 Mary Street	608,919	10,480,326	1,785,845	9,303,400
Good Shepherd Square	-	38,788,532	9,758,151	29,030,381
135 Mary Street re-development	-	739,268	-	739,268
Bayview House, 100 Holmes Ave	790,202	1,242,089	120,274	1,912,017
Taras Shevchenko House (194 Gage Avenue) (Note 8)	296,631	1,186,522	23,730	1,459,423
Cathedral, Rebecca, Clarence	-	48,956	-	48,956
370 Main Street - deposit	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
	<u>2,022,095</u>	<u>58,870,862</u>	<u>14,804,261</u>	<u>46,088,696</u>
	<u>\$ 5,122,931</u>	<u>\$ 72,779,504</u>	<u>\$ 22,881,043</u>	<u>\$ 55,021,392</u>

The 135 Mary Street property was under re-development as at March 31, 2024. The Cathedral, Rebecca and Clarence properties are all under initial stages of application for development.

**GOOD SHEPHERD NON-PROFIT HOMES INC.**  
**Notes to Financial Statements**  
**Year Ended March 31, 2024**

**10. CAPITAL ASSETS (Continued)**

**Land and Buildings (Continued):**

	2023			
	Land Cost	Building & Improvements Cost	Accumulated Amortization	Net
<b>Hamilton Ontario Non-Profit Housing Program</b>				
Brennan House	\$ 315,169	\$ 614,632	\$ 372,304	\$ 557,497
Emmaus Place	1,239,230	4,832,946	2,972,824	3,099,352
Emmanuel House	75,001	2,150,454	998,409	1,227,046
Taylor Apartments	105,258	1,876,956	1,085,433	896,781
	<u>1,734,658</u>	<u>9,474,988</u>	<u>5,428,970</u>	<u>5,780,676</u>
<b>Toronto Ontario Non-Profit Housing Program</b>				
Brother Joseph Dooley Apts	<u>525,000</u>	<u>2,750,175</u>	<u>1,627,789</u>	<u>1,647,386</u>
<b>City of Hamilton - John/Aberdeen/Simcoe Consolidated</b>				
Aberdeen Apartments (Apts)	465,701	699,772	325,893	839,580
John/Simcoe Apartments	<u>375,477</u>	<u>708,174</u>	<u>453,051</u>	<u>630,600</u>
	<u>841,178</u>	<u>1,407,946</u>	<u>778,944</u>	<u>1,470,180</u>
<b>Hamilton &amp; Toronto Special Housing Projects</b>				
Mathias Place	133,200	1,853,252	1,068,548	917,904
McGinty House	18,143	913,558	396,364	535,337
Regina's Place	95,000	1,529,416	700,930	923,486
Stinson Street	50,000	914,714	412,624	552,090
King Street East	30,000	531,076	238,719	322,357
Jeanne Scott Parent & Resource Centre, 1475 Barton Street East	-	543,153	158,592	384,561
Welkom House, 147 Mary Street	608,919	10,672,859	1,414,677	9,867,101
Good Shepherd Square	-	38,788,532	8,891,570	29,896,962
850 King Street East - deposit	451,983	1,463,416	34,701	1,880,698
135 Mary Street re-development	-	542,175	-	542,175
Bayview Homes, 100 Holmes Ave	<u>790,202</u>	<u>1,242,089</u>	<u>73,532</u>	<u>1,958,759</u>
	<u>2,177,447</u>	<u>58,994,240</u>	<u>13,390,257</u>	<u>47,781,430</u>
	<u>\$ 5,278,283</u>	<u>\$ 72,627,349</u>	<u>\$ 21,225,960</u>	<u>\$ 56,679,672</u>

The 135 Mary Street property was under re-development as at March 31, 2023. Effective May 2023 the organization received notice that the property located at 850 King Street East was under application to be expropriated.

