



# **Financial Statements**

**For the year ended October 31, 2020**



**Multifaith Housing Initiative**  
**Financial Statements**  
For the year ended October 31, 2020

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**Baker Tilly Ottawa LLP**  
Chartered Professional Accountants  
400-301 Moodie Drive  
Ottawa, ON  
Canada K2H 9C4

**T:** +1 613.820.8010  
**F:** +1 613.820.0465

ottawa@bakertilly.ca  
**www.bakertilly.ca**

## **Independent Auditor's Report**

### **To the Members of the Multifaith Housing Initiative**

#### *Opinion*

We have audited the financial statements of Multifaith Housing Initiative (the "organization") which comprise the statement of financial position as at October 31, 2020, and the statements of operations changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at October 31, 2020, 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 Opinion*

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 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 opinion.

#### *Amended and Reissued Financial Statements*

The previously issued financial statements of the organization for the year ended October 31, 2020, have been withdrawn and have been replaced with these financial statements. Subsequent to the issuance of the previous financial statements, further audit procedures were conducted to ensure that sufficient, appropriate audit evidence was obtained to provide a basis for our opinion.

We draw attention to Note 21 of the financial statements, which describes the effects of a prior period adjustment and reclassification of comparative amounts. Our opinion is not modified in respect of this matter.

#### *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 organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the 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 these financial statements.

Auditor's Responsibilities for the Audit 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

*Baker Tilly Ottawa LLP*

Chartered Professional Accountants, Licensed Public Accountants  
March 15, 2022  
Ottawa, Ontario

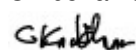
## Multifaith Housing Initiative Statement of Financial Position

October 31			2020	2019
	General Fund	Capital Asset Fund	Total	Total
<b>Assets</b>				
<b>Current</b>				
Cash (Note 1)	\$ 430,757	\$ 233,274	\$ 664,031	\$ 609,757
Accounts receivable (Note 2)	75,748	963,253	1,039,001	227,421
Prepaid expenses	14,404	-	14,404	12,673
	520,909	1,196,527	1,717,436	849,851
<b>Investments</b> (Note 3)	104,259	342,599	446,858	360,463
<b>Assets under construction</b> (Note 4)	-	9,413,941	9,413,941	2,235,989
<b>Tangible capital assets</b> (Note 5)	-	25,969,415	25,969,415	26,549,436
	\$ 625,168	\$ 36,922,482	\$ 37,547,650	\$ 29,995,739

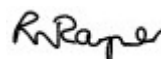
# Multifaith Housing Initiative Statement of Financial Position (continued)

October 31			2020	2019
	General Fund	Capital Asset Fund	Total	Total
<b>Liabilities and Fund Balances</b>				
<b>Current</b>				
Bank indebtedness (Note 1)	\$ -	\$ 174,574	\$ 174,574	\$ 174,799
Accounts payable and accrued liabilities (Note 6)	228,985	2,528,986	2,757,971	915,432
Deferred operating contributions (Note 7)	267,394	-	267,394	1,811,141
Current portion of promissory notes payable (Note 9)	-	101,000	101,000	80,000
Current portion of mortgages and loans payable (Note 12)	-	201,018	201,018	193,655
Interfund (receivable)/payable (Note 10)	(475,442)	475,442	-	-
	20,937	3,481,020	3,501,957	3,175,027
<b>Deferred contributions towards assets under construction (Note 8)</b>	-	7,031,624	7,031,624	-
<b>Promissory notes payable (Note 9)</b>	-	210,000	210,000	251,000
<b>CMHC seed loan payable (Note 11)</b>	-	200,000	200,000	200,000
<b>Mortgages and loans payable (Note 12)</b>	-	9,373,664	9,373,664	8,897,102
<b>CEBA loan (Note 13)</b>	30,000	-	30,000	-
<b>Deferred contributions related to capital assets (Note 14)</b>	-	11,360,782	11,360,782	11,683,170
<b>Deferred contributions assumed from Live Work Play (Note 15)</b>	309,475	-	309,475	345,884
	360,412	31,657,090	32,017,502	24,552,183
<b>Fund Balances</b>				
Capital reserves (Note 16)	-	298,001	298,001	255,209
Internally restricted for capital fund reserve	9,244	-	9,244	9,244
Internally restricted for invested in tangible capital assets (Note 16)	-	4,967,391	4,967,391	5,012,490
Unrestricted	255,512	-	255,512	166,613
	264,756	5,265,392	5,530,148	5,443,556
	\$ 625,168	\$ 36,922,482	\$ 37,547,650	\$ 29,995,739

On behalf of the Board:



Director



Director

## Multifaith Housing Initiative Statement of Changes in Fund Balances

For the year ended October 31

	General Fund						Capital Asset Fund (Note 16)	
	Internally Restricted							
	Fundraising Reserve	Capital Fund Reserve	Community Engagement Reserve	Unrestricted	Total 2020	Total 2019	2020	2019
Balance, beginning of year, as previously stated	\$ -	\$ 9,244	\$ -	\$ 166,613	\$ 175,857	\$ 92,488	\$ 5,267,699	\$ 5,154,016
Prior period adjustment (Note 21)	-	-	-	-	-	61,193	-	29,701
Balance, beginning of year, as restated	-	9,244	-	166,613	175,857	153,681	5,267,699	5,183,717
Excess (deficiency) of revenue over expenses for the year	(37,752)	-	(144,330)	568,813	386,731	308,074	(300,139)	(201,916)
Invested in capital assets Repayments of mortgages payable and promissory notes	-	-	-	(212,532)	(212,532)	(202,098)	212,532	202,098
Inter-fund transfers	37,752	-	144,330	(182,082)	-	-	-	-
Net transfer from Unrestricted to Capital Reserve (Note 16)	-	-	-	(85,300)	(85,300)	(83,800)	85,300	83,800
Balance, end of year	\$ -	\$ 9,244	\$ -	\$ 255,512	\$ 264,756	\$ 175,857	\$ 5,265,392	\$ 5,267,699

## Multifaith Housing Initiative Statement of Operations

For the year ended October 31

	General Fund					Capital Asset Fund			
	Unrestricted	Fundraising Fund	Community Engagement	Total 2020	Total 2019	Invested in Capital Assets	Capital Reserve	Total 2020	Total 2019
<b>Revenue</b>									
Rental operations (Schedule)	\$ 1,633,264	\$ -	\$ -	\$ 1,633,264	\$ 1,591,662	\$ -	\$ -	\$ -	\$ -
Other contributions	50,106	-	-	50,106	14,473	-	-	-	-
Donations (Note 17)	135,869	125,680	-	261,549	232,277	-	-	-	139,797
Interest	3,663	-	-	3,663	6,732	-	7,716	7,716	5,950
Principal membership	6,696	-	-	6,696	7,700	-	-	-	-
Amortization of deferred contributions assumed from Live Work Play	36,409	-	-	36,409	36,409	-	-	-	-
	<b>1,866,007</b>	<b>125,680</b>	<b>-</b>	<b>1,991,687</b>	<b>1,889,253</b>	<b>-</b>	<b>7,716</b>	<b>7,716</b>	<b>145,747</b>
<b>Expenses</b>									
Rental operations (Schedule)	987,363	-	-	987,363	1,043,046	-	-	-	-
Capital reserve	-	-	-	-	-	-	50,224	50,224	90,034
Projects	44,664	-	-	44,664	10,029	-	-	-	-
Insurance	6,748	-	-	6,748	4,859	-	-	-	-
Marketing and communications	3,678	-	-	3,678	1,781	-	-	-	-
Fundraising	1,682	84,878	-	86,560	70,936	-	-	-	-
Office	55,172	-	-	55,172	47,441	-	-	-	-
Professional fees	53,806	-	-	53,806	42,807	-	-	-	-
Salaries and benefits	144,081	78,554	144,330	366,965	360,280	-	-	-	-
	<b>1,297,194</b>	<b>163,432</b>	<b>144,330</b>	<b>1,604,956</b>	<b>1,581,179</b>	<b>-</b>	<b>50,224</b>	<b>50,224</b>	<b>90,034</b>
<b>Excess (deficiency) of revenue over expenses before items below</b>	<b>568,813</b>	<b>(37,752)</b>	<b>(144,330)</b>	<b>386,731</b>	<b>308,074</b>	<b>-</b>	<b>(42,508)</b>	<b>(42,508)</b>	<b>55,713</b>
<b>Amortization of tangible capital assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(580,019)</b>	<b>-</b>	<b>(580,019)</b>	<b>(580,017)</b>
<b>Amortization of deferred contributions related to tangible capital assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>322,388</b>	<b>-</b>	<b>322,388</b>	<b>322,388</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>\$ 568,813</b>	<b>\$ (37,752)</b>	<b>\$ (144,330)</b>	<b>\$ 386,731</b>	<b>\$ 308,074</b>	<b>\$ (257,631)</b>	<b>\$ (42,508)</b>	<b>\$ (300,139)</b>	<b>\$ (201,916)</b>

