

ST. MICHAEL'S HOMES

FINANCIAL STATEMENTS

MARCH 31, 2024

HILBORN_{LLP}

Independent Auditor's Report

To the Members and Board of Directors of St. Michael's Homes

Qualified Opinion

We have audited the financial statements of St. Michael's Homes (the "Homes"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, 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 Homes as at March 31, 2024, and the results of its 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 similar organizations, the Homes derives revenues from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Homes. Therefore, we were not able to determine whether, as at and for the year ended March 31, 2024, any adjustments might be necessary to revenues, excess of revenues over expenses reported in the statement of operations and assets and net assets reported on the balance sheet. This matter also caused us to qualify our audit opinion on the financial statements as at and for the year ended March 31, 2023.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Homes 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 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 the ability of the Homes 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 Homes or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Homes.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

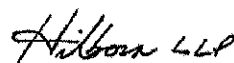
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 internal control of the Homes.
- 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 ability of the Homes to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Homes 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Toronto, Ontario
June 20, 2024

Chartered Professional Accountants
Licensed Public Accountants

ST. MICHAEL'S HOMES

Statement of Financial Position

March 31	2024 \$	2023 \$
ASSETS		
Current assets		
Cash	276,043	344,667
Marketable securities (note 3)	578,331	288,549
Accounts receivable	461,141	551,538
Prepaid expenses	58,223	28,630
	<u>1,373,738</u>	<u>1,213,384</u>
Long-term assets		
Property and equipment (note 4)	2,401,511	2,448,655
Marketable securities segregated for replacement reserves (note 3 and 5)	1,159,463	953,774
	<u>3,560,974</u>	<u>3,402,429</u>
	<u>4,934,712</u>	<u>4,615,813</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	402,919	356,108
Deferred revenue (note 8)	635,253	292,982
Loan payable (note 11)	-	60,000
Current portion of long term debt (note 9)	146,864	137,452
	<u>1,185,036</u>	<u>846,542</u>
Long term liabilities		
Long term debt (note 9)	148,382	295,246
Deferred capital contributions (note 10)	618,446	740,585
	<u>766,828</u>	<u>1,035,831</u>
	<u>1,951,864</u>	<u>1,882,373</u>
NET ASSETS		
Accumulated operating surplus	1,014,643	970,924
Tracy William Doyle Residents' Needs Reserve	87,117	87,117
Contingency reserve fund	324,147	324,147
Accumulated capital contributions	397,478	397,478
Replacement reserves (note 5)	1,159,463	953,774
	<u>2,982,848</u>	<u>2,733,440</u>
	<u>4,934,712</u>	<u>4,615,813</u>

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

Director *Patrick Lam*  June 25/2024

Director *Jessica Stansfield*  June 26, 2024

ST. MICHAEL'S HOMES

Statement of Operations

Year ended March 31	2024	2023
	\$	\$
Revenue		
Operating grants (note 12)	3,502,645	2,643,786
Room and board charges	265,661	282,213
Donations	35,269	29,944
Investment income	47,374	31,083
Government assistance (note 11)	20,000	-
	<u>3,870,949</u>	<u>2,987,026</u>
Expenses		
Salaries and employee benefits (note 13)	2,241,655	1,717,954
Food services	275,485	284,514
Maintenance and repairs - operations	260,672	124,348
Rent	28,800	61,964
Depreciation	87,267	73,360
Personal needs	75,395	204,685
Professional fees	359,301	99,444
Utilities	116,168	86,859
Office, telephone and stationery	95,173	53,308
Mortgage interest	24,539	34,182
Insurance	57,086	46,144
	<u>3,621,541</u>	<u>2,786,762</u>
Excess of revenues over expenses for the year	<u>249,408</u>	<u>200,264</u>

