

GOOD SHEPHERD NON-PROFIT HOMES INC.
HAMILTON, ONTARIO
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2025

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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, 2025, 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, 2025, 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, 2025 and 2024, current assets as at March 31, 2025 and 2024, and net assets as at April 1 and March 31 for both the 2025 and 2024 years. Our audit opinion on the financial statements for the year ended March 31, 2024 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.

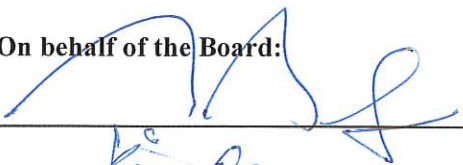
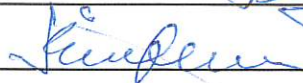
HGK Partners LLP

HAMILTON, ONTARIO
June 19, 2025

HGK PARTNERS LLP
Chartered Professional Accountants
Licensed Public Accountants

GOOD SHEPHERD NON-PROFIT HOMES INC.**Balance Sheet****As at March 31, 2025**

	2025	2024
ASSETS		
Current		
Cash (Note 2)	\$ 462,287	\$ 656,671
Accounts receivable (Note 3)	2,077,214	2,127,600
Prepaid expenses	312,069	305,413
Investment (Note 4)	<u>176,000</u>	<u>224,000</u>
	<u>3,027,570</u>	<u>3,313,684</u>
Capital Reserve (Note 5)	4,757,176	4,455,035
Funds held in trust - residents (Note 6)	1,145,210	1,125,765
Expropriated land and building (Note 7)	-	1,820,540
Prepaid land lease (Note 9)	1,299,901	1,339,867
Capital assets (Notes 8 & 10)	67,075,841	55,021,392
Other capital assets (Note 11)	<u>679,781</u>	<u>824,629</u>
	<u>74,957,909</u>	<u>64,587,228</u>
	<u>\$ 77,985,479</u>	<u>\$ 67,900,912</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 12 & 14)	\$ 2,327,335	\$ 2,502,054
Tenant deposits and rents received in advance	264,815	47,388
Deferred contributions (Note 15)	1,067,399	660,851
Current portion of long term debt (Note 16)	<u>1,861,000</u>	<u>1,736,993</u>
	<u>5,520,549</u>	<u>4,947,286</u>
Trust funds payable (Note 6)	1,145,210	1,125,765
Capital Reserve (Note 17)	4,757,176	4,455,035
Deferred contributions related to capital assets (Note 15)	25,248,585	21,367,053
Advances from related parties (Note 14)	1,858,021	1,858,021
Long term debt (Note 16)	<u>33,824,683</u>	<u>29,619,825</u>
	<u>66,833,675</u>	<u>58,425,699</u>
	<u>72,354,224</u>	<u>63,372,985</u>
NET ASSETS		
Unrestricted net assets (Page 6)	<u>5,631,255</u>	<u>4,527,927</u>
	<u>\$ 77,985,479</u>	<u>\$ 67,900,912</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, 2025

	2025	2024
Revenue		
Ontario Ministry of Health - Ontario Health <i>(Note 19)</i>	\$ 14,356,535	\$ 12,556,609
Ontario Ministry of Health - direct funding <i>(Note 19)</i>	8,612,107	7,963,019
City of Hamilton	3,070,952	1,205,233
Federal government	31,662	39,684
Provincial government - other	33,820	33,770
Non - government agencies	-	926,559
Rental - tenants	6,906,764	5,972,316
Fee for service and other	4,231,793	3,593,001
Donations and fundraising <i>(Note 14)</i>	907,648	564,710
	<u>38,151,281</u>	<u>32,854,901</u>
Expenses		
Salaries and benefits <i>(Page 30)</i>	16,986,810	14,653,855
Program		
Office <i>(Page 30)</i>	354,054	219,875
Building <i>(Page 30)</i>	1,847,362	1,312,408
Client service costs <i>(Page 30)</i>	3,551,045	1,908,426
General <i>(Page 30)</i>	2,352,932	1,975,713
Equipment <i>(Page 30)</i>	138,498	213,544
Building services <i>(Page 31)</i>	11,126,451	10,293,699
	<u>36,357,152</u>	<u>30,577,520</u>
Excess of revenue over expenses before other income (expenses)	<u>1,794,129</u>	<u>2,277,381</u>
Deferred contributions - amortization <i>(Note 15)</i>	979,421	917,128
Amortization <i>(Page 31)</i>	(2,230,441)	(2,032,868)
Gain on sale of capital asset <i>(Note 7)</i>	645,161	-
Unrealized (loss) on investment	(48,000)	(6,184)
	<u>(653,859)</u>	<u>(1,121,924)</u>
Excess revenue over expenses before government subsidies repayable	1,140,270	1,155,457
Government subsidies repayable (net)	<u>31,517</u>	<u>34,123</u>
EXCESS REVENUE OVER EXPENSES	<u>\$ 1,108,753</u>	<u>\$ 1,121,334</u>