## Multifaith Housing Initiative Statement of Cash Flows

For the year ended October 31	2020	2019
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses for the year		
General fund	\$ 386,731	\$ 308,074
Capital asset fund	(300,139)	(201,916)
Adjustments for		
Amortization of tangible capital assets	580,019	580,017
Amortization of deferred contributions related to tangible capital assets	(322,388)	(322,388)
Amortization of deferred contributions assumed from Live Work Play	(36,409)	(36,409)
CEBA loan forgiveness	(10,000)	-
	<u>297,814</u>	<u>327,378</u>
Changes in non-cash working capital items		
Accounts receivables	(811,580)	(140,217)
Prepaid expenses	(1,731)	(28,587)
Accounts payable and accrued liabilities	1,842,539	589,954
Deferred operating contributions	(1,543,747)	18,340
Deferred contributions towards assets under construction	<u>7,031,624</u>	<u>1,124,525</u>
	<u>6,814,919</u>	<u>1,891,393</u>
<b>Cash flows from investing activities</b>		
Costs incurred towards assets under construction	(7,177,952)	(1,736,102)
Contributions to investments	(86,393)	(322,587)
	<u>(7,264,345)</u>	<u>(2,058,689)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of CEBA loan	40,000	-
Repayment towards promissory notes	(20,000)	(15,000)
Proceeds from issuance of mortgages and loans	708,000	-
Proceeds from issuance of CMHC seed loan	-	200,000
Repayments towards mortgages and loans	(224,075)	(186,573)
	<u>503,925</u>	<u>(1,573)</u>
<b>Increase (decrease) in cash during the year</b>	<b>54,499</b>	<b>(168,869)</b>
<b>Cash and equivalents, beginning of year</b>	<b>434,958</b>	<b>603,827</b>
<b>Cash and equivalents, end of year</b>	<b>\$ 489,457</b>	<b>\$ 434,958</b>
<b>Represented by</b>		
Cash	\$ 664,031	\$ 609,757
Bank indebtedness	(174,574)	(174,799)
	<u>\$ 489,457</u>	<u>\$ 434,958</u>

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## Multifaith Housing Initiative

### Summary of Significant Accounting Policies

October 31, 2020

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<b>Nature of Organization</b>	Multifaith Housing Initiative (the "organization") was incorporated under the laws of the Canadian Not-for-profit Corporations Act and was registered as a Charitable Organization on January 1, 2003 under the Canadian Income Tax Act. The organization was continued under the Canada Not-for-profit Corporations Act on May 30, 2014. The purpose of Multifaith Housing Initiative is to provide and promote safe, affordable, and well-maintained housing in inclusive communities, and to mobilize resources for these purposes.
<b>Basis of Presentation</b>	These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.
<b>Fund Accounting</b>	<p>The organization follows the deferral method of accounting for contributions.</p> <p><b>The General Fund</b> accounts for the organization's rental operations, program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.</p> <p><b>The Capital Asset Fund</b> reports the assets, liabilities, revenues and expenses related to the organization's capital assets, construction in progress, and externally and internally restricted capital reserves.</p>
<b>Financial Instruments</b>	<p><u>Measurement of financial instruments</u></p> <p>Financial instruments are financial assets or liabilities of the organization where, in general, the organization has the right to receive cash or another financial asset from another party or the organization has the obligation to pay another party cash or other financial asset.</p> <p>The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.</p> <p>The organization subsequently measures investments in actively traded securities at fair value. All other financial assets and financial liabilities are measured at amortized cost.</p> <p>Financial assets and financial liabilities measured at amortized cost include cash and bank indebtedness, accounts receivable, investments other than actively traded securities, accounts payable and accrued liabilities, promissory notes payable, CMHC seed loan, CEBA loan and mortgages and loans payable.</p>

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## Multifaith Housing Initiative

### Summary of Significant Accounting Policies

October 31, 2020

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#### Financial Instruments (continued)

##### 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 of 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 of revenue over expenses.

##### Transaction costs

The organization recognizes its transaction costs in excess of revenue over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

#### Use of Estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the fiscal period in which they become known.

Significant estimates include assumptions used in establishing the amounts and collectibility of accounts receivable; the useful lives and related amortization of tangible capital assets; and provisions for certain liabilities.

#### Tangible Capital Assets

Tangible capital assets are recorded at cost. Buildings, condominiums and unit conversion costs are amortized over the estimated useful life of the assets of 40 years on a straight-line basis.

Office equipment and furniture are amortized over the estimated useful life of 10 years on a straight-line basis.

The half-rate rule is used in the year of acquisition.

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## Multifaith Housing Initiative