The accompanying notes are an integral part of these financial statements

ST. MICHAEL'S HOMES

Statement of Changes in Net Assets

Year ended March 31

						2024
	Operating Fund \$	T.W. Doyle Residents' Needs Reserve \$	Contingency Reserve Fund \$	Capital Contributions \$	Replacement Reserves (note 5) \$	Total \$
Balance - at beginning of year	970,924	87,117	324,147	397,478	953,774	2,733,440
Excess of revenues over expenses for the year	249,408	-	-	-	-	249,408
Inter-fund transfers representing:						
Reserve subsidies	(18,285)	-	-	-	18,285	-
Reserve interest	(18,612)	-	-	-	18,612	-
Ministry of Health	(194,200)	-	-	-	194,200	-
Inter-fund transfer (note 5)	25,408	-	-	-	(25,408)	-
Balance - at end of year	<u>1,014,643</u>	<u>87,117</u>	<u>324,147</u>	<u>397,478</u>	<u>1,159,463</u>	<u>2,982,848</u>
						2023
	Operating Fund \$	T.W. Doyle Residents' Needs Reserve \$	Contingency Reserve Fund \$	Capital Contributions \$	Replacement Reserves (note 5) \$	Total \$
Balance - at beginning of year	782,601	87,117	324,147	397,478	941,833	2,533,176
Excess of revenues over expenses for the year	200,264	-	-	-	-	200,264
Inter-fund transfers representing:						
Reserve subsidies	(18,285)	-	-	-	18,285	-
Reserve interest	(12,746)	-	-	-	12,746	-
Ministry of Health	(70,100)	-	-	-	70,100	-
Inter-fund transfer	89,190	-	-	-	(89,190)	-
Balance - at end of year	<u>970,924</u>	<u>87,117</u>	<u>324,147</u>	<u>397,478</u>	<u>953,774</u>	<u>2,733,440</u>

The accompanying notes are an integral part of these financial statements

ST. MICHAEL'S HOMES

Statement of Cash Flows

Year ended March 31	2024 \$	2023 \$
Cash flows from operating activities		
Cash received from Ontario Health & Ministry of Health	2,591,184	1,480,939
Cash received from Catholic Charities	585,936	562,927
Cash received from residents	290,881	251,350
Cash received from other contributors	714,987	589,481
Investment income received	44,381	25,800
Donations received	35,269	29,944
Cash paid to employees and suppliers	(3,500,175)	(2,652,011)
Mortgage interest paid	(24,539)	(34,182)
	737,924	254,248
Cash flows from financing activities		
Repayment of long term debt	(137,452)	(157,526)
Repayment of loan payable	(40,000)	-
Capital contributions received (returned)	(93,501)	75,734
	(270,953)	(81,792)
Cash flows from investing activities		
Purchase of property and equipment	(40,123)	(427,702)
Purchase of marketable securities	(675,472)	(317,222)
Proceeds on sale of marketable securities	180,000	276,300
	(535,595)	(468,624)
Net change in cash	(68,624)	(296,168)
Cash, beginning of year	344,667	640,835
Cash, end of year	276,043	344,667

The accompanying notes are an integral part of these financial statements

ST. MICHAEL'S HOMES

Notes to Financial Statements

March 31, 2024

Nature of operations

The vision of St. Michael's Homes (the "Homes") is: Individuals with mental health and substance use challenges living healthy, meaningful, and connected lives.

The Homes provide an integrated and holistic continuum of care to enhance quality of life for individuals living with the challenges associated with addiction.

The Homes are incorporated as a not-for-profit corporation without share capital under the laws of Ontario. The Homes are a registered charitable organization under the Income Tax Act (Canada), and as such are generally exempt from income taxes.

On January 1, 2020, the Homes combined with Our Place Community of Hope ("OPCOH") under an integration and transfer agreement. The integrated organization continued under the name of St. Michael's Homes. As a result of the integration, the Homes now offer social and recreational programs for people living with mental illness.

1. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. These financial statements have been prepared within the framework of the significant accounting policies summarized below.

(a) Basis of presentation

The operating fund accounts for the day-to-day service delivery activities of the Homes.

The following are Board designated funds:

The Tracy William Doyle Residents' Needs Reserve Fund is to be used for residents' needs.

The Contingency Reserve Fund is used for strategic and operating purposes including program enhancements, training, infrastructure and covering operating expenses in the event of unanticipated financial expenditures or occurrences with submission of budgets and approval by the Board of Directors.

The Capital Contributions Fund is to be used for renovations and capital expenditures.

Replacement Reserves are maintained pursuant to agreements with Canada Mortgage and Housing Corporation and the Ministry of Health. For additional details, refer to note 5.

ST. MICHAEL'S HOMES

Notes to Financial Statements (continued)

March 31, 2024

1. **Significant accounting policies (continued)**

(b) **Financial instruments**

(i) **Measurement of financial instruments**

The Homes initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Homes subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the Statement of Operations.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial assets measured at fair value include marketable securities.