(See Accompanying Notes and Schedule)

GOOD SHEPHERD NON-PROFIT HOMES INC.
Statement of Changes in Net Assets
Year Ended March 31, 2025

	2025	2024
Unrestricted net assets balance, beginning of year	\$ 4,527,927	\$ 3,401,478
Settlement of prior year funding <i>(Note 20)</i>	(5,425)	5,115
Excess revenue over expenses	<u>1,108,753</u>	<u>1,121,334</u>
Unrestricted net assets balance, end of year	<u>\$ 5,631,255</u>	<u>\$ 4,527,927</u>

(See Accompanying Notes)

GOOD SHEPHERD NON-PROFIT HOMES INC.
Statement of Cash Flows
Year Ended March 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Excess revenue over expenses	\$ 1,108,753	\$ 1,121,334
Items not requiring a cash outlay:		
Amortization	2,230,441	2,032,868
Deferred contributions - amortization	(979,421)	(917,128)
Gain on sale of capital asset	(645,161)	-
Unrealized loss on investment	48,000	6,184
	<u>1,762,612</u>	<u>2,243,258</u>
(Increase) decrease in accounts receivable	50,386	(1,718,454)
(Increase) decrease in prepaid expenses	(6,651)	(102,672)
Increase (decrease) in accounts payable and accrued liabilities	(174,719)	179,469
Increase (decrease) in tenant deposits and rents received in advance	217,427	(142,471)
Increase (decrease) in deferred contributions	406,548	174,545
Settlement of prior year funding	(5,425)	5,115
	<u>487,566</u>	<u>(1,604,468)</u>
Net cash provided by (used for) operating activities	<u>2,250,178</u>	<u>638,790</u>
INVESTING ACTIVITIES		
Proceeds on disposal of capital asset	2,600,000	-
Acquisition of capital assets	(14,234,380)	(803,804)
Net cash provided by (used for) investing activities	<u>(11,634,380)</u>	<u>(803,804)</u>
FINANCING ACTIVITIES		
Increase (decrease) in deferred contributions related to capital assets	4,860,953	358,801
Issue of long term debt	5,275,441	-
Repayment of long term debt	(946,576)	(1,790,555)
Net cash provided by (used for) financing activities	<u>9,189,818</u>	<u>(1,431,754)</u>
Increase (decrease) in cash	(194,384)	(1,596,768)
Cash, beginning of year	656,671	2,253,439
Cash, end of year	<u>\$ 462,287</u>	<u>\$ 656,671</u>
Non-cash investing and financing activity:		
Acquisition of capital asset and related long term debt (Note 8)	\$ -	\$ 1,483,153
Acquisition of capital reserve asset and related liability (Note 8)	\$ -	\$ 283,709

(See Accompanying Notes)

GOOD SHEPHERD NON-PROFIT HOMES INC.
Notes to Financial Statements
Year Ended March 31, 2025

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, 2025, 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 Tragara 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))
201 Vaughan Road, Toronto
SHN Clinic (370 Main, Hamilton)

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

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.