### Summary of Significant Accounting Policies

October 31, 2020

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<b>Deferred Contributions</b>	<p>Contributions received for capital assets are deferred and amortized over the same term and on the same basis as the related capital assets, unless those assets are not amortized, in which case the contributions are recognized as a direct increase to the organization's net assets. Deferred capital contributions represent the unamortized amount of donations, grants, and loans received for capital assets put into service.</p> <p>Deferred contributions towards assets under construction are not amortized until the related assets are put into service.</p> <p>Deferred operating contributions are restricted amounts for use towards operating activities. If these funds are used towards operating expenses, they are recognized as income in the period such expenses are incurred. If these funds are used towards the purchase of tangible capital assets, they are recognized over the useful life of the related asset.</p>
<b>Capital Reserve</b>	<p>Under the terms of Municipal Housing Project Facilities agreement, the organization is required to annually contribute into a capital reserve for specific properties.</p> <p>The capital reserve will only be used for:</p> <ul style="list-style-type: none"><li>a) the replacement of worn out capital items; or</li><li>b) any other capital improvements to the project approved by the City; it shall not be used for ordinary maintenance or minor repairs to the building or grounds.</li></ul> <p>The board of directors has also internally restricted a capital reserve for use at their discretion.</p>
<b>Internally Restricted for Invested in Tangible Capital Assets</b>	<p>Net assets invested in capital assets is comprised of the net book value of capital assets less related mortgage payable, interfund financing and deferred contributions related to capital assets.</p>
<b>Internally Restricted for Fundraising Reserve</b>	<p>The board of directors has internally restricted a fundraising reserve to be used at their discretion.</p>
<b>Internally Restricted for Community Engagement Reserve</b>	<p>The board of directors has internally restricted a reserve for community engagement to be used at their discretion.</p>
<b>Internally Restricted for Capital Fund Reserve</b>	<p>The board of directors has internally restricted a capital fund reserve to be used, in conjunction with externally restricted contributions deferred for capital fund, to purchase new properties.</p>

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## Multifaith Housing Initiative Summary of Significant Accounting Policies

October 31, 2020

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### **Revenue Recognition**

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. Restricted contributions related to capital assets and capital reserves are recorded in the Capital Asset Fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income earned on resources related to the organization's capital reserves is recognized as revenue of the Capital Asset Fund. Other investment income is recognized as revenue of the General Fund when earned.

Gross rents and other revenues are recognized in operations of the General Fund when earned.

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## Multifaith Housing Initiative Notes to Financial Statements

**October 31, 2020**

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### 1. Cash and Credit Facilities

The organization's bank accounts are held at one credit union.

The organization has a credit facility available of \$325,000. This facility is secured by the Kent House property, is due on demand, and bears interest at the credit union prime rate plus 2.0%. As at year end, the credit facility has an outstanding balance of \$174,574 at October 31, 2020 (2019 - \$174,799). The credit facility contains a covenant surrounding property specific debt service coverage of 1.15, which if not met, would place the organization in default of the agreement. As at year end, the organization has met this covenant.

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### 2. Accounts Receivable

	General Fund	Capital Asset Fund	2020	2019
Tenant receivables	\$ 41,610	\$ -	\$ 41,610	\$ 52,055
HST receivable	34,138	588,408	622,546	158,570
Grants receivable	-	92,815	92,815	16,796
City of Ottawa	-	282,030	282,030	-
	<b>\$ 75,748</b>	<b>\$ 963,253</b>	<b>\$ 1,039,001</b>	<b>\$ 227,421</b>

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### 3. Investments

Investments consists of the following:

Canadian bond fund managed by WorldSource Financial Management Inc. and held in trust for the organization by Infrastructure Ontario in the amount of \$124,821 (2019 - \$84,387). These investments are restricted in use for the Haven and Blake Boulevard capital replacement reserves.

Term deposits, held with Alterna credit union totalling \$104,259 (2019 - \$100,000), earning interest at 0.85% (2020 - 2.80%) per annum and maturing in March 2022. The term deposits are security to support irrevocable stand-by letters of credit made to The Canada Lands Company Limited.

Term deposits, held with Alterna credit union totalling \$217,778 (2019 - \$176,076), earning interest at 0.55% (2020 - 1%) per annum and maturing in June and July 2022. The term deposits are security to support irrevocable stand-by letters of credit made to the City of Ottawa.

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## Multifaith Housing Initiative Notes to Financial Statements

**October 31, 2020**

### 4. Assets Under Construction

Assets under construction includes amounts related to the construction of multi-unit housing projects. These costs are transferred to tangible capital assets and amortization begins once these assets are put into service.

	2020	2019
Andy Carswell Building	\$ 9,224,275	\$ 2,208,383
Julian of Norwich	189,666	27,606
	<b>\$ 9,413,941</b>	<b>\$ 2,235,989</b>

As presented in Note 8, the organization has received externally restricted contributions of \$7,031,624 (2019 - \$0) towards the development of these projects. These contributions are amortized to income once these assets are put into service.

