



Financial Statements

For the year ended October 31, 2021



Multifaith Housing Initiative
Financial Statements
For the year ended October 31, 2021

Contents

Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Changes in Fund Balances	5
Statement of Operations	6
Statement of Cash Flows	7
Summary of Significant Accounting Policies	8
Notes to Financial Statements	12
Schedule of Rental Operations	23

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, 2021, 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, 2021, 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.

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 (continued)

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			2021	2020
	General Fund	Capital Asset Fund	Total	Total
Assets				
Current				
Cash (Note 1)	\$ 1,589,741	\$ 77,520	\$ 1,667,261	\$ 664,031
Accounts receivable (Note 2)	71,416	174,393	245,809	1,039,001
Prepaid expenses	21,672	-	21,672	14,404
	1,682,829	251,913	1,934,742	1,717,436
Investments (Note 3)	104,259	394,954	499,213	446,858
Assets under construction (Note 4)	-	200,603	200,603	9,413,941
Tangible capital assets (Note 5)	-	36,581,158	36,581,158	25,969,415
	\$ 1,787,088	\$ 37,428,628	\$ 39,215,716	\$ 37,547,650

**Multifaith Housing Initiative
Statement of Financial Position (continued)**

October 31			2021			2020
	General Fund	Capital Asset Fund	Total			Total
Liabilities and Fund Balances						
Current						
Bank indebtedness (Note 1)	\$ -	\$ 174,576	\$ 174,576	\$		174,574
Accounts payable and accrued liabilities (Note 6)	267,880	17,475	285,355			2,757,971
Deferred operating contributions (Note 7)	604,210	-	604,210			267,394
Current portion of promissory notes payable (Note 9)	-	66,000	66,000			101,000
Current portion of mortgages and loans payable (Note 12)	-	273,602	273,602			201,018
Interfund (receivable)/payable (Note 10)	349,949	(349,949)	-			-
	1,222,039	181,704	1,403,743			3,501,957
Deferred contributions towards assets under construction (Note 8)	-	150,000	150,000			7,031,624
Promissory notes payable (Note 9)	-	185,000	185,000			210,000
CMHC seed loan payable (Note 11)	-	-	-			200,000
Mortgages and loans payable (Note 12)	-	11,063,275	11,063,275			9,373,664
CEBA loan (Note 13)	30,000	-	30,000			30,000
Deferred contributions related to capital assets (Note 14)	-	20,467,574	20,467,574			11,360,782
Deferred contributions assumed from Live Work Play (Note 15)	273,066	-	273,066			309,475
	1,525,105	32,047,553	33,572,658			32,017,502
Fund Balances						
Capital reserves (Note 16)	-	286,107	286,107			298,001
Internally restricted for capital fund reserve	-	-	-			9,244
Internally restricted for invested in tangible capital assets (Note 16)	-	5,094,968	5,094,968			4,967,391
Unrestricted	261,983	-	261,983			255,512
	261,983	5,381,075	5,643,058			5,530,148
	\$ 1,787,088	\$ 37,428,628	\$ 39,215,716	\$		\$ 37,547,650

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			Unrestricted	Total 2021	Total 2020	2021	2020	
	Fundraising Reserve	Capital Fund Reserve	Community Engagement Reserve						
Balance , beginning of year	\$ -	\$ 9,244	\$ -	\$ 255,512	\$ 264,756	\$ 175,857	\$ 5,265,392	\$ 5,267,699	
Excess (deficiency) of revenue over expenses for the year	(41,825)	-	(155,053)	698,651	501,773	386,731	(388,863)	(300,139)	
Invested in capital assets Repayments of mortgages payable and promissory notes	-	-	-	(410,002)	(410,002)	(212,532)	410,002	212,532	
Transfer from Unrestricted to Capital Fund Reserve	-	(9,244)	-	-	-	-	9,244	-	
Inter-fund transfers	41,825	-	155,053	(196,878)	-	-	-	-	
Net transfer from Unrestricted to Capital Reserve (Note 16)	-	-	-	(85,300)	(85,300)	(85,300)	85,300	85,300	
Balance , end of year	\$ -	\$ -	\$ -	\$ 261,983	\$ 271,227	\$ 264,756	\$ 5,381,075	\$ 5,265,392	