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, 2025

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, 2025

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>2025</u>	<u>2024</u>
Unrestricted - cash	\$ 1,909,717	\$ 2,245,128
Restricted cash - due from (to) Capital Reserve from operating account	<u>(1,447,430)</u>	<u>(1,588,457)</u>
	<u>\$ 462,287</u>	<u>\$ 656,671</u>

3. ACCOUNTS RECEIVABLE

	<u>2025</u>	<u>2024</u>
Grants - MOH (one time funding for Capital Reserve, transformation and sessional fee)	\$ 682,499	\$ 890,681
City of Hamilton	217,774	217,774
Ministry of Finance	142,241	127,593
Workplace Safety and Insurance Board (WSIB)	76,974	-
Metrolinx	124,750	-
Harmonized sales tax rebates	141,804	133,188
Other services - non-government agencies	230,098	265,066
Related parties (Note 14)	<u>461,074</u>	<u>493,298</u>
	<u>\$ 2,077,214</u>	<u>\$ 2,127,600</u>

4. INVESTMENT

	<u>2025</u>	<u>2024</u>
Canadian equity	<u>\$ 176,000</u>	<u>\$ 224,000</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, 2025

5. CAPITAL RESERVE

	<u>2025</u>	<u>2024</u>
Cash	\$ 1,647,521	\$ 1,402,042
Restricted cash due from (to) operating account	<u>1,447,430</u>	<u>1,588,457</u>
	<u>3,094,951</u>	<u>2,990,499</u>
Guaranteed Investment Certificate, flexible, maturing May 22, 2025 with an effective interest rate of 3.65% (2024 - maturing May 22, 2024 with an effective interest rate of 2.50%) including accrued interest of \$11,031 (2024 - \$7,418)	362,343	350,162
Social Housing Canadian Bond Fund - Worldsource Financial Management Inc.	1,262,253	1,086,507
First National Financial Escrow Account	<u>37,629</u>	<u>27,867</u>
	<u>1,662,225</u>	<u>1,464,536</u>
	<u>\$ 4,757,176</u>	<u>\$ 4,455,035</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 was 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. A gain of \$695,161 was reported as at March 31, 2025 upon final disposition.

GOOD SHEPHERD NON-PROFIT HOMES INC.
Notes to Financial Statements
Year Ended March 31, 2025

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, 2025

10. CAPITAL ASSETS
Land and Buildings:

	2025			
	Land Cost	Building & Improvements	Accumulated Amortization	Net
Hamilton Ontario Non-Profit Housing Program				
Brennan House	\$ 315,169	\$ 919,947	\$ 419,849	\$ 815,267
Emmaus Place	1,239,230	4,832,946	3,118,658	2,953,518
Emmanuel House	75,001	2,150,454	1,088,729	1,136,726
Taylor Apartments	<u>105,258</u>	<u>1,876,956</u>	<u>1,147,488</u>	<u>834,726</u>
	<u>1,734,658</u>	<u>9,780,303</u>	<u>5,774,724</u>	<u>5,740,237</u>
Toronto Ontario Non-Profit Housing Program				
Brother Joseph Dooley Apts	<u>525,000</u>	<u>2,750,175</u>	<u>1,715,784</u>	<u>1,559,391</u>
City of Hamilton - John/Aberdeen/Simcoe Consolidated				
Aberdeen Apartments (Apts)	465,701	699,772	355,205	810,268
John/Simcoe Apartments	<u>375,477</u>	<u>708,174</u>	<u>473,053</u>	<u>610,598</u>
	<u>841,178</u>	<u>1,407,946</u>	<u>828,258</u>	<u>1,420,866</u>
Hamilton and Toronto Special Housing Projects				
Mathias Place	133,200	1,853,252	1,130,069	856,383
McGinty House	18,143	913,558	453,092	478,609
Regina's Place	95,000	1,645,746	766,114	974,632
Stinson Street	50,000	914,714	451,988	512,726
King Street East	30,000	531,076	261,640	299,436
Jeanne Scott Parent & Resource Centre, 1475 Barton Street East	-	543,153	188,742	354,411
Welkom House, 147 Mary Street	608,919	10,495,774	2,134,846	8,969,847
Good Shepherd Square	-	38,902,566	10,643,101	28,259,465
135 Mary Street re-development	-	991,902	-	991,902
Bayview House, 100 Holmes Ave	790,202	1,242,089	165,147	1,867,144
Taras Shevchenko House (194 Gage Avenue) (Note 8)	296,631	1,186,522	70,242	1,412,911
Cathedral, Rebecca, Clarence	-	52,537	-	52,537
370 Main Street	1,637,473	3,803,908	83,404	5,357,977
201 Vaughan Road, Toronto	<u>2,424,148</u>	<u>5,656,346</u>	<u>113,127</u>	<u>7,967,367</u>
	<u>6,083,716</u>	<u>68,733,143</u>	<u>16,461,512</u>	<u>58,355,347</u>
	<u>\$ 9,184,552</u>	<u>\$ 82,671,567</u>	<u>\$ 24,780,278</u>	<u>\$ 67,075,841</u>