### 5. Tangible Capital Assets

	2020			2019		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Kent House						
Land	\$ 86,750	\$ -	\$ 86,750	\$ 86,750	\$ -	\$ 86,750
Building	260,250	99,763	160,487	260,250	93,256	166,994
Somerset Gardens Condominiums	1,570,286	485,123	1,085,163	1,570,286	445,866	1,124,420
Blake House						
Land	540,296	-	540,296	540,296	-	540,296
Building	1,650,864	507,958	1,142,906	1,650,864	466,686	1,184,178
Unit conversions	273,101	73,244	199,857	273,101	66,416	206,685
Renovations	334,271	54,319	279,952	334,271	45,962	288,309
The Haven						
Land	2,364,440	-	2,364,440	2,364,440	-	2,364,440
Building	19,014,264	1,662,359	17,351,905	19,014,264	1,187,003	17,827,261
Furniture	8,536	2,988	5,548	8,536	2,134	6,402
The Andy Carswell Building						
Land	2,750,000	-	2,750,000	2,750,000	-	2,750,000
Office equipment	3,292	1,811	1,481	3,292	1,481	1,811
Leasehold improvements	6,301	5,671	630	6,301	4,411	1,890
	<b>\$ 28,862,651</b>	<b>\$ 2,893,236</b>	<b>\$ 25,969,415</b>	<b>\$ 28,862,651</b>	<b>\$ 2,313,215</b>	<b>\$ 26,549,436</b>

## Multifaith Housing Initiative Notes to Financial Statements

**October 31, 2020**

### 6. Accounts Payable and Accrued Liabilities

	General Fund	Capital Asset Fund	2020	2019
Trade payables	\$ 99,736	\$ 2,528,986	\$ 2,628,722	\$ 788,253
Advance				
Municipal				
subsidies	21,227	-	21,227	24,463
Government				
remittances				
payable	7,306	-	7,306	6,731
Accrued mortgage				
interest	11,362	-	11,362	9,621
Last months rent	89,354	-	89,354	86,364
	<b>\$ 228,985</b>	<b>\$ 2,528,986</b>	<b>\$ 2,757,971</b>	<b>\$ 915,432</b>

### 7. Deferred Operating Contributions

Deferred operating contributions represent externally restricted contributions received for the use towards general operating or capital expenses. These contributions are recognized as income in the year such expenses are incurred, or over the life of the related assets they may be used to purchase. Changes during the year are as follows:

	Opening Balance	Received	Recognized/ Transferred	Ending Balance	2019
Veterans' House Canada	\$ 1,782,403	\$ 386,184	\$(1,908,083)	\$ 260,504	\$ 1,782,403
Other	28,738	1,035	(22,883)	6,890	28,738
	<b>\$ 1,811,141</b>	<b>\$ 387,219</b>	<b>\$(1,930,966)</b>	<b>\$ 267,394</b>	<b>\$ 1,811,141</b>

Contributions of \$1,782,403 were transferred into deferred contributions towards assets under construction in order to help fund construction costs incurred, and anticipated, towards the Andy Carswell Building under development.

Contributions recognized as revenue for the year was used to offset the following fundraising fund and other expenses relative to such operations:

	2020	2019
Fundraising	\$ 84,878	\$ 69,540
Capital reserve expenses	-	139,797
Salaries and benefits	40,802	39,505
Other	22,883	-
	<b>\$ 148,563</b>	<b>\$ 248,842</b>

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## Multifaith Housing Initiative Notes to Financial Statements

**October 31, 2020**

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### 8. Deferred Contributions Towards Assets Under Construction

Deferred contributions towards assets under construction represents external contributions from donors with the understanding that the funds are to be used towards the development of new rental properties. Changes during the year are as follows:

	2020	2019
Balance, beginning of year	\$ -	\$ -
Add: Contributions received during the year	5,249,221	-
Transfer from operating contributions	1,782,403	-
Balance, end of year	<u>\$ 7,031,624</u>	<u>\$ -</u>

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### 9. Promissory Notes Payable

	2020	2019
Notes payable	\$ 311,000	\$ 331,000
Less: Current portion	<u>(101,000)</u>	<u>(80,000)</u>
	<u>\$ 210,000</u>	<u>\$ 251,000</u>

Promissory notes payable bear interest ranging from 0% to 4% with interest being payable semi-annually. The notes also have various maturity dates ranging from 2022 to 2025.

Principal payments required on notes payable for the next five years are as follows:

2021	\$ 101,000
2022	50,000
2023	80,000
2024	70,000
2025	<u>10,000</u>
	<u>\$ 311,000</u>

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### 10. Interfund (Receivable)/Payable

Interfund receivable/payable represents the transfer of funds between the general fund and the capital asset fund for operating, financing and investment purposes.

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## Multifaith Housing Initiative Notes to Financial Statements

**October 31, 2020**

### 11. CMHC Seed Loan Payable

The organization received a seed loan from Canada Mortgage and Housing Corporation (CMHC) of \$200,000 as preliminary financing towards the costs of the Andy Carswell building. The loan is repayable on the maturity date, which is the earlier of the date the organization will receive final project financing or February 2023. The loan is interest free until the maturity day, after which interest will be incurred at Canada prime rate plus 2%.