**GOOD SHEPHERD NON-PROFIT HOMES INC.**  
**Notes to Financial Statements**  
**Year Ended March 31, 2024**

**11. OTHER CAPITAL ASSETS**

	<b>2024</b>			<b>2023</b>
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net</b>	<b>Net</b>
Leasehold improvements - (Manse Road)	\$ 17,861	\$ 17,861	\$ -	\$ -
Leasehold improvements - (Barrett Centre - Short Term Crisis Support Beds & Niagara Supportive Housing Program)	669,919	598,036	71,883	117,070
Computer equipment	518,453	366,987	151,466	196,646
Computer software	209,136	209,136	-	10,206
Equipment	84,528	28,205	56,323	72,536
Vehicles	914,532	369,575	544,957	296,371
	<u>\$ 2,414,429</u>	<u>\$ 1,589,800</u>	<u>\$ 824,629</u>	<u>\$ 692,829</u>

**12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2024</b>	<b>2023</b>
Trade payables and accruals	\$ 1,964,937	\$ 1,803,029
Government subsidies repayable - City of Hamilton	34,123	21,436
Government subsidies repayable - LHIN/MOH	96,842	94,984
Government remittances payable	126,795	133,859
Related parties (Note 14)	279,357	269,277
	<u>\$ 2,502,054</u>	<u>\$ 2,322,585</u>

**13. CONTROLLED ORGANIZATION**

Effective July 1, 2018 the operations of Bayview Community Services Inc. (BCS) were integrated with Good Shepherd Non-Profit Homes Inc. (GSNPH) and the funding agreement with Central Local Health Integration Network (the LHIN) was terminated. Effective April 1, 2019 BCS is controlled by GSNPH by virtue of having the same management and Board members.

BCS was incorporated under the laws of the Province of Ontario as a not for profit organization without share capital on December 16, 1983. The organization's purpose to provide funds for housing and other assistance in promoting social and general rehabilitation for persons recovering from serious mental illness with a view to enabling such persons to become self-supporting was achieved through funding by the LHIN. BCS is a registered charity and is exempt from the payment of income taxes within the meaning of the Income Tax Act (Canada).



**GOOD SHEPHERD NON-PROFIT HOMES INC.**  
**Notes to Financial Statements**  
**Year Ended March 31, 2024**

**13. CONTROLLED ORGANIZATION (Continued)**

The financial statements of BCS are not consolidated in the financial statements of Good Shepherd Non-Profit Homes Inc.

The summary unaudited financial statements of Bayview as at March 31, 2024, are as follows:

	<u>2024</u>	<u>2023</u>
<b>Balance Sheet</b>		
Assets	\$ 114,590	\$ 113,654
Liabilities	<u>5,274</u>	<u>5,274</u>
Net assets - internally restricted	<u>\$ 109,316</u>	<u>\$ 108,380</u>
<b>Statement of Revenue and Expenses</b>		
Revenue	<u>\$ 936</u>	<u>\$ 485</u>
Expenditures	<u>\$ -</u>	<u>\$ -</u>

**14. ADVANCES FROM RELATED PARTIES AND RELATED PARTY TRANSACTIONS AND BALANCES**

Good Shepherd Non-Profit Homes Inc. is related to The Good Shepherd Centre (Hamilton) and Good Shepherd Refuge Social Ministries. These organizations were established by the members of the religious order Hospitaller Order of St. John of God Province of The Good Shepherd In North America (HOSJG) and are related by the virtue of having elements of common management. These financial statements do not include the assets, liabilities and activities of these related organizations.

Good Shepherd Non-Profit Homes Inc. pays regular operating expenses on behalf of related parties or has its regular operating expenses paid by the related parties. This has produced a net (receivable) payable to related parties and a controlled organization in the amount of \$(213,941) (2023 - \$203,810). The balances included in accounts receivable and accounts payable on the balance sheet are as follows:

	<u>2024</u>			<u>2023</u>
	<u>Accounts Receivable</u>	<u>Accounts Payable</u>	<u>Net Payable (Receivable)</u>	<u>Net Payable (Receivable)</u>
The Good Shepherd Centre (Hamilton)	\$ 489,575	\$ 254,388	\$ (235,187)	\$ 37,187
Good Shepherd Refuge Social Ministries Inc.	2,783	-	(2,783)	(1,753)
HOSJG	940	-	(940)	143,407
Bayview Community Services Inc. (Note 13)	-	24,969	24,969	24,969
	<u>\$ 493,298</u>	<u>\$ 279,357</u>	<u>\$ (213,941)</u>	<u>\$ 203,810</u>