The 135 Mary Street property was under re-development as at March 31, 2025. 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, 2025

10. CAPITAL ASSETS (Continued)
Land and Buildings (Continued):

	2024			
	Land Cost	Building & Improvements Cost	Accumulated Amortization	Net
Hamilton Ontario Non-Profit Housing Program				
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	<u>105,258</u>	<u>1,876,956</u>	<u>1,117,094</u>	<u>865,120</u>
	<u>1,734,658</u>	<u>9,750,521</u>	<u>5,599,994</u>	<u>5,885,185</u>
Toronto Ontario Non-Profit Housing Program				
Brother Joseph Dooley Apts	<u>525,000</u>	<u>2,750,175</u>	<u>1,672,684</u>	<u>1,602,491</u>
City of Hamilton - John/Aberdeen/Simcoe Consolidated				
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>
Hamilton & Toronto Special Housing Projects				
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 Homes, 100 Holmes Ave	790,202	1,242,089	120,274	1,912,017
Taras Shevchenko House (194 Gage Avenue)	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, 2025

11. OTHER CAPITAL ASSETS

	2025			2024
	Cost	Accumulated Amortization	Net	Net
Leasehold improvements - (Manse Road)	\$ 17,861	\$ 17,861	\$ -	\$ -
Leasehold improvements - (Barrett Centre - Short Term Crisis Support Beds & Niagara Supportive Housing Program)	654,403	654,403	-	71,883
Computer equipment	518,453	405,489	112,964	151,466
Computer software	209,136	209,136	-	-
Equipment	7,720	6,015	1,705	56,323
Vehicles	<u>1,105,742</u>	<u>540,630</u>	<u>565,112</u>	<u>544,957</u>
	<u>\$ 2,513,315</u>	<u>\$ 1,833,534</u>	<u>\$ 679,781</u>	<u>\$ 824,629</u>

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2025	2024
Trade payables and accruals	\$ 1,872,378	\$ 1,964,937
Government subsidies repayable - City of Hamilton	19,930	34,123
Government subsidies repayable - LHIN/MOH	74,108	96,842
Government remittances payable	151,408	126,795
Related parties (<i>Note 14</i>)	<u>209,510</u>	<u>279,357</u>
	<u>\$ 2,327,334</u>	<u>\$ 2,502,054</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, 2025

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, 2025, are as follows:

	<u>2025</u>	<u>2024</u>
Balance Sheet		
Assets	\$ 141,109	\$ 114,590
Liabilities (Note 14)	<u>110,804</u>	<u>5,274</u>
Net assets - internally restricted	<u>\$ 30,305</u>	<u>\$ 109,316</u>
Statement of Revenue and Expenses		
Revenue	<u>\$ 1,488</u>	<u>\$ 936</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 \$(201,502) (2024 - \$(213,941)). The balances included in accounts receivable and accounts payable on the balance sheet are as follows:

	<u>2025</u>			<u>2024</u>
	<u>Accounts Receivable</u>	<u>Accounts Payable</u>	<u>Net Payable (Receivable)</u>	<u>Net Payable (Receivable)</u>
The Good Shepherd Centre (Hamilton)	\$ 436,043	\$ 209,510	\$ (226,533)	\$ (235,187)
Good Shepherd Refuge Social Ministries Inc.	-	-	-	(2,783)
HOSJG	-	-	-	(940)
Bayview Community Services Inc. (Note 13)	<u>25,031</u>	<u>-</u>	<u>25,031</u>	<u>24,969</u>
	<u>\$ 461,074</u>	<u>\$ 209,510</u>	<u>\$ (201,502)</u>	<u>\$ (213,941)</u>

GOOD SHEPHERD NON-PROFIT HOMES INC.
Notes to Financial Statements
Year Ended March 31, 2025

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 (2024 - \$91,620) and leased offices in the Good Shepherd Square property to Good Shepherd Centre (Hamilton) in the amount of \$177,901 (2024 - \$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 (2024 - \$73,200) in food warehouse costs.

The Good Shepherd Centre (Hamilton) gifted \$210,000 (2024 - \$320,000) to Good Shepherd Non-Profit Homes Inc. and is reported under donations and fundraising on the statement of revenue and expenses. The Good Shepherd Centre (Hamilton) received a gift of \$50,000 (2024 - \$Nil) from Good Shepherd Non-Profit Homes Inc. and is reported under general - other sundry 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 (2024 - \$1,858,021) related to advances provided by The Good Shepherd Centre (Hamilton) for the Good Shepherd Square project as at March 31, 2025 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>2025</u>	<u>2024</u>
Deferred Contributions		
Balance, beginning of year	\$ 660,851	\$ 486,306
Net increase (decrease)	<u>406,548</u>	<u>174,545</u>
Balance, end of year	<u>\$ 1,067,399</u>	<u>\$ 660,851</u>

GOOD SHEPHERD NON-PROFIT HOMES INC.
Notes to Financial Statements
Year Ended March 31, 2025

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

Deferred Contributions Related to Capital Assets

Balance, beginning of year	\$ 21,367,053	\$ 21,925,380
Current year funding received	4,860,953	358,801
Amortized to current revenue	(979,421)	(917,128)
Balance, end of year as restated	<u>\$ 25,248,585</u>	<u>\$ 21,367,053</u>

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

City of Toronto -201 Vaughan Road funding (<i>Note 18</i>)	\$ 4,500,000	\$ -
Infrastructure Ontario - mortgage principal subsidy for Good Shepherd Square	360,953	358,801
	<u>\$ 4,860,953</u>	<u>\$ 358,801</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	\$ 239,478	\$ -	\$ 77,574	\$ 161,904
Bursary	12,771	-	-	12,771
City of Hamilton - rent supplement	76,329	75,703	76,329	75,703
The Centre for Addiction and Mental Health (CAMH)	-	66,000	-	66,000
Mobile Health Van donations	139,967	400,000	139,967	400,000
Other	192,306	50,091	(108,624)	351,021
	<u>\$ 660,851</u>	<u>\$ 591,794</u>	<u>\$ 185,246</u>	<u>\$ 1,067,399</u>

GOOD SHEPHERD NON-PROFIT HOMES INC.
Notes to Financial Statements
Year Ended March 31, 2025

16. LONG TERM DEBT

	<u>2025</u>	<u>2024</u>
Hamilton Ontario Non-Profit Housing Program		
<u>Brennan House (614 King Street East, Hamilton)</u> 2.430% mortgage, repayable in monthly blended instalments of \$3,074, maturing August 1, 2026	\$ 51,320	\$ 86,503
<u>Emmaus Place (31-35 Aikman Avenue, Hamilton)</u> 4.408% mortgage, repayable in monthly blended instalments of \$27,526, maturing March 1, 2028	927,168	1,210,236
<u>Emmanuel House and Taylor Apartments (90 Stinson Street, Hamilton and 100 Locke Street South, Hamilton)</u> 4.524% mortgage, repayable in monthly blended instalments of \$18,890, maturing June 1, 2029 (2024 - 6.100% mortgage, repayable in monthly blended instalments of \$20,137, maturing June 1, 2024)	<u>1,560,929</u> <u>2,539,417</u>	<u>1,710,913</u> <u>3,007,652</u>
Toronto Ontario Non-Profit Housing Program		
<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 (2024 - 2.700% mortgage, repayable in monthly blended instalments of \$14,489, maturing April 1, 2024)	<u>676,560</u>	<u>825,323</u>
City of Hamilton - John/Aberdeen/Simcoe Consolidated		
<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	38,034	77,329
<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>198,422</u> <u>236,456</u>	<u>260,310</u> <u>337,639</u>

