Financial Statements of

Myrmex Non-Profit Housing

And Independent Auditor's Report thereon

Year ended July 31, 2025

Contents

JEFFREY MARTIN CPA
PROFESSIONAL CORPORATION

INDEPENDENT AUDITORS' REPORT

To the Directors of Myrmex Non-Profit Housing and to The City of Toronto:

Disclaimer of Opinion

I was engaged to audit the financial statements of Myrmex Non-Profit Housing, which comprise the statement of financial position as at July 31, 2025, and the statements of operations, changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

I do not express an opinion on the accompanying financial statements of the Co-operative. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit on these financial statements.

Basis for Disclaimer of Opinion

I was unable to obtain documentation supporting some of the purchases reflected as reserve and operating expenditures. I was unable to determine if expenditures were authorized and approved. Subsidy administration and documentation was not done within the guidelines of The City of Toronto for the determination of subsidy allocated to tenants and tenant deposits were not properly documented or allocated properly throughout the year. As a result of these matters, I am unable to determine whether any adjustments might have been found necessary in respect of account receivable, accounts payable, accrued liabilities, amounts due to The City of Toronto and the elements making up the statements of changes in net assets, operations and cash flows.

Material Uncertainty Related to Going Concern

In forming my opinion on the financial statements, I have considered the adequacy of the disclosures made in the financial statements concerning the Organization's ability to continue as a going concern. The Organization has an accumulated net asset deficiency, significant operating losses, a negative current ratio and is using restricted reserve funds for day-to-day operating funds. These conditions, explained in Note 3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Organization's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Organization was unable to continue as a going concern. My opinion is not modified in respect of this matter.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution

Without modifying my opinion, I draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Myrmex Non-Profit Housing to meet the financial reporting requirements of the HSA. As a result, the financial statements may not be suitable for other purposes. My report is intended solely for the Directors of Myrmex Non-Profit Housing and The City of Toronto and should not be distributed to parties other than the Directors of Myrmex Non-Profit Housing and The City of Toronto. My opinion is not modified in respect of this matter.

Responsibilities of Directors 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 the accounting requirements and regulations of the HSA 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 the Myrmex Non-Profit Housing's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Myrmex Non-Profit Housing's financial reporting process.

INDEPENDENT AUDITORS' REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's report that includes my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 the Directors.

- 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

Jeffrey Martin CPA Professional Corporation

Chartered Professional Accountant, Licensed Public Accountant

Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

June 30, 2026
Toronto, Canada

Year ended July 31, 2025 with comparative information for 2024

Statement of Financial Position		**2025**		2024
Current Assets				
Cash and temporary investments, unrestricted, Note 4	$	**19,846**	$	73,633
Tenants receivable		**35,495**		2,975
HST rebate receivable		**253,595**		220,483
Due from City of Toronto, monthly subsidy, Note 5		**69,610**		76,200
		378,546		373,291
Capital reserve fund, Note 1		**57,650**		206,473
Capital Assets, Note 6		**1,747,980**		2,138,534
COCHI Assets, Note 11		**78,188**		-
	$	**2,262,364**	$	2,718,298
Current Liabilities				
Accounts payable and accrued liabilities	$	**379,248**	$	304,316
Receiver general payable, Note 12		**50,000**		50,000
Due to City of Toronto, subsidy repayable, Note 5		**206,387**		137,413
Tenant deposits		**25,153**		29,118
		660,788		520,847
Mortgage Payable, Note 8		**1,545,184**		1,912,903
Deferred Contributions Related to Capital Assets, Note 7		**202,691**		225,526
Deferred COCHI, Elevator, Note 11		**156,000**		146,447
Deferred HPP, Security upgrades, Note 11		**42,000**		43,188
Deferred HPP, Generator, Note 11		**26,248**		-
		2,632,911		2,848,911
Net Assets				
Capital Replacement reserve, restricted, Note 1		**410,215**		381,658
Unrestricted				
Community development fund		**3,509**		3,509
Contributed surplus		**10**		10
Accumulated deficit		**(784,281)**		(515,790)
	$	**2,262,364**	$	2,718,298