### 12. Mortgages and Loans Payable

	2020	2019
Mortgage payable, Infrastructure Ontario, 4.33%, net of amortized refinancing fees of \$12,036, repayable in monthly blended payments of \$7,375, secured by Blake Boulevard property with net book value of \$2,163,011, matures April, 2044.	\$ 1,291,674	\$ 1,322,463
Construction loan, Canadian Mortgage Housing Corporation, 3.23%, interest only payments until the property has reached stabilization, at which point the payments shall be comprised of blended monthly payments of principal and interest. Secured by the Andy Carswell Land and Building with a current net book value of \$11,974,275, Matures October, 2029.	353,159	-
Construction loan, Infrastructure Ontario, floating interest rate as determined by Infrastructure Ontario, interest only payable monthly, Secured by the Haven property and Blake property with net book value of \$21,884,904, convertible to a term mortgage by the earlier of October, 2023, or at the option of the lender.	324,841	-
Mortgage payable, Infrastructure Ontario, 3.60%, repayable in monthly blended payments of \$35,523, secured by Haven property with net book value of \$19,721,893, matures November, 2047.	7,368,204	7,526,131
Mortgage payable, Infrastructure Ontario, 3.69%, repayable in monthly blended payments of \$1,149, secured by Haven property with net book value of \$19,721,893, matures February, 2048.	236,804	242,163
	9,574,682	9,090,757
Less: Current portions	(201,018)	(193,655)
	<b>\$ 9,373,664</b>	<b>\$ 8,897,102</b>

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## Multifaith Housing Initiative Notes to Financial Statements

October 31, 2020

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### 12. Mortgages Payable (continued)

The above mortgages are secured through specific general security agreements of the underlying properties which include the assignment of all other assets, rent and leases, rights and contributions and all other securities as may reasonably be required by the lenders.

The organization is required to maintain certain financial covenants with Infrastructure Ontario. These covenants require the organization to maintain a minimum corporate and property specific debt service coverage of 1.05 and 1.20, respectively. As at October 31, 2020, the organization has met these financial covenants.

Principal payments required on mortgages payable for the next five years and thereafter are as follows:

2021	\$ 201,018
2022	226,538
2023	234,457
2024	242,659
2025	250,995
Thereafter	<u>8,419,015</u>
	<u>\$ 9,574,682</u>

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### 13. CEBA Loan

Canadian Emergency Business Account Loan bearing interest at 0% until December 2022, afterwards, bearing interest at 5% per annum, repayable in monthly interest only payments with the principal balance due December 2025.

It is the intention of the organization to repay the loan by December 2022, qualifying for the \$10,000 loan forgiveness grant. As a result, the \$10,000 grant was recorded as contribution income.

Subsequent to year-end, the repayment deadline for CEBA loans to qualify for partial loan forgiveness was extended from December 31, 2022, to December 31, 2023.

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## Multifaith Housing Initiative Notes to Financial Statements

**October 31, 2020**

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**14. Deferred Contributions Related to Capital Assets**

Deferred contributions related to capital assets represent restricted contributions with which the organization's capital assets were originally purchased. The changes in the deferred contributions balance for the year are as follows:

	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 11,683,170	\$ 12,005,558
Less: Amounts amortized to revenue	<u>(322,388)</u>	<u>(322,388)</u>
Ending balance	<u>\$ 11,360,782</u>	<u>\$ 11,683,170</u>

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**15. Deferred Contributions Assumed from Live Work Play**

Deferred contributions assumed from Live Work Play represent restricted contributions received towards providing supportive housing under an agreement with the City of Ottawa. Amounts are recognized as the organization continues to meet the terms and conditions of this agreement through to October, 2028.

	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 345,884	\$ 382,293
Less: Amounts amortized to revenue	<u>(36,409)</u>	<u>(36,409)</u>
Ending balance	<u>\$ 309,475</u>	<u>\$ 345,884</u>

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## Multifaith Housing Initiative Notes to Financial Statements

**October 31, 2020**

### 16. Capital Asset Fund

#### Capital Reserves

	2020				2019
	Blake	Haven	Other	Total	Total
Balance, beginning of year	\$ -	\$ 69,982	\$ 185,227	\$ 255,209	\$ 115,696
Excess (deficiency) of revenue over expenses for the year	(8,170)	(6,993)	(27,345)	(42,508)	55,713
Interfund transfer	7,167	(21,866)	14,699	-	-
Transfer from unrestricted General Fund Appropriation for the year	13,300	66,400	5,600	85,300	83,800
	12,297	37,541	(7,046)	42,792	139,513
Balance, end of year	\$ 12,297	\$ 107,523	\$ 178,181	\$ 298,001	\$ 255,209

#### Invested in Tangible Capital Assets

	2020	2019
Balance, beginning of year	\$ 5,012,490	\$ 5,068,021
Deficiency of revenue over expenses for the year	(257,631)	(257,629)
Principal repaid of mortgages payable and promissory notes	212,532	202,098
Balance, end of year	\$ 4,967,391	\$ 5,012,490