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

(ii) **Impairment**

Financial assets measured at amortized cost are tested for impairment at the end of each reporting period. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- The present value of the cash flows expected to be generated by the assets or group of assets;
- The amount that could be realized by selling the assets of group of assets;
- The net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment event confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

ST. MICHAEL'S HOMES

Notes to Financial Statements (continued)

March 31, 2024

1. **Significant accounting policies (continued)**

(c) **Revenue recognition**

Contributions

The Homes follow the deferral method of accounting for contributions which include donations, government grants and other contributions.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in a subsequent period.

Room and Board Charges

Room and board charges are recorded in the period in which the accommodation and services are provided. Charges received in advance are deferred and recognized in the period to which they pertain.

Investment Income

Investment income is comprised of interest, distributions, dividends and realized and unrealized gains and losses from investment transactions. Interest income is recorded when earned. Distributions and dividends are recorded as revenue when declared. Realized gains and losses are recognized when the transactions occur. Unrealized gains and losses which reflect the changes in fair value during the period are recognized at each reporting date and included in current period income.

(d) **Government funding**

Ontario Health and the Ministry of Health provide funding for the operation of the Homes, based on an annually approved operating budget. Subsequent to the year end, a settlement is made based on actual operating results; any excess of approved funding over actual costs is returned to the funders. These financial statements reflect the expected settlement with the funders at the end of the fiscal year.

(e) **Marketable securities**

Marketable securities are comprised of guaranteed investment certificates and money market funds which are recorded at amortized cost, and mutual funds and equities which are recorded at fair value.

ST. MICHAEL'S HOMES

Notes to Financial Statements (continued)

March 31, 2024

1. Significant accounting policies (continued)

(f) Property and equipment

The costs of property and equipment are capitalized upon meeting the criteria for recognition as property and equipment. Otherwise, costs are expensed as incurred. The cost of property and equipment comprises its purchase price and any directly attributable costs of preparing the asset for its intended use.

Property and equipment is presented at cost and depreciated on a straight line basis over their estimated useful lives at the following annual rates:

Buildings	2 1/2%
Equipment, furniture and furnishings	20%
Computers	33 1/3%
Automobiles	20%
Leasehold improvements	term of lease

Items of property and equipment are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. If any potential impairment is identified, then the amount of the impairment is quantified by comparing the carrying value of the property and equipment to its fair value. Any impairment of property and equipment is charged to income in the period in which the impairment occurs.

An impairment loss is not reversed if the fair value of the property and equipment subsequently increases.

(g) Deferred capital contributions

Externally restricted contributions for the purchase of capital assets that will be depreciated are deferred and amortized over the life of the related capital assets. Externally restricted contributions for the purchase of capital assets that will not be depreciated are recognized as a direct increase in net assets. Externally restricted capital contributions that have not been expended are recorded as part of deferred capital contributions on the balance sheet.

(h) Pension cost

Effective January 1, 2020, the Homes contribute to a pension plan under Colleges of Applied Arts and Technology DBPlus Pension Plan (the "Plan"). This plan covers substantially all of the Homes' employees.

In accordance with CPA Handbook section 3642, the multi-employer defined benefit plan uses defined contribution plan accounting due to the insufficiency of information available for defined benefit plan accounting.

The Homes' policy is to expense the contributions made to the Plan as described in note 13. The pension expense for the year consists of payments for current service costs and special payments for any unfunded liabilities.

ST. MICHAEL'S HOMES

Notes to Financial Statements (continued)

March 31, 2024

1. **Significant accounting policies (continued)**

(i) **Contributed goods and services**

Volunteers contribute significant amounts of time to assist the Homes in carrying out its service delivery activities. The Homes also, from time to time, receive donations of goods. Because of the difficulty of determining their fair value, contributed goods and services are not recognized in the financial statements.

(j) **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, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year changes occur. Key areas subject to estimates are the useful lives of property and equipment. Actual results could differ from these and other estimates, the impact of which would be recorded in future affected periods.

2. **Financial instrument risk management**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The following information assists the users of the financial statements in assessing the extent of risk related to financial instruments.

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Homes' main credit risk relates to its accounts receivable. The Homes mitigates credit risk by monitoring the accounts on a regular basis. The Homes are not exposed to significant credit risks.

Liquidity risk

Liquidity risk is the risk that the Homes cannot repay its obligations when they become due to its creditors. The Homes are exposed to this risk mainly in respect of its accounts payable and accrued liabilities and long term debt. The Homes expect to meet these obligations as they come due from the operating grants it receives from its funders and by generating sufficient cash flow from operations.