Contingencies, Note 9, 10

Approved by the Board

Mark Jackson
President

Eurico Silva
Treasurer

Statement of Changes in Net Assets

Capital Replacement Reserve	2025	2024
Balance beginning	$ 381,658	$ 357,040
Reserve funding	59,115	57,326
Reserve investment income	15,482	26,688
Reserve expenditures	(46,040)	(59,396)
Balance July 31	$ 410,215	$ 381,658

Contributed Surplus	2025	2024
Balance beginning	$ 10	$ 10
Contributions collected	-	-
Balance July 31	$ 10	$ 10

Statement of Operations

	2025	2024
Revenues		
Rental income	$ **412,150**	$ 308,475
Government subsidy	**747,664**	599,213
	1,159,814	907,688
Parking	**21,473**	34,987
Cable, net of cable expense	**14,308**	11,131
Laundry	**4,825**	6,280
Interest	**820**	1,798
Other	**746**	1,982
Amortization of deferred contributions, Note 1	**22,835**	22,835
	1,224,821	986,701
Expenses		
Materials and services, Note 16	**395,382**	323,723
Administrative overhead, Note 16	**325,160**	358,625
Utilities, Note 16	**150,447**	164,933
Mortgage interest	**41,482**	44,909
Amortization – land, buildings and appliances	**367,720**	361,102
Amortization – Air conditioning units, windows and roof	**22,835**	22,835
Property taxes	**124,675**	115,788
Replacement reserve allocation	**59,115**	57,326
Insurance	**15,968**	36,636
Bad debts	**(9,472)**	40,304
	1,493,312	1,526,181
Excess expenses over revenues	**(268,491)**	(539,480)
Accumulated deficit/surplus, beginning of year	**(515,790)**	23,690
Accumulated deficit, end of year	$ **(784,281)**	$ (515,790)

Statement of Cash Flows

	2025	2024
Operating Activities		
Excess expenses over revenues	$ **(268,491)**	$ (539,480)
Non-cash items		
Amortization of deferred contributions	**22,835**	22,835
Amortization of capital assets	**367,720**	361,102
Appropriation to replacement reserve	**59,115**	57,326
	181,179	198,217
Net change in non-cash working capital	**50,676**	162,420
Cash Provided By Operating Activities	**231,855**	360,637
Investing Activities		
Capital expenditures	**(46,040)**	(62,442)
Grant expenditures	**(78,188)**	-
Decrease (increase) in investments	**148,823**	(78,193)
Investment income earned in reserves	**15,482**	26,688
Cash Used In Investing Activities	**40,077**	(113,947)
Financing Activities		
Grant funds received	**42,000**	156,000
Principal portion of mortgage payments	**(367,719)**	(361,102)
	(325,719)	(205,102)
Net cash increase (decrease) during the year	**(53,787)**	41,588
Cash position beginning of year	**73,633**	36,605
Cash Position End of Year	$ **19,846**	$ 73,633

Status and Nature of Activities

Myrmex Non-Profit Housing is a Non-Profit organization formed upon the amalgamation on April 26, 2004 of two Non-Profit organizations, Myrmex Non-Profit Homes Inc. and 127 Isabella Non-Profit Residence Inc., which operate Non-Profit housing buildings at 177 Mutual Street and 127 Isabella Street in Toronto. The organization provides subsidized housing to its tenants in the City of Toronto. The Organization is a corporation without share capital. A Board of Directors is elected from the tenants of Mymex Non-Profit housing.

As a Non-Profit organization, Myrmex claims an exemption from income tax under section 149(1)(1) of the Income Tax Act as a corporation operating exclusively for social welfare. No portion of the income is available for the personal benefit of any tenant.