Multifaith Housing Initiative Statement of Operations

For the year ended October 31

	General Fund				Capital Asset Fund				
	Unrestricted	Fundraising Fund	Community Engagement	Total 2021	Total 2020	Invested in Capital Assets	Capital Reserve	Total 2021	Total 2020
Revenue									
Rental operations (Schedule)	\$ 1,890,772	\$ -	\$ -	\$ 1,890,772	\$ 1,633,264	\$ -	\$ -	\$ -	\$ -
Other contributions	48,975	-	-	48,975	50,106	-	-	-	-
Donations (Note 17)	206,976	97,892	-	304,868	261,549	-	-	-	-
Interest and investing income (loss)	8,913	-	-	8,913	3,663	-	(5,594)	(5,594)	7,716
Principal membership	7,389	-	-	7,389	6,696	-	-	-	-
Amortization of deferred contributions assumed from Live Work Play	36,409	-	-	36,409	36,409	-	-	-	-
Veterans' House Canada revenue (Note 19)	113,833	-	-	113,833	-	-	-	-	-
	2,313,267	97,892	-	2,411,159	1,991,687	-	(5,594)	(5,594)	7,716
Expenses									
Rental operations (Schedule)	1,170,542	-	-	1,170,542	987,363	-	-	-	-
Capital reserve	-	-	-	-	-	-	100,844	100,844	50,224
Projects	59,264	-	-	59,264	44,664	-	-	-	-
Insurance	8,660	-	-	8,660	6,748	-	-	-	-
Marketing and communications	1,379	-	-	1,379	3,678	-	-	-	-
Fundraising	564	57,516	-	58,080	86,560	-	-	-	-
Office	66,012	-	-	66,012	55,172	-	-	-	-
Professional fees	41,596	-	-	41,596	53,806	-	-	-	-
Salaries and benefits	152,766	82,201	155,053	390,020	366,965	-	-	-	-
Veterans' House Canada expenses (Note 19)	113,833	-	-	113,833	-	-	-	-	-
	1,614,616	139,717	155,053	1,909,386	1,604,956	-	100,844	100,844	50,224
Excess (deficiency) of revenue over expenses before items below	698,651	(41,825)	(155,053)	501,773	386,731	-	(106,438)	(106,438)	(42,508)
Amortization of tangible capital assets	-	-	-	-	-	(724,170)	-	(724,170)	(580,019)
Amortization of deferred contributions related to tangible capital assets	-	-	-	-	-	441,745	-	441,745	322,388
Excess (deficiency) of revenue over expenses for the year	\$ 698,651	\$ (41,825)	\$ (155,053)	\$ 501,773	\$ 386,731	\$ (282,425)	\$ (106,438)	\$ (388,863)	\$ (300,139)

The accompanying summary of significant accounting policies, notes and schedule are an integral part of these financial statements

Multifaith Housing Initiative Statement of Cash Flows

For the year ended October 31	2021	2020
Cash flows from operating activities		
Excess of revenue over expenses for the year		
General fund	\$ 501,773	\$ 386,731
Capital asset fund	(388,863)	(300,139)
Adjustments for		
Amortization of tangible capital assets	724,170	580,019
Amortization of deferred contributions related to tangible capital assets	(441,745)	(322,388)
Amortization of deferred contributions assumed from Live Work Play	(36,409)	(36,409)
CEBA loan forgiveness	-	(10,000)
	358,926	297,814
Changes in non-cash working capital items		
Accounts receivables	793,192	(811,580)
Prepaid expenses	(7,268)	(1,731)
Accounts payable and accrued liabilities	(2,472,616)	1,842,539
Deferred operating contributions	336,816	(1,543,747)
Deferred contributions towards assets under construction	-	7,031,624
	(990,950)	6,814,919
Cash flows from investing activities		
Additions to tangible capital assets	(35,231)	-
Costs incurred towards assets under construction	(2,087,344)	(7,177,952)
Contributions to investments	(52,355)	(86,393)
	(2,174,930)	(7,264,345)
Cash flows from financing activities		
Additions to deferred contributions related to capital assets	2,666,913	-
Proceeds from issuance of CEBA loan	-	40,000
Repayment towards promissory notes	(60,000)	(20,000)
Proceeds from issuance of mortgages and loans	1,963,197	708,000
Repayment of CMHC seed loan	(200,000)	-
Repayments towards mortgages and loans	(201,002)	(224,075)
	4,169,108	503,925
Increase in cash during the year	1,003,228	54,499
Cash and equivalents, beginning of year	489,457	434,958
Cash and equivalents, end of year	\$ 1,492,685	\$ 489,457
Represented by		
Cash	\$ 1,667,261	\$ 664,031
Bank indebtedness	(174,576)	(174,574)
	\$ 1,492,685	\$ 489,457

Multifaith Housing Initiative Summary of Significant Accounting Policies

October 31, 2021

Nature of Organization	Multifaith Housing Initiative (MHI) 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.
Basis of Presentation	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.
Fund Accounting	<p>The organization follows the deferral method of accounting for contributions.</p> <p>The General Fund accounts for the organization's rental operations, program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.</p> <p>The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the organization's tangible capital assets and externally and internally restricted capital reserves.</p>
Financial Instruments	<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, CEBA loan and mortgages and loans payable.</p>

Multifaith Housing Initiative Summary of Significant Accounting Policies

October 31, 2021

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.