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 Homes is not exposed to significant currency risk. The Homes is exposed to interest rate and other price risks.

ST. MICHAEL'S HOMES

Notes to Financial Statements (continued)

March 31, 2024

2. Financial instrument risk management (continued)

i) Interest rate risk

Interest rate risk arises from the possibilities that changes in interest rates will affect the value of fixed income securities held by the Homes. The value of fixed income investments will generally rise if interest rates fall and decrease if interest rates rise. The Homes is exposed to interest rate risk on its guaranteed investment certificates, bank credit facilities and long term debt.

ii) Other price risk

The Homes is exposed to other price risk, which is the potential loss that the Homes may incur with respect to the changes in fair value of investments. The fair value of investments will fluctuate because of changes in market price, whether those changes are caused by factors specific to the individual investments, or its issuers or factors affecting all investments traded in the market. The Homes is exposed to price risk on its equity investments.

Changes in risk

During the 2024 fiscal year, the Home's liquidity and market risk exposure declined from that of the prior year due to the repayment of the loan payable.

3. Marketable securities

Marketable securities are represented by:

	2024 \$	2023 \$
Marketable securities	578,331	288,549
Marketable securities segregated for replacement reserves	1,159,463	953,774
	<u>1,737,794</u>	<u>1,242,323</u>

Details of marketable securities are as follows:

	2024 \$	2023 \$
Guaranteed Investment Certificates, interest rates from 2.15 to 2.62%, maturing from April 2024 to September 2024 (March 31, 2023 - interest rates from 3.10 to 3.12%, maturing from April 2023)	353,000	180,000
Guaranteed Investment Certificates, interest rates from 1.49% to 5.28%, maturing from September 2025 to November 2027 (March 31, 2023 - interest rates from 1.49% to 5.04%, maturing from September 2024 to November 2027)	900,322	1,062,323
Government of Canada treasury bill maturing from April to May 2024	138,204	-
Mutual funds/segregated funds	346,268	-
	<u>1,737,794</u>	<u>1,242,323</u>

ST. MICHAEL'S HOMES

Notes to Financial Statements (continued)

March 31, 2024

3. Marketable securities (continued)

Investment Risk Management

Risk management relates to the understanding and active management of risks associated with all areas of the Homes' activities and operations. Investments are primarily exposed to interest rate and price risks. The Homes has formal policies and procedures for investment transactions and the majority of investments are made on the advice of the investment advisor.

4. Property and equipment

	2024		
	Cost	Accumulated	Net Book
	\$	Amortization	Value
	\$	\$	\$
Land	1,339,155	-	1,339,155
Buildings	2,950,164	1,913,184	1,036,980
Equipment, furniture and furnishings	212,342	200,589	11,753
Automobiles	44,208	30,585	13,623
	4,545,869	2,144,358	2,401,511
	2023		
	Cost	Accumulated	Net Book
	\$	Amortization	Value
	\$	\$	\$
Land	1,339,155	-	1,339,155
Buildings	2,910,041	1,841,354	1,068,687
Equipment, furniture and furnishings	212,342	191,474	20,868
Automobiles	44,208	24,263	19,945
	4,505,746	2,057,091	2,448,655

5. Replacement reserves

Pursuant to agreements with Canada Mortgage and Housing Corporation and Ministry of Health, the Homes maintain reserve funds which are to be used to pay for the replacement of capital equipment and for major repairs. The amounts segregated for this purpose are either set out in the agreements or negotiated annually. Subsidies and investment income on reserve funds are added to the accumulated balance and major repairs are deducted from the accumulated balance as inter-fund transfers. During the year, the Board of Director has approved a transfer in the amount of \$25,408 (2023 - \$89,130) from the Replacement Reserves fund to the Operating Fund to cover major repairs and maintenance expenses during the 2024 fiscal year.

ST. MICHAEL'S HOMES

Notes to Financial Statements (continued)

March 31, 2024

6. **Bank credit facilities**

The Homes have total approved credit facilities to a maximum of \$65,000 by way of a revolving line of credit in the amount of \$25,000 and a Corporate Classic Visa card in the amount of \$40,000. Any advances on the revolving line of credit bear interest at prime plus 1.5% and the interest is payable monthly. The credit facilities are secured by a general security agreement covering all assets of the Homes. The line of credit was not used during the year.