Myrmex is principally involved in activities to construct, hold, manage and provide affordable housing for low income families and individuals. More specifically, the objects of the organization are;

To provide and operate Non-Profit residential accommodations and incidental facilities exclusively for:

a. persons living with HIV/AIDS;
b. gay, lesbian and transgendered individuals;
c. persons of low income;
d. senior citizens primarily of low or modest income; and
e. disabled persons primarily of low or modest income

To provide care and supportive services in the furtherance of the health and welfare of those persons identified above and those residents with special medical needs.

In accordance with the Housing Services Act (HSA), Myrmex receives funding from the City of Toronto and provides affordable housing to its tenants. Myrmex Non-Profit Housing is dependent on this funding for its continued operation.

1. Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared in accordance with the HSA and the significant accounting policies set out below to comply with the financial reporting framework prescribed by the City of Toronto. This framework requires the financial statements to be prepared in accordance with Canadian accounting standards for Not-for-Profit Organizations subject to the following significant exceptions:

a) amortization of capital assets not funded by either of the Social Housing Renovation and Retrofit Program (SHRRP), Social Housing Improvement Program (SHIP) or Housing Stability Services (HSS) is equal to the principal repaid on the mortgage rather than on the estimated useful lives of the related assets;

b) capital expenditures may be charged to the replacement reserve rather than capitalized and amortized over their estimated useful lives;

c) a replacement reserve is appropriated from operations and is held separate from operations in a restricted capital reserve fund;

d) investment income earned on reserve funds is credited directly to the reserve rather than to operations;

e) long-term debt is not segregated between current and long-term on the statement of financial position;

Revenue Recognition

Rental revenue is recognized when due at the beginning of each month. Rent received in advance for future periods are recorded as tenant deposits.

Government subsidies are recognized using the deferral method of accounting for contributions. Subsidies approved but not received at the end of the accounting period are accrued.

Laundry revenue is recognized when earned. Parking revenue is recognized at the beginning of the period during which the right to use the space is provided.

Investment income includes interest from cash and fixed income investments and realized gains and losses on the disposal of investments and unrealized gains and losses resulting from the changing value of investments. Interest from fixed income investments is recognized over the term of these investments using the effective interest method.

Cable revenue is collected with occupancy charges and is recognized as income when due, at the beginning of each month.

Investments and investment income
The Organization investments include Canadian Equity and Bond funds and cash in a broker account. These investments are recorded at fair value. Changes in fair value are recognized in the statement of operations. Fair value is determined using the quoted year-end market prices where available.

Investment income includes interest, which is recorded as revenue when earned. Gains and losses on investments include unrealized gains and losses.

Measurement of financial assets
The Organization's financial instruments are comprised of cash, investments, subsidy receivable, sundry receivable, accounts payable and accrued liabilities and mortgage payable. Financial instruments are initially recorded at their fair value and subsequently measured at amortized cost.

Sundry receivables include interest receivable and government rebate receivable. Investments consist of Canadian equities, short and long-term bond funds.

When there is an indication of impairment or such an impairment is determined to have occurred, the carrying amount of financial assets is reduced by the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of that asset. If the circumstances that led to the Organization recording an impairment improve and management determines that all or a portion of the impairment can be recovered, the impairment is reversed up to the amount that the financial asset would have otherwise been recorded at on the reversal date.

Use of estimates
The preparation of financial statements requires the Board of Directors to make assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Capital assets
The original purchased capital assets are recorded at cost. The Organization recognizes depreciation at a rate equal to the annual principal reduction of the mortgage.

Capital Assets Funded by SHRRP
Capital assets funded through the SHRRP program are recorded at cost and amortized annually over the estimated life of the asset as follows;

Air conditioner units and windows	Straight-line over 20 years

SHRRP funds received are treated as deferred contributions and are amortized on the same basis as the capital expenditures are amortized.

Capital Assets Funded by SHIP
Capital assets funded through the SHIP program are recorded at cost and amortized annually over the estimated life of the asset as follows;

Roof	Straight-line over 20 years

SHIP funds received are treated as deferred contributions and are amortized on the same basis as the capital expenditures are amortized.