### 17. Donations Revenue

	2020	2019
General	\$ 65,690	\$ 85,529
Fundraising fund	125,680	109,045
Capital reserve	-	139,797
Tulipathon	70,179	37,703
	\$ 261,549	\$ 372,074

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## Multifaith Housing Initiative Notes to Financial Statements

October 31, 2020

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### 18. Commitments and Contingencies

#### Supportive housing

The organization has entered into various contribution agreements for the development and operation of supportive housing units. Under the terms of these agreements, should the organization default on its obligations, the following amounts would become due and payable to the contributors. As at year end, the estimated contingent liabilities resulting from these agreements are as follows:

	2020	2019
Somerset Gardens	\$ 640,934	\$ 683,157
Blake House	828,604	937,726
The Haven	8,898,804	9,181,306
The Andy Carswell Building	5,099,221	-
	<u>\$ 15,467,563</u>	<u>\$ 10,802,189</u>

#### Construction contracts

The organization has retained McDonald Brothers Construction Inc. to perform construction services in connection with supportive housing initiatives and the construction of the Andy Carswell building. The total project costs are estimated to approximate \$11,000,000.

#### Other operating agreements

In connection with its operations, the organization regularly enters into agreements for the purchase of various supplies and services. Certain of these agreements extend beyond the end of the 2020 fiscal year. In the opinion of management, these agreements are in the normal course of organization's operations, are not abnormal in amount or nature and do not include a high degree of speculative risk.

#### Other indemnification agreements

In the normal course of operations, the organization signs agreements whereby funds are provided for the execution of projects which are subject to restrictions as to the use of the funds. The sponsors of these projects can execute an audit of the financial records of the organization to ensure compliance with the project requirements. In the event that amounts to be reimbursed to the sponsor of a project are identified, the necessary adjustments will be recognized in the year they are identified.

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## Multifaith Housing Initiative Notes to Financial Statements

October 31, 2020

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### 19. Risks and Concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations as at October 31, 2020. The organization is not involved in any hedging relationships through its operations.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, promissory notes, CMHC seed loan, CEBA loan and mortgages and loans payable.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to its accounts receivable.

#### 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. The organization is exposed to interest rate risk on its fixed and floating interest rate facilities. Floating interest rate risk presents a cash flow risk, whereas a fixed rate interest risk presents a fair value risk to the organization.

#### Changes in risk

During the year, the organization increased its exposure to liquidity risk and interest risk as a result of the issuance of new mortgages and loans payable. Other than that, there have been no significant changes in the organization's risk exposures from the prior year.

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### 20. Subsequent Event

Subsequent to year end, the organization endorsed the incorporation of the Veterans' House Canada / Maison du vétéran Canada. The newly formed entity is pending charitable status certification. As a result of this endeavour, the organization intends to transfer, assign, donate and fund the initiative with specific assets and deferred contributions, loans and mortgages relating to this initiative.

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## Multifaith Housing Initiative Notes to Financial Statements

**October 31, 2020**

### 21. Prior Period Adjustment and Comparative Reclassification

A prior year error was discovered in relation to the initial recognition and treatment of a deferred contribution. The deferred contribution was initially classified as a mortgage and accrued interest and resulting expense were being recorded on the total amount. The value of the initial funds received should have been presented as a deferred contribution related to capital assets, and recognized as income over the life of the relating asset.

The effect of these adjustments were accounted for as follows:

**October 31, 2019**

#### Statement of Financial Position

	Previously reported	Adjustments	Restated
<b>Liabilities</b>			
Mortgages and loans payable	\$ 9,077,663	\$ (180,561)	\$ 8,897,102
Deferred contributions related to capital assets	\$ 11,602,554	\$ 80,616	\$ 11,683,170
<b>Fund Balances</b>			
Internally restricted for invested in tangible capital assets	\$ 4,979,961	\$ 32,529	\$ 5,012,490
Unrestricted	\$ 99,197	\$ 67,416	\$ 166,613

#### Statement of Change in Fund Balances

	Previously reported	Adjustments	Restated
<b>General Fund</b>			
Opening balance	\$ 92,488	\$ 61,193	\$ 153,681
Excess (deficiency) of revenue over expenses for the year	\$ 301,851	\$ 6,223	\$ 308,074
Ending balance	\$ 108,441	\$ 67,416	\$ 175,857
<b>Capital Asset Fund</b>			
Opening balance	\$ 5,154,016	\$ 29,701	\$ 5,183,717
Excess (deficiency) of revenue over expenses for the year	\$ (204,744)	\$ 2,828	\$ (201,916)
Ending balance	\$ 5,235,170	\$ 32,529	\$ 5,267,699

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## Multifaith Housing Initiative Notes to Financial Statements

**October 31, 2020**

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**21. Prior Period Adjustment and Comparative Reclassification (continued)**

**Statement of Operations**

	<b>Previously reported</b>	<b>Adjustments</b>	<b>Restated</b>
<b>Expenses</b>			
Rental operations	\$ 1,049,269	\$ (6,223)	\$ 1,043,046
<b>Other items</b>			
Amortization of deferred contributions related to tangible capital assets	\$ 319,560	\$ 2,828	\$ 322,388
<b>Excess (deficiency) of revenue over expenses for the year</b>	\$ 97,107	\$ 9,051	\$ 106,158

In certain instances, 2019 comparative amounts and disclosures have been restated and revised to conform to the financial statement presentation of the current year.