**GOOD SHEPHERD NON-PROFIT HOMES INC.**  
**Notes to Financial Statements**  
**Year Ended March 31, 2024**

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**14. ADVANCES FROM RELATED PARTIES AND RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**

During the year Good Shepherd Non-Profit Homes Inc. leased from The Good Shepherd Centre (Hamilton) the 126-128 Emerald Street property for \$91,620 (2023 - \$91,620) and leased offices in the Good Shepherd Square property to Good Shepherd Centre (Hamilton) in the amount of \$177,901 (2023 - \$177,901). During the March 31, 2011 fiscal year Good Shepherd Non-Profit Homes Inc. prepaid Good Shepherd Centre (Hamilton) \$1,798,500 for a 45 year land lease related to Good Shepherd Square (Hamilton Special Housing Projects).

In addition, the organization paid The Good Shepherd Centre (Hamilton) \$73,200 (2023 - \$73,200) in food warehouse costs and interest expense in the amount of \$Nil (2023 - \$7,950) related to a loan for which the proceeds were advanced to Good Shepherd Non-Profit Homes Inc. in a prior year for the Good Shepherd Square project. This loan was paid and fully discharged as at March 31, 2023.

The Good Shepherd Centre (Hamilton) gifted \$320,000 (2023 - \$190,500) to Good Shepherd Non-Profit Homes Inc. and is reported under donations and fundraising on the statement of revenue and expenses.

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

There is a balance payable in the amount of \$1,858,021 (2023 - \$1,858,021) related to advances provided by The Good Shepherd Centre (Hamilton) for the Good Shepherd Square project as at March 31, 2024 which is unsecured and has no set repayment terms. The Good Shepherd Centre (Hamilton) will not demand payment in the next fiscal year.

**15. DEFERRED CONTRIBUTIONS AND DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS**

Deferred contributions represents the unexpended portion of designated grants, donations or gifts received that are related to expenses for subsequent periods. Deferred contributions related to capital assets represents funding for the acquisition of capital assets which will be recognized as revenue in accordance with *Note 1(e)*.

	<u>2024</u>	<u>2023</u>
<b>Deferred Contributions</b>		
Balance, beginning of year	\$ 486,306	\$ 289,625
Net increase (decrease)	<u>174,545</u>	<u>196,681</u>
Balance, end of year	<u>\$ 660,851</u>	<u>\$ 486,306</u>

**GOOD SHEPHERD NON-PROFIT HOMES INC.**  
**Notes to Financial Statements**  
**Year Ended March 31, 2024**

**15. DEFERRED CONTRIBUTIONS AND DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Continued)**

**Deferred Contributions Related to Capital Assets**

Balance, beginning of year	\$ 21,925,380	\$ 22,333,586
Current year funding received	358,801	498,002
Amortized to current revenue	(917,128)	(906,208)
Balance, end of year as restated	<u>\$ 21,367,053</u>	<u>\$ 21,925,380</u>

Funding for capital assets was received for the year from the following:

Ontario Ministry of Health - IT	\$ -	\$ 185,000
Infrastructure Ontario - mortgage principal subsidy for Good Shepherd Square	358,801	313,002
	<u>\$ 358,801</u>	<u>\$ 498,002</u>

Changes in the deferred contributions balances are as follows:

	Balance, beginning of year	Contributions received during the year	Recognized as revenue or recovered during the year	Balance, end of year
Creative Works Studio - Operations	\$ 210,160	\$ 232,005	\$ 202,687	\$ 239,478
Bursary	12,771	-	-	12,771
City of Hamilton - rent supplement	68,041	76,329	68,041	76,329
Other	195,334	139,967	3,028	332,273
	<u>\$ 486,306</u>	<u>\$ 448,301</u>	<u>\$ 273,756</u>	<u>\$ 660,851</u>