Capital Assets Funded by HSS
Capital assets funded through the HSS program are recorded at cost and amortized annually over the estimated life of the asset as follows;

Air make-up unit	Straight-line over 30 years

HSS funds received are treated as deferred contributions and are amortized on the same basis as the capital expenditures are amortized.

Capital Replacement Reserve
In accordance with the HSA, Myrmex is required to maintain a reserve fund for the major repair, upgrading or replacement of original/existing buildings and site components, known as the Capital Replacement Reserve Fund.

Annual subsidies from the City include a Capital Replacement Reserve Fund allocation, which is reflected in the accounts as an operating expense in the statement of operations.

Eligible expenditures, as determined in accordance with City guidelines and as approved by the Board of Directors, are recorded as direct charges to the Capital Replacement Reserve.

Impairment of Capital Assets
Long-lived capital assets are reviewed for impairment upon events or circumstances indicating that the carrying value of the assets may not be recoverable. Impaired assets are written down to fair value.

Donated services
Volunteers assist the Organization in carrying out its service delivery activities. Because of the difficulty in determining their fair value, donated services are not recognized in the financial statements.

Allocation of expenses
The Organization is required to comply with Regulation 367, section 98(7) of the Housing Services Act, 2011 which gives the City of Toronto, as service manager, the authority to determine what expenses can be charged to the reserve fund. The Organization must therefore determine whether expenses qualify as a capital expense as per the City of Toronto guideline 2021-5 and allocate the capital expense to the reserve fund.

Government assistance
The Organization applies for government grants and rebates from time to time. Government assistance towards expenditures is recorded as a reduction of the related expenditures in the period the Organization applies for the grant or rebate and is reasonably assured the grant or rebate will be approved.

2. Financial Instruments and Risk Management

Credit risk
Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is funded by the City of Toronto which reduces its credit risk. Credit risk is also minimized by thoroughly screening new tenants ability to service their housing charge obligations prior to completing the tenant agreement.

Liquidity risk
Liquidity risk relates to the Organization's ability to meet its obligations as they come due. The Organization manages liquidity risk though the use of budgets.

Interest risk
The Organization invests in an interest bearing account that bears interest at a variable rate based on market rates of interest. The Organization is exposed to the risk that changes in market rates of interest could impact cash flows needed to meet its operating and reserve fund obligations. The Organization manages this risk by investing in low risk, interest bearing securities that also offer liquidity in the event that prevailing interest rates increase. Management does not otherwise manage interest rate risk.

Other price risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Organization is exposed to other price risk related to its investments. The Organization manages this risk by investing in low risk fixed income securities.

3. Going Concern

These financial statements have been prepared on a going concern basis, which assumes that the Organization will continue in operation for the foreseeable future and contemplates the realization of assets and the payment of liabilities in the ordinary course of business. If the Organization is unable to realize the carrying value of its assets and meet its liabilities as they become due, then the Organization may be unable to continue as a going concern.

The Organization has an accumulated deficit of $515,790 a significant operating loss, and inadequate cash to fund their restricted capital reserves. This indicates the existence of material uncertainty which may cast significant doubt about the Organization's ability to continue as a going concern.

The Organization's ability to continue as a going concern is dependent on its ability to generate operating surpluses and sufficient cash flows. These financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Organization were unable to continue its operations.