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## Multifaith Housing Initiative Schedule of Rental Operations

**For the year ended October 31, 2020**

	Kent Street	Somerset Gardens	Blake Boulevard	The Haven	Total
<b>Revenue</b>					
Gross rents	\$ 43,597	\$ 84,783	\$ 241,370	\$ 1,187,759	\$ 1,557,509
Rent subsidies	12,343	35,640	121,723	81,342	251,048
Less internal subsidies	(14,246)	(10,512)	(24,660)	(158,304)	(207,722)
Less vacancy losses	(5,761)	(2,862)	(501)	(11,359)	(20,483)
	<b>35,933</b>	<b>107,049</b>	<b>337,932</b>	<b>1,099,438</b>	<b>1,580,352</b>
Parking and laundry	-	-	7,406	45,506	52,912
	<b>35,933</b>	<b>107,049</b>	<b>345,338</b>	<b>1,144,944</b>	<b>1,633,264</b>
<b>Expenses</b>					
Bad debt	-	-	20	-	20
Condominium fees	-	47,802	-	-	47,802
Insurance	1,527	1,528	4,721	28,867	36,643
Interest on promissory notes	2,377	3,525	2,378	-	8,280
Professional fees	-	-	-	577	577
Office	-	-	-	8,467	8,467
Management fees	6,035	12,069	33,427	77,494	129,025
Mortgage interest	523	-	57,361	277,919	335,803
Municipal taxes	473	5,973	4,400	5,208	16,054
Repairs and maintenance	20,914	2,443	45,925	177,236	246,518
Superintendent	-	-	2,033	-	2,033
Utilities	1,834	127	34,156	120,024	156,141
	<b>33,683</b>	<b>73,467</b>	<b>184,421</b>	<b>695,792</b>	<b>987,363</b>
<b>Net rental income before amortization</b>	<b>2,250</b>	<b>33,582</b>	<b>160,917</b>	<b>449,152</b>	<b>645,901</b>
<b>Less: amortization of tangible capital assets net of amortization of related deferred contributions related to rental operations</b>	<b>6,506</b>	<b>13,929</b>	<b>32,431</b>	<b>202,322</b>	<b>255,188</b>
<b>Net rental income (loss)</b>	<b>\$ (4,256)</b>	<b>\$ 19,653</b>	<b>\$ 128,486</b>	<b>\$ 246,830</b>	<b>\$ 390,713</b>

**Multifaith Housing Initiative**  
**Schedule of Rental Operations (continued)**

For the year ended October 31, 2019

	Kent Street	Somerset Gardens	Blake Boulevard	The Haven	Total
<b>Revenue</b>					
Gross rents	\$ 51,925	\$ 83,273	\$ 248,460	\$ 1,173,863	\$ 1,557,521
Rent subsidies	3,167	32,257	108,508	76,698	220,630
Less internal subsidies	(20,265)	(9,924)	(25,995)	(165,174)	(221,358)
Less vacancy losses	(945)	-	(5,858)	(4,762)	(11,565)
	33,882	105,606	325,115	1,080,625	1,545,228
Parking and laundry	193	-	3,715	42,526	46,434
	34,075	105,606	328,830	1,123,151	1,591,662
<b>Expenses</b>					
Bad debt	-	-	4,676	-	4,676
Condominium fees	-	45,538	-	-	45,538
Insurance	1,100	1,000	3,400	27,325	32,825
Interest on promissory notes	3,210	4,759	3,211	-	11,180
Legal	299	-	-	-	299
Professional fees	-	-	983	7,645	8,628
Office	-	-	-	5,450	5,450
Management fees	6,125	12,250	33,925	77,002	129,302
Mortgage interest	-	-	56,523	283,597	340,120
Municipal taxes	440	5,836	3,924	3,440	13,640
Repairs and maintenance	16,435	1,958	60,608	231,451	310,452
Superintendent	-	-	2,074	-	2,074
Utilities	6,524	112	37,029	95,197	138,862
	34,133	71,453	206,353	731,107	1,043,046
<b>Net rental income (loss) before amortization</b>	(58)	34,153	122,477	392,044	548,616
<b>Less: amortization of tangible capital assets net of amortization of related deferred contributions related to rental operations</b>	6,506	13,929	32,429	202,322	255,186
<b>Net rental income (loss)</b>	\$ (6,564)	\$ 20,224	\$ 90,048	\$ 189,722	\$ 293,430