GOOD SHEPHERD NON-PROFIT HOMES INC.
Notes to Financial Statements
Year Ended March 31, 2025

16. LONG TERM DEBT (Continued)

	<u>2025</u>	<u>2024</u>
Hamilton and Toronto Special Housing Projects		
<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	\$ 3,284,138	\$ 3,332,129
<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 (2024 -		
4.950% mortgage, repayable in monthly blended instalments of \$3,417, maturing March 31, 2024	172,251	179,222
<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	1,331,606	1,373,338
<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	1,196,128	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	18,236,439	18,949,871
<u>201 Vaughan, Toronto</u>		
4.500% mortgage repayable in monthly blended instalments of \$14,894, maturing March 1, 2035	3,572,215	-
<u>SHN Clinic (370 Main, Hamilton)</u>		
6.400% non-revolving loan, repayable in monthly blended instalments of \$18,063, maturing June 21, 2029	2,665,985	-
	<u>30,458,762</u>	<u>25,233,587</u>
<u>Other</u>		
Prime interest rate unsecured loan with no set terms of repayment	1,774,488	1,952,617
	35,685,683	31,356,818
Principal payments due within one year	1,861,000	1,736,993
	<u>\$ 33,824,683</u>	<u>\$ 29,619,825</u>

GOOD SHEPHERD NON-PROFIT HOMES INC.
Notes to Financial Statements
Year Ended March 31, 2025

16. LONG TERM DEBT (Continued)

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

2026	\$ 1,861,000
2027	6,605,000
2028	1,564,000
2029	1,615,000
2030	1,363,000
Thereafter	<u>22,677,683</u>
	<u>\$ 35,685,683</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 \$132,168 (2024 - \$117,582).

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.

GOOD SHEPHERD NON-PROFIT HOMES INC.**Notes to Financial Statements****Year Ended March 31, 2025****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>2025</u>	<u>2024</u>
Balance, beginning of year	\$ <u>4,455,035</u>	\$ <u>3,486,659</u>
Funding allocation for the year MOH and City of Hamilton	272,679	209,707
Net interest revenue and unrealized gains on capital reserve investments	142,981	118,469
Additional funds from the MOH	558,376	862,986
Additional funds from the City of Hamilton	82,000	12,146
Other revenue	900	618
Expenses net of recovery	(754,795)	(519,259)
Transfer on acquisition of 194 Gage Ave (Note 8)	-	283,709
Excess revenue over expenses	<u>302,141</u>	<u>968,376</u>
Balance, end of year	<u>\$ 4,757,176</u>	<u>\$ 4,455,035</u>

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

	<u>2025</u>	<u>2024</u>
MOH - Hamilton Ontario Non-Profit Housing Program		
Balance, beginning of year	\$ 1,788,970	\$ 1,411,977
Budgeted allocation for the year	35,848	35,848
Net interest revenue	27,837	54,439
Additional funds from the MOH	335,600	548,400
Expenses	(583,802)	(261,694)
Balance, end of year	<u>1,604,453</u>	<u>1,788,970</u>
MOH - Toronto Ontario Non-Profit Housing Program		
Balance, beginning of year	504,538	533,480
Budgeted allocation for the year	14,285	14,285
Net interest revenue	11,120	15,870
Additional funds from the MOH	97,900	159,900
Expenses	(32,516)	(218,997)
Balance, end of year	<u>595,327</u>	<u>504,538</u>

GOOD SHEPHERD NON-PROFIT HOMES INC.
Notes to Financial Statements
Year Ended March 31, 2025