4. Cash, Investments and Reserve Funds

		2025		2024
Petty cash	$	-	$	780
Operating current account		7,511		60,898
Credit union shares		15		15
Donation account		-		-
LMR deposit account		5,878		5,805
Visa credit account		6,442		6,135
Investments – CDN Short-term bond fund		42,682		36,265
Investments – CDN Equity fund		14,968		170,208
Total	$	77,496	$	280,106
Composed of:				
Cash	$	19,846	$	73,633
Reserve Fund invested		57,650		206,473
	$	77,496	$	280,106
Investment (Loss)/Income	$	16,302	$	9,149
Allocated as follows:				
Capital replacement reserve		15,482		7,351
Operations		820		1,798
	$	16,302	$	9,149

5. Due from(to) the City of Toronto

		2025		2024
Rent supplement receivable for the month of July	$	69,610	$	76,200
City of Toronto Subsidy settlement				
2022 reconciled with the City of Toronto				7,574
2023 reconciled with the City of Toronto				(10,416)
2024 settlement (adjusted)		(121,611)		(134,571)
2025 settlement		(84,776)		-
	$	(206,387)		(137,413)

The annual settlement consists of an underpayment of subsidy based on the annual information return. The Organization receives subsidy based on the HSA which are adjusted based on variances between estimated and actual amounts. The current year receivable is subject to adjustment by the City of Toronto. All periods up to and including July 31, 2023 have been reconciled by the City of Toronto. The City of Toronto has changed the annual information return reporting for 2022 and 2024 resulting in a combined reduction in subsidy of $180,616. This reduction has been reported as a reduction in subsidy in the current year.

6. Capital Assets

	Cost	Accumulated Amortization	**Net 2025**	Net 2024
Land, building and appliances	$ 7,902,497	$ 6,360,810	**$ 1,541,687**	$ 1,909,407
Air conditioning units and windows	346,270	225,077	**121,193**	138,506
Air make-up unit	94,556	21,223	**73,333**	77,881
Roof	19,475	7,708	**11,767**	12,740
	$ 8,362,798	$ 6,614,818	**$ 1,747,980**	$ 2,138,534

7. Deferred Contributions Related to Capital Assets

	Grant	Accumulated Amortization	**Net 2025**	Net 2024
SHRRP – Air conditioners and windows	$ 346,270	$ 225,077	**$ 121,193**	$ 138,507
SHIP – Roof	19,475	7,708	**11,767**	12,740
HSS – Air make-up unit	90,954	21,223	**69,731**	74,279
	$ 456,699	$ 254,008	**$ 202,691**	$ 225,526

8. Mortgage Payable

	177 Mutual	127 Isabella	**2025**	2024
Mortgage balance	$ 1,442,842	$ 102,342	**$ 1,545,184**	$ 1,912,903

The mortgage on 177 Mutual Street, held by Peoples Trust, is amortized over 10 years and bears interest at a fixed rate of 2.15% per annum. Monthly payments of principal and interest are $24,603 and the mortgage matures on September 1, 2025.

The mortgage at 127 Isabella Street held by Scotia Mortgage Corporation, was renewed on November 1, 2025 for 19 months ending May 1, 2026 and bears interest at a fixed rate of 6.466% per annum. Monthly payments of principal and interest are $9,603.

Both mortgages are secured by a first charge on the related property and an assignment of rents, leases and other equipment.

9. CMHC Grant Contingencies

CMHC approved funding to the Organization under the Canada-Ontario Community Housing Initiative and the Renovation and Retrofit of Existing Social Housing Initiative program as well as the Reno/Retro Initiative. Should the Organization fail to maintain its not-for-profit status for a period of 10 years from the date of the signed agreements the funding amounts become due and payable.

10. Legal Contingencies

The Organization has a claim issued against it for wrongful dismissal of a former employee in the amount of $50,000. This claim has been recorded as payable in these financial statements.

The Organization has a claim against it by Homestarts Incorporated seeking $35,000 in damages for unpaid management fees. This claim has been recorded as payable in these financial statements.

The Organization has made a claim against Homestarts Incorporated seeking $750,000 for breach of property management contract. This claim has not been recorded in these financial statements.

11. Canada-Ontario Community Housing Initiative (COCHI)

In 2024, The Organization was approved for a grant from the Canada-Ontario Community Housing Initiative in the amount of $478,000 to be used to for elevator modernization. The Organization received $156,000 and spent $36,188 on eligible items.