7. **Accounts payable**

Accounts payable and accrued liabilities include government remittances totalling \$34,379 at March 31, 2024 (\$16,698 - 2023).

8. **Deferred revenue**

Details of deferred revenue are as follows:

	2024 \$	2023 \$
Deferred revenue - at beginning of year	292,982	209,094
Contributions received during the year	4,145,846	3,039,831
	4,438,828	3,248,925
Transferred to revenue during the year	(3,803,575)	(2,955,943)
Deferred revenue - at end of year	<u>635,253</u>	<u>292,982</u>

Deferred revenue consists of:

	2024 \$	2023 \$
Habitat services	384,195	204,442
Other	237,685	74,225
Room and Board	13,373	14,315
	<u>635,253</u>	<u>292,982</u>

ST. MICHAEL'S HOMES

Notes to Financial Statements (continued)

March 31, 2024

9. Long-term debt

Details of long term debt are as follows:

	2024 \$	2023 \$
Canada Mortgage and Housing Corporation, mortgage on 277 Rusholme Road (St. Michael's House I) with interest at an annual rate of 8%, repayable \$1,038 monthly principal and interest, maturing January 1, 2026	21,728	31,989
The Great West Life Assurance Company, mortgage on 262 and 264 Gerrard Street East (Matt Talbot House II) with interest at an annual rate of 6.49%, repayable \$12,461 monthly principal and interest, maturing January 1, 2026	273,518	400,709
	295,246	432,698
Less: current portion	(146,864)	(137,452)
	<u>148,382</u>	<u>295,246</u>

Annual principal repayments until maturity are as follows:

	\$
2025	146,864
2026	148,382
	<u>295,246</u>

10. Deferred capital contributions

Deferred capital contributions represent contributions received that have not been expended, and the unamortized amount of contributions received for the purchase of capital assets. The changes in deferred capital contributions are as follows:

	2024 \$	2023 \$
Balance - at beginning of year	740,585	589,711
Capital contributions received	-	169,235
Capital contributions returned	(93,501)	-
Amortization of deferred capital contributions to revenue during the year	(28,638)	(18,361)
Balance - at end of year	<u>618,446</u>	<u>740,585</u>

ST. MICHAEL'S HOMES

Notes to Financial Statements (continued)

March 31, 2024

11. Loan payable

In prior fiscal years, the Homes had applied for and received a loan in the amount of \$60,000 through the Canada Emergency Business Account (CEBA) program. The Homes repaid \$40,000 before the deadline of January 18, 2024 and recognized the forgivable portion of \$20,000 in government assistance.

12. Operating grants

Details of operating grants revenues are as follows:

	2024	2023
	\$	\$
Ministry of Health - Supportive housing	294,950	321,368
Ministry of Health - One time funding	206,000	167,488
Ministry of Health - Replacement reserve one time funding	194,200	70,100
Ontario Health Toronto	892,310	849,820
Ontario Health Toronto - One time funding	925,044	233,600
Catholic Charities of the Archdiocese of Toronto	585,936	593,287
Investing in Neighbourhoods	2,636	26,381
Habitat Services subsidies	65,261	150,810
Unity Vaccine Clinic		18,475
Canada Summer Jobs	14,462	-
Other grants	293,208	194,096
Other - amortization of deferred capital contributions	28,638	18,361
	<u>3,502,645</u>	<u>2,643,786</u>

13. Pension plan contributions

Contributions to the pension plan made during the year by the Homes on behalf of its employees, amounted to \$111,782 (\$92,882 - 2023) and are included in salaries and employee benefits in the Statement of Operations.

14. Subsequent event

On August 23, 2023, the Homes and the Good Neighbour's Club ("GNC") entered into a Letter of Intent indicating their mutual interest in merging their organizations into one entity to further their respective missions. The organizations have negotiated the draft terms of an Integration and Transfer Agreement (ITA), under which GNC has agreed to transfer its undertakings, programs, and services to the Homes. In return, the Homes has agreed to assume responsibility for GNC's undertakings, programs, and services.

Although the ITA has not yet been signed, it has been approved by the boards and members of both organizations, with the final decision delegated to a joint liaison committee comprising members from both boards. The merger is anticipated to be completed in October 2024.

15. Comparative figures

Certain of the prior year's figures have been reclassified to conform with the current year's financial statement presentation.

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