17. CAPITAL RESERVE (Continued)

MOH - 100 Holmes

Balance, beginning of year	\$ 106,173	\$ 80,742
Budgeted allocation for the year	22,200	22,200
Net interest revenue	2,353	3,231
Additional funds from the MOH	<u>4,876</u>	<u>-</u>
Balance, end of year	<u>135,602</u>	<u>106,173</u>

MOH - 125 Manse

Balance, beginning of year	17,000	-
Budgeted allocation for the year	<u>28,621</u>	<u>17,000</u>
Balance, end of year	<u>45,621</u>	<u>17,000</u>

MOH - Mathias Place

Balance, beginning of year	650,884	519,765
Budgeted allocation for the year	5,880	5,600
Net interest revenue	13,316	19,807
Additional funds from the MOH	120,000	144,280
Expenses recovered	<u>(22,574)</u>	<u>(38,568)</u>
Balance, end of year	<u>767,506</u>	<u>650,884</u>

MOH - McGinty House

Balance, beginning of year	11,225	8,783
Budgeted allocation for the year	2,100	2,000
Net interest revenue	235	342
Additional funds from the MOH	<u>-</u>	<u>100</u>
Balance, end of year	<u>13,560</u>	<u>11,225</u>

MOH - Stinson Street

Balance, beginning of year	8,735	6,789
Budgeted allocation for the year	1,680	1,600
Net interest revenue	184	266
Additional funds from the MOH	<u>-</u>	<u>80</u>
Balance, end of year	<u>10,599</u>	<u>8,735</u>

MOH - King Street East

Balance, beginning of year	85,394	81,536
Budgeted allocation for the year	1,260	1,200
Net interest revenue	1,530	2,598
Additional funds from the MOH	<u>-</u>	<u>60</u>
Balance, end of year	<u>88,184</u>	<u>85,394</u>

GOOD SHEPHERD NON-PROFIT HOMES INC.
Notes to Financial Statements
Year Ended March 31, 2025

17. CAPITAL RESERVE (Continued)

	<u>2025</u>	<u>2024</u>
City of Hamilton - John/Aberdeen/Simcoe Consolidated		
Balance, beginning of year	\$ 187,039	\$ 165,837
Budgeted allocation for the year	12,761	12,375
Net interest revenue and unrealized gains (losses) on capital reserve investments	<u>32,340</u>	<u>8,827</u>
Balance, end of year	<u>232,140</u>	<u>187,039</u>
 City of Hamilton - 10 Pearl Street/15 Ray Street		
Balance, beginning of year	722,987	618,000
Budgeted allocation for the year	89,340	81,732
Net interest revenue and unrealized gains (losses) on capital reserve investments	54,066	13,089
Additional funds from the MOH	<u>-</u>	<u>10,166</u>
Balance, end of year	<u>866,393</u>	<u>722,987</u>
 City of Hamilton - 194 Gage Ave		
Balance, beginning of year	303,707	-
Budgeted allocation for the year	48,943	7,852
Additional funds from the City of Hamilton	82,000	12,146
Expenses net of recovery	(115,903)	-
Transfer on acquisition of 194 Gage Ave (Note 8)	<u>-</u>	<u>283,709</u>
Balance, end of year	<u>318,747</u>	<u>303,707</u>
 City of Hamilton - 147 Mary Street		
Balance, beginning of year	68,383	59,750
Budgeted allocation for the year	9,761	8,015
Other revenue	<u>900</u>	<u>618</u>
Balance, end of year	<u>79,044</u>	<u>68,383</u>
TOTAL CAPITAL RESERVE	<u><u>\$ 4,757,176</u></u>	<u><u>\$ 4,455,035</u></u>

GOOD SHEPHERD NON-PROFIT HOMES INC.
Notes to Financial Statements
Year Ended March 31, 2025

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 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. During the 2025 fiscal year, the organization received a \$4,500,000 Mutlti-Unit Residential Acquisition Program forgivable mortgage related to the 201 Vaughan Road property which is forgivable over 99 years ending in March 2123. 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, 2025 is \$8,644,544 (2024 - \$4,206,666). The estimated unforgiven amounts at the year end for the next five years are as follows:

2026	-	\$ 8,582,000
2026	-	\$ 8,520,000
2028	-	\$ 8,458,000
2029	-	\$ 8,396,000
2030	-	\$ 8,334,000

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

2026	-	\$ 216,587
2026	-	\$ 206,939
2028	-	\$ 205,167
2029	-	\$ 185,633
2030	-	\$ 75,965

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, 2025

19. ONTARIO MINISTRY OF HEALTH FUNDING

	<u>2025</u>	<u>2024</u>
Operating funds		
Grants		
MOH - direct funding	\$ 7,953,377	\$ 7,333,614
Mortgage principal subsidy	<u>658,730</u>	<u>629,405</u>
	8,612,107	7,963,019
 MOH - Ontario Health (OH) (formerly LHIN)	 <u>14,356,535</u>	 <u>12,556,609</u>
	22,968,642	20,519,628
 Capital Reserve contributions	 <u>670,250</u>	 <u>962,719</u>
 TOTAL MOH FUNDING	 <u>\$ 23,638,892</u>	 <u>\$ 21,482,347</u>

20. SETTLEMENT OF PRIOR YEAR FUNDING

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

	<u>2025</u>	<u>2024</u>
Settlement - City of Hamilton	\$ -	\$ (5,115)
Settlement - MOHLTC - Local Health Integration Network	<u>5,425</u>	<u>-</u>
	<u>\$ 5,425</u>	<u>\$ (5,115)</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, 2025.

(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, 2025 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.

GOOD SHEPHERD NON-PROFIT HOMES INC.
Schedule of Selected Expenses
Year Ended March 31, 2025

	2025	2024
Salaries and Benefits		
Salaries	\$ 14,406,803	\$ 12,300,854
Benefits	2,330,171	2,082,697
Purchase of service	182,250	196,000
MD fees for service	67,586	74,304
	<u>16,986,810</u>	<u>14,653,855</u>
Program		
Office		
Computer supplies	153,143	83,365
Office supplies	182,447	118,818
Photocopying	18,464	17,692
	<u>354,054</u>	<u>219,875</u>
Building		
Natural gas	263,368	216,451
Electricity	689,735	609,653
Water and sewer	421,772	354,334
Maintenance - grounds	75,181	79,002
Security costs	397,306	52,968
	<u>1,847,362</u>	<u>1,312,408</u>
Client service costs		
General supplies and program costs	<u>3,551,045</u>	<u>1,908,426</u>
General		
Consulting fees	120,115	287,900
Course registration fees	161,003	135,800
Data processing - software licence fees	302,958	155,997
Telephone and communication charges	330,770	239,525
Travel - service recipient	138,940	120,777
Travel - staff general	134,086	121,707
Professional fees - audit and other	35,010	35,181
Professional fees - legal	59,668	50,897
Insurance - building and liability	450,306	371,695
Reserve contribution	302,002	244,531
Other - sundry (Note 14)	318,074	211,703
	<u>2,352,932</u>	<u>1,975,713</u>
Equipment		
Automotive	<u>138,498</u>	<u>213,544</u>

GOOD SHEPHERD NON-PROFIT HOMES INC.
Schedule of Selected Expenses (Continued)
Year Ended March 31, 2025

	2025	2024
Building Services		
Building repairs, maintenance and other	\$ 1,588,676	\$ 1,155,685
Service contracts - building service equipment	365	680
Service contracts - waste removal and disposal	31,870	17,880
Interest on mortgages <i>(Note 16)</i>	1,233,597	1,182,129
Municipal taxes	290,627	243,656
Rent and lease - buildings and apartments <i>(Notes 14 and 18)</i>	7,981,316	7,693,669
	<u>11,126,451</u>	<u>10,293,699</u>
Amortization		
Buildings and land lease	1,958,544	1,779,705
Equipment	44,475	71,600
Leasehold improvements	56,367	60,703
Software	-	10,207
Vehicles	171,055	110,653
	<u>2,230,441</u>	<u>2,032,868</u>
TOTAL EXPENSES	<u>\$ 38,587,593</u>	<u>\$ 32,610,388</u>