**GOOD SHEPHERD NON-PROFIT HOMES INC.**  
**Notes to Financial Statements**  
**Year Ended March 31, 2024**

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**16. LONG TERM DEBT**

	<u>2024</u>	<u>2023</u>
<b>Hamilton Ontario Non-Profit Housing Program</b>		
<u>Brennan House (614 King Street East, Hamilton)</u> 2.430% mortgage, repayable in monthly blended instalments of \$3,074, maturing August 1, 2026	\$ 86,503	\$ 120,846
<u>Emmaus Place (31-35 Aikman Avenue, Hamilton)</u> 4.408% mortgage, repayable in monthly blended instalments of \$27,526, maturing March 1, 2028	1,210,236	1,481,227
<u>Emmanuel House and Taylor Apartments (90 Stinson Street, Hamilton and 100 Locke Street South, Hamilton)</u> 6.100% mortgage, repayable in monthly blended instalments of \$20,137, maturing June 1, 2024; renewed June 1, 2024 at 4.524%, repayable in monthly blended instalments of \$18,890, maturing June 1, 2029	<u>1,710,913</u> <u>3,007,652</u>	<u>1,845,036</u> <u>3,447,109</u>
<b>Toronto Ontario Non-Profit Housing Program</b>		
<u>Brother Joseph Dooley Apartments (10 Tracy Street, Toronto)</u> 4.380% mortgage, repayable in monthly blended instalments of \$15,092, maturing April 1, 2029 (2023- 2.700% mortgage, repayable in monthly blended instalments of \$14,489, maturing April 1, 2024)	<u>825,323</u>	<u>974,852</u>
<b>City of Hamilton - John/Aberdeen/Simcoe Consolidated</b>		
<u>Aberdeen Apartments (236 and 238 Aberdeen Avenue, Hamilton)</u> 6.670% mortgage, repayable in monthly blended instalments of \$2,555, maturing February 1, 2026 (2023 - 6.129% mortgage, repayable in monthly blended instalments of \$3,558, maturing April 1, 2024)	77,329	114,124
<u>John Street and Simcoe Apartments (320 John Street North and 139 Simcoe Street East)</u> 6.490% mortgage, repayable in monthly blended instalments of \$6,397, maturing January 1, 2026	<u>260,310</u> <u>337,639</u>	<u>318,369</u> <u>432,493</u>

**GOOD SHEPHERD NON-PROFIT HOMES INC.**  
**Notes to Financial Statements**  
**Year Ended March 31, 2024**

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**16. LONG TERM DEBT (Continued)**

	<u>2024</u>	<u>2023</u>
<b>Hamilton and Toronto Special Housing Projects</b>		
<u>Welkom House (147 Mary Street, Hamilton)</u>		
3.470% housing term loan, repayable in monthly blended instalments of \$13,503, maturing June 1, 2030	\$ 3,332,129	\$ 3,378,497
<u>Regina's Place (320 Tragina Avenue North, Hamilton)</u>		
6.000% mortgage, repayable in monthly blended instalments of \$2,054, maturing April 16, 2029 (2023 - 4.950% mortgage, repayable in monthly blended instalments of \$3,417, maturing March 31, 2024)	179,222	210,584
<u>Bayview House (100 Holmes Avenue, North York)</u>		
3.198% demand term loan, repayable in monthly blended instalments of \$7,087, maturing November 30, 2026	1,373,338	1,413,757
<u>Taras Shevchenko House (194 Gage Avenue South, Hamilton)</u>		
0.74% mortgage, repayable in monthly blended instalments of \$17,713, maturing February 1, 2026	1,399,027	-
<u>Good Shepherd Square (10 Pearl Street, Hamilton and 15 Ray Street, Hamilton)</u>		
3.96% housing term loan advanced on construction, repayable in monthly blended instalments of \$120,916, maturing August 1, 2032	18,949,871	19,635,648
	<u>25,233,587</u>	<u>24,638,486</u>
<u>Other</u>		
Prime interest rate unsecured loan with no set terms of repayment	1,952,617	2,071,280
0% unsecured debt service reserve loan with no set terms of repayment	-	100,000
	31,356,818	31,664,220
Principal payments due within one year	1,736,993	1,605,555
	<u>\$ 29,619,825</u>	<u>\$ 30,058,665</u>



**GOOD SHEPHERD NON-PROFIT HOMES INC.**  
**Notes to Financial Statements**  
**Year Ended March 31, 2024**

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**16. LONG TERM DEBT (Continued)**

Principal amounts due within the next five years and thereafter are as follows:

2025	\$ 1,736,993
2026	6,170,000
2027	1,492,000
2028	1,539,000
2029	1,283,000
Thereafter	<u>19,135,825</u>
	<u>\$ 31,356,818</u>

Management anticipates that the loans maturing in the next fiscal year will be renewed upon maturity.