In February 2025, The Organization was approved for a grant from the Homeless Prevention Program in the amount of $42,000 for Security upgrades. All of the funds were spent on eligible expenditures during the year.

In February 2025, The Organization was approved for a grant from the Homeless Prevention Program in the amount of $52,495 for generator upgrades. None of the funds are received or spent at July 31, 2025

	Approved	Received	Deferred revenue	Deferred expenditures
COCHI 2024-514 – Elevator modernization	$ 478,000	$ 156,000	$ 156,000	$ 36,188
Homeless Prevention Program - Security	42,000	42,000	42,000	42,000
Homeless Prevention Program - Generator	52,495	26,248	26,248	-
	$ 572,495	$ 224,248	$ 224,248	$ 78,188

12. Due to Receiver General

During the year the Organization failed to properly report and remit payroll withholding for its employees to the Canada Revenue Agency as required by law. Due to this, the Organization has subsequently filed the required paperwork and are awaiting the exact amount of withholdings, interest and penalties owed. The Board does not expect this amount to exceed the $50,000 estimate that is recorded on these financial statements.

13. Subsequent Event, Stabilization Grant

City of Toronto Grant Funding Agreement
On March 6, 2026, Myrmex Non-Profit Homes Inc. entered into a Grant Funding Agreement with the City of Toronto to support the operational stabilization of the organization. Under the terms of the agreement, the City provides a maximum contribution of $608,000 to fund Eligible Expenditures as outlined below.

The agreement is effective from March 6, 2026 to February 28, 2027. Funding is restricted and may only be used for the specific activities and expenditures approved by the City. As stated in the agreement, *"The Recipient shall use the Contribution solely for the purposes of funding Eligible Expenditures of the Funded Activity and not for any other purpose."*

The Recipient is required to submit quarterly Results and Expenditures Reports, including supporting invoices and receipts, beginning March 31, 2026. The City may suspend or reduce payments if reporting requirements are not met or if funds are used for ineligible costs. Any amounts determined to be ineligible or unspent must be repaid to the City of Toronto.

Eligible Expenditures		
Elevator modernization	$	120,000
Insurance restoration		105,000
COCHI reconciliation		103,000
CRA payroll liability		50,000
Litigation exposure		100,000
Forensic audit		25,000
Short-term operating funds		105,000
	$	608,000

14. Subsequent Event, Letter of Intent to Explore Organizational Integration

The Organization entered into a non-binding Letter of Intent with St. Michael's Homes to explore the potential integration of the two entities into a single corporation. Both organizations provide services within the City of Toronto to individuals experiencing homelessness, mental health challenges, addictions, and related support needs.

The Letter of Intent outlines the parties' mutual interest in pursuing discussions toward a potential merger and establishes a framework for negotiating a Definitive Agreement. Either party may withdraw from the process at any time without penalty. As of the date of these financial statements, no binding agreement has been executed, and the financial impact of any potential integration cannot be reasonably estimated.

15. Comparative Balances
The comparative figures in some cases have been reclassified or grouped differently. No adjustments or changes were made to any prior period balances on the general ledger.

16. Supplementary Information

Materials and services		**2025**		2024
Salaries and contracted	$	**38,060**	$	38,530
Building, grounds and unit maintenance		**166,990**		134,334
Elevator		**27,893**		16,369
Security		**88,665**		93,368
Waste removal		**20,902**		10,657
Cleaning		**52,872**		30,465
	$	**395,382**	$	323,723

Utilities		**2025**		2024
Electricity	$	**87,717**	$	84,101
Fuel		**23,718**		35,465
Water and sewage		**39,012**		45,367
	$	**150,447**	$	164,933

Administrative Expenses		**2025**		2024
Management fees and administrative salaries		**211,821**		273,696
Audit		**13,949**		16,292
Materials and services		**60,636**		60,289
Legal		**38,754**		8,348
	$	**325,160**	$	358,625