The mortgages payable on Emmaus Place (31-35 Aikman Avenue, Hamilton) and Regina's Place (320 Tragina Avenue North, Hamilton) are chattel mortgages and secured by a first charge on property and an assignment of rent. In addition, the Regina's Place mortgage is secured by a general security agreement over all assets and assets specific to the property, a collateral mortgage of \$1,800,000 and requires a minimum annual debt service rate of 1.05.

The mortgage principal and interest payments for the Hamilton Ontario Non-Profit Housing Program mortgages, Toronto Ontario Non-Profit Housing Program and Bayview House mortgages are subsidized by the Ontario Ministry of Health. All other mortgages payable and the housing term loans are secured by a first charge on the related properties and an assignment of fire and other perils insurance.

The Ontario Ministry of Housing has subsidized the housing project term loan interest owing to it for the current year by \$117,582 (2023 - \$208,814).

In accordance with the Welkom House housing term loan agreement the organization is required to maintain a minimum annual debt service coverage ratio of 1.10 specific to the property financed by the loan. The Bayview House demand term loan requires a minimum annual debt service coverage ratio of 1.00 specific to the property financed. For the purpose of ratio/covenant calculations for Bayview House, the portion of debt that is not due in the coming year, \$1,373,337, is treated by the lender as long term debt according to the loan agreement repayable in monthly instalments with a 5 year term and 25 year amortization period.

In accordance with an amending agreement dated February 7, 2018 related to the Good Shepherd Square housing term loan the organization is required to maintain a minimum annual debt service coverage ratio of 1.05 specific to the property financed by the loan and an annual corporate debt service coverage ratio of 1.05. In addition, the organization was required to establish a debt service reserve bank account in the amount of \$500,000 assigned to the lender, reduced annually by \$100,000 on each anniversary date for a term of 5 years from the initial deposit date of March 26, 2018 subject to compliance by the GSNPH of all terms and conditions of the financing agreement. The debt service reserve was decreased by \$100,000 (2023 - \$Nil), the balance remaining, and the loan was fully discharged.

**GOOD SHEPHERD NON-PROFIT HOMES INC.****Notes to Financial Statements****Year Ended March 31, 2024****17. CAPITAL RESERVE**

These funds, restricted for building capital improvements, were established under the terms and conditions of the program operating agreements with the Ontario Ministry of Housing and subsequently downloaded to the Ontario Ministry of Health (MOH) and to the City of Hamilton. Reserve funds for programs now funded by the MOH must be held and managed in financial instruments as directed by the MOH. Reserve funds for programs now funded by the City of Hamilton are subject to the direction of Ontario's Social Housing Service Corporation (SHSC) and are invested through Worldsource Financial Management Inc.

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ <u>3,486,659</u>	\$ <u>2,980,749</u>
Funding allocation for the year MOH and City of Hamilton	209,707	182,715
Net interest revenue and unrealized gains on capital reserve investments	118,469	36,101
Additional funds from the MOH	862,986	412,500
Additional funds from the City of Hamilton	12,146	-
Other revenue	618	618
Expenses net of recovery	(519,259)	(126,024)
Transfer on acquisition of 194 Gage Ave (Note 8)	<u>283,709</u>	<u>-</u>
Excess revenue over expenses	<u>968,376</u>	<u>505,910</u>
Balance, end of year	\$ <u>4,455,035</u>	\$ <u>3,486,659</u>

The Capital Reserve is allocated among the portfolios/properties as follows:

	<u>2024</u>	<u>2023</u>
<b>MOH - Hamilton Ontario Non-Profit Housing Program</b>		
Balance, beginning of year	\$ 1,411,977	\$ 1,144,675
Budgeted allocation for the year	35,848	35,848
Net interest revenue	54,439	27,454
Additional funds from the MOH	548,400	204,000
Expenses	<u>(261,694)</u>	<u>-</u>
Balance, end of year	<u>1,788,970</u>	<u>1,411,977</u>
<b>MOH - Toronto Ontario Non-Profit Housing Program</b>		
Balance, beginning of year	533,480	489,595
Budgeted allocation for the year	14,285	14,285
Net interest revenue	15,870	10,373
Additional funds from the MOH	159,900	59,500
Expenses	<u>(218,997)</u>	<u>(40,273)</u>
Balance, end of year	<u>504,538</u>	<u>533,480</u>

**GOOD SHEPHERD NON-PROFIT HOMES INC.**  
**Notes to Financial Statements**  
**Year Ended March 31, 2024**

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**17. CAPITAL RESERVE (Continued)**

**MOH - 100 Holmes**

Balance, beginning of year	\$ 80,742	\$ 56,972
Budgeted allocation for the year	22,200	22,200
Net interest revenue	<u>3,231</u>	<u>1,570</u>
Balance, end of year	<u>106,173</u>	<u>80,742</u>

**MOH - 125 Manse**

Balance, beginning of year	-	-
Budgeted allocation for the year	<u>17,000</u>	<u>-</u>
Balance, end of year	<u>17,000</u>	<u>-</u>

**MOH - Mathias Place**

Balance, beginning of year	519,765	360,059
Budgeted allocation for the year	5,600	5,600
Net interest revenue	19,807	10,106
Additional funds from the MOH	144,280	144,000
Expenses recovered	<u>(38,568)</u>	<u>-</u>
Balance, end of year	<u>650,884</u>	<u>519,765</u>

**MOH - McGinty House**

Balance, beginning of year	8,783	31,531
Budgeted allocation for the year	2,000	2,000
Net interest revenue	342	170
Additional funds from the MOH	100	5,000
Expenses	<u>-</u>	<u>(29,918)</u>
Balance, end of year	<u>11,225</u>	<u>8,783</u>

**MOH - Stinson Street**

Balance, beginning of year	6,789	60,890
Budgeted allocation for the year	1,600	1,600
Net interest revenue	266	132
Additional funds from the MOH	80	-
Expenses net of recovery	<u>-</u>	<u>(55,833)</u>
Balance, end of year	<u>8,735</u>	<u>6,789</u>

**MOH - King Street East**

Balance, beginning of year	81,536	78,750
Budgeted allocation for the year	1,200	1,200
Net interest revenue	2,598	1,586
Additional funds from the MOH	<u>60</u>	<u>-</u>
Balance, end of year	<u>85,394</u>	<u>81,536</u>

**GOOD SHEPHERD NON-PROFIT HOMES INC.**  
**Notes to Financial Statements**  
**Year Ended March 31, 2024**

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**17. CAPITAL RESERVE (Continued)**

	<u>2024</u>	<u>2023</u>
<b>City of Hamilton - John/Aberdeen/Simcoe Consolidated</b>		
Balance, beginning of year	\$ 165,837	\$ 154,478
Budgeted allocation for the year	12,375	11,482
Net interest revenue and unrealized gains (losses) on capital reserve investments	<u>8,827</u>	<u>(123)</u>
Balance, end of year	<u>187,039</u>	<u>165,837</u>
 <b>City of Hamilton - 10 Pearl Street/15 Ray Street</b>		
Balance, beginning of year	618,000	551,435
Budgeted allocation for the year	81,732	81,732
Net interest revenue and unrealized gains (losses) on capital reserve investments	13,089	(15,167)
Additional funds from the MOH	<u>10,166</u>	<u>-</u>
Balance, end of year	<u>722,987</u>	<u>618,000</u>
 <b>City of Hamilton - 194 Gage Ave</b>		
Balance, beginning of year	-	-
Budgeted allocation for the year	7,852	-
Additional funds from the City of Hamilton	12,146	-
Transfer on acquisition of 194 Gage Ave ( <i>Note 8</i> )	<u>283,709</u>	<u>-</u>
Balance, end of year	<u>303,707</u>	<u>-</u>
 <b>City of Hamilton - 147 Mary Street</b>		
Balance, beginning of year	59,750	52,364
Budgeted allocation for the year	8,015	6,768
Other revenue	<u>618</u>	<u>618</u>
Balance, end of year	<u>68,383</u>	<u>59,750</u>
<b>TOTAL CAPITAL RESERVE</b>	<u><u>\$ 4,455,035</u></u>	<u><u>\$ 3,486,659</u></u>

## GOOD SHEPHERD NON-PROFIT HOMES INC.

### Notes to Financial Statements

Year Ended March 31, 2024

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#### 18. CONTINGENCIES AND COMMITMENTS

During the 2013 fiscal year, the organization received a \$3,990,000 CMHC forgivable mortgage representing the federal funding portion for the Good Shepherd Square Housing Project, forgivable on March 31, 2032 provided all the requirements of the Ontario Affordable Housing Program contribution agreement have been met by the organization. In addition, the organization receives a monthly subsidy of \$41,093 (2023 - \$43,485 monthly subsidy, interest rate of 5.2%, term one from August 2012 to August 2022) from the Ontario Ministry of Housing. This subsidy represents total interest and loan principal of \$6,510,000 to be advanced over 20 years at an interest rate of 3.96% compounded semi-annually for term two from August 2022 to August 2032. This subsidy is applied towards the Good Shepherd Square housing term loan advanced to the organization as disclosed in *Note 16*. During the 2021 fiscal year, the organization received a \$250,000 forgivable loan for capital cost renovations related to the McGinty House property which is forgivable over 15 years ending in March 2037. For these financial statements, the forgivable mortgages and loan principal subsidy are included in deferred contributions related to capital assets and are recognized as revenue in accordance with the policy outlined in *Note 1(e)*.

The unforgiven amount as at March 31, 2024 is \$4,206,666 (2023 - \$4,223,333). The estimated unforgiven amounts at the year end for the next five years are as follows:

2025	-	\$ 4,190,000
2026	-	\$ 4,173,000
2027	-	\$ 4,157,000
2028	-	\$ 4,140,000
2029	-	\$ 4,123,000

The future minimum lease payments under operating leases (vehicles and premises) are:

2025	-	\$ 187,315
2026	-	\$ 131,795
2027	-	\$ 1,772

Good Shepherd Non-Profit Homes Inc. has entered into a service agreement with another charity to act as principal in the administration of a rental property owned by the charity. The agreement ends June 2026 or until the property is sold or demolished.



**GOOD SHEPHERD NON-PROFIT HOMES INC.**  
**Notes to Financial Statements**  
**Year Ended March 31, 2024**

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**19. ONTARIO MINISTRY OF HEALTH FUNDING**

	<u>2024</u>	<u>2023</u>
Operating funds		
Grants		
MOH - direct funding	\$ 7,333,614	\$ 6,856,006
Mortgage principal subsidy	<u>629,405</u>	<u>616,134</u>
	7,963,019	7,472,140
 MOH - Ontario Health (OH) (formerly LHIN)	 <u>12,556,609</u>	 <u>11,993,124</u>
	20,519,628	19,465,264
 Capital Reserve contributions	 <u>962,719</u>	 <u>495,233</u>
 <b>TOTAL MOH FUNDING</b>	 <b><u>\$ 21,482,347</u></b>	 <b><u>\$ 19,960,497</u></b>

**20. SETTLEMENT OF PRIOR YEAR FUNDING**

In accordance with *Note 1(g)*, settlement of prior year funding is as follows:

	<u>2024</u>	<u>2023</u>
Settlement - City of Hamilton	<u>\$ (5,115)</u>	<u>\$ 11,071</u>

**21. FINANCIAL INSTRUMENTS**

Good Shepherd Non-Profit Homes Inc. is exposed to various risks through its financial instruments. The following analysis provides a measure of Good Shepherd Non-Profit Homes Inc.'s risk exposure and concentrations at March 31, 2024.

**(a) Credit Risk**

Credit risk arises from the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The organization determines, on a continuous basis, amounts receivable on the basis of amounts it is virtually certain to receive based on their estimated realizable value. The organization's cash balance is in excess of federally insured limits, however it is maintained with a financial institution of reputable credit and therefore bears minimal credit risk.

**(b) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is exposed to interest rate risk and other price risk.

**21. FINANCIAL INSTRUMENTS (Continued)**

**(c) 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 market interest rates. Fixed rate instruments subject the organization to a fair value risk while the floating interest rate instrument subjects it to a cash flow risk. Fluctuations in interest rates will impact the cost of financing incurred currently and in the future. At March 31, 2024 the organization had a fixed interest guaranteed investment certificate as described in *Note 5* and fixed interest mortgages as described in *Note 16*. The organization does not use derivative financial instruments to alter the effects of this risk.

**(d) Other Price Risk**

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. The organization is exposed to other price risk through its investment in equity as disclosed in *Notes 4 and 5*.

**(e) 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 this risk mainly in respect to its accounts payable and accrued liabilities, advances from related parties and long term debt. The organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations and anticipating investing and financing activities.

There has been no significant change to the risk exposures noted above from the prior year.

**22. COMPARATIVE FIGURES**

Certain prior year figures have been restated to reflect the presentation format adopted for this year.

**GOOD SHEPHERD NON-PROFIT HOMES INC.**  
**Schedule of Selected Expenses**  
**Year Ended March 31, 2024**

	2024	2023
<b>Salaries and Benefits</b>		
Salaries	\$ 12,301,843	\$ 11,201,028
Benefits	2,081,708	1,829,890
Purchase of service	196,000	211,600
MD fees for service	74,304	105,202
	<u>14,653,855</u>	<u>13,347,720</u>
<b>Program</b>		
<b>Office</b>		
Computer supplies	83,365	75,924
Office supplies	118,818	163,539
Photocopying	17,692	14,990
	<u>219,875</u>	<u>254,453</u>
<b>Building</b>		
Natural gas	216,451	256,119
Electricity	609,653	559,518
Water and sewer	354,334	287,275
Maintenance - grounds and security costs	131,970	214,670
	<u>1,312,408</u>	<u>1,317,582</u>
<b>Client service costs</b>		
General supplies and program costs	1,908,426	2,088,528
	<u>1,908,426</u>	<u>2,088,528</u>
<b>General</b>		
Consulting fees	287,900	57,631
Course registration fees	135,800	197,174
Data processing - software licence fees	155,997	75,259
Telephone and communication charges	239,525	231,837
Travel - service recipient	120,777	113,668
Travel - staff general	121,707	91,725
Professional fees - audit and other	35,181	34,453
Professional fees - legal	50,897	29,460
Professional fees - system development	-	5,912
Insurance - building and liability	371,695	333,524
Reserve contribution	244,531	238,118
Other - sundry	211,703	156,104
	<u>1,975,713</u>	<u>1,564,865</u>
<b>Equipment</b>		
Automotive	213,544	165,722

**GOOD SHEPHERD NON-PROFIT HOMES INC.**  
**Schedule of Selected Expenses (Continued)**  
**Year Ended March 31, 2024**

	2024	2023
<b>Building Services</b>		
Building repairs, maintenance and other	\$ 1,155,685	\$ 1,519,182
Service contracts - building service equipment	680	3,825
Service contracts - waste removal and disposal	17,880	17,629
Interest on mortgages <i>(Note 16)</i>	1,182,129	1,196,603
Municipal taxes	243,656	190,973
Rent and lease - buildings and apartments <i>(Notes 14 and 18)</i>	7,693,669	7,341,409
	<u>10,293,699</u>	<u>10,269,621</u>
<b>Amortization</b>		
Buildings and land lease	1,779,705	1,741,163
Equipment	71,600	59,789
Leasehold improvements	60,703	60,703
Software	10,207	20,914
Vehicles	110,653	69,373
	<u>2,032,868</u>	<u>1,951,942</u>
<b>TOTAL EXPENSES</b>	<u>\$ 32,610,388</u>	<u>\$ 30,960,433</u>