Multifaith Housing Initiative Summary of Significant Accounting Policies

October 31, 2021

Deferred Contributions	<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>
Capital Reserve	<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">a) the replacement of worn out capital items; orb) 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. <p>The board of directors has also internally restricted a capital reserve for use at their discretion.</p>
Internally Restricted for Invested in Tangible Capital Assets	<p>Net assets invested in capital assets is comprised of the net book value of capital assets less related mortgage payable and deferred contributions related to capital assets.</p>
Internally Restricted for Fundraising Reserve	<p>The board of directors has internally restricted a fundraising reserve to be used at their discretion.</p>
Internally Restricted for Community Engagement Reserve	<p>The board of directors has internally restricted a reserve for community engagement to be used at their discretion.</p>
Internally Restricted for Capital Fund Reserve	<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>

Multifaith Housing Initiative Summary of Significant Accounting Policies

October 31, 2021

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.

Multifaith Housing Initiative Notes to Financial Statements

October 31, 2021

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 \$174,576 at October 31, 2021 (2020 - \$174,574). 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.

2. Accounts Receivable

	General Fund	Capital Asset Fund	2021	2020
Tenant receivables	\$ 57,745	\$ -	\$ 57,745	\$ 41,610
HST receivable	13,671	15,749	29,420	622,546
Grants receivable	-	7,369	7,369	92,815
City of Ottawa	-	151,275	151,275	282,030
	\$ 71,416	\$ 174,393	\$ 245,809	\$ 1,039,001

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 \$173,292 (2020 - \$124,821). 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 (2020 - \$104,259), 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 \$221,662 (2020 - \$217,778), 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.

Multifaith Housing Initiative Notes to Financial Statements

October 31, 2021

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.

	2021	2020
Andy Carswell Building	\$ -	\$ 9,224,275
Julian of Norwich	192,396	189,666
Dream LeBreton	8,207	-
	\$ 200,603	\$ 9,413,941

As presented in Note 8, the organization has deferred contributions towards these assets under construction in the amount of \$150,000 (2020 - \$7,031,624) towards the development of these projects. These contributions are transferred to deferred contributions related to capital assets and amortized to income once these assets are put into service.

5. Tangible Capital Assets

	2021			2020		
	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	106,269	153,981	260,250	99,763	160,487
Somerset Gardens Condominiums	1,570,286	524,380	1,045,906	1,570,286	485,123	1,085,163
Blake House						
Land	540,296	-	540,296	540,296	-	540,296
Building	1,650,864	549,229	1,101,635	1,650,864	507,958	1,142,906
Unit conversions	273,101	80,071	193,030	273,101	73,244	199,857
Renovations	334,271	62,676	271,595	334,271	54,319	279,952
The Haven						
Land	2,364,440	-	2,364,440	2,364,440	-	2,364,440
Building	19,014,264	2,137,716	16,876,548	19,014,264	1,662,359	17,351,905
Furniture	8,536	3,841	4,695	8,536	2,988	5,548
The Andy Carswell Building						
Land	2,750,000	-	2,750,000	2,750,000	-	2,750,000
Building	11,300,681	141,259	11,159,422	-	-	-
Office equipment	3,292	2,140	1,152	3,292	1,811	1,481
Leasehold improvements	41,532	9,824	31,708	6,301	5,671	630
	\$ 40,198,563	\$ 3,617,405	\$ 36,581,158	\$ 28,862,651	\$ 2,893,236	\$ 25,969,415

Multifaith Housing Initiative Notes to Financial Statements

October 31, 2021

6. Accounts Payable and Accrued Liabilities

	General Fund	Capital Asset Fund	2021	2020
Trade payables	\$ 123,198	\$ 17,475	\$ 140,673	\$ 2,628,722
Advance				
Municipal subsidies	21,788	-	21,788	21,227
Government remittances payable	8,225	-	8,225	7,306
Accrued mortgage interest	11,543	-	11,543	11,362
Last months rent	103,126	-	103,126	89,354
	\$ 267,880	\$ 17,475	\$ 285,355	\$ 2,757,971

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	Ending Balance	2020
Veterans' House Canada	\$ 260,504	\$ 527,707	\$ (209,352)	\$ 578,859	\$ 260,504
Other	6,890	18,460	-	25,351	6,890
	\$ 267,394	\$ 546,167	\$ (209,352)	\$ 604,210	\$ 267,394

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

	2021	2020
Andy Carswell rent subsidy	\$ 56,128	\$ -
Fundraising	-	84,878
Veterans' House Canada operating	112,554	-
Salaries and benefits	40,670	40,802
Other	-	22,883
	\$ 209,352	\$ 148,563

Multifaith Housing Initiative Notes to Financial Statements

October 31, 2021

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:

	2021	2020
Balance, beginning of year	\$ 7,031,624	\$ -
Add: Contributions received during the year	-	5,249,221
Transfer from operating contribution	-	1,782,403
Less: Transfer to deferred contributions related to capital assets	(6,881,624)	-
Balance, end of year	\$ 150,000	\$ 7,031,624

9. Promissory Notes Payable

	2021	2020
Notes payable	\$ 251,000	\$ 311,000
Less: Current portion	(66,000)	(101,000)
	\$ 185,000	\$ 210,000

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 2026.

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

2022	\$ 66,000
2023	60,000
2024	90,000
2025	30,000
2026	5,000
	\$ 251,000

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.

Multifaith Housing Initiative Notes to Financial Statements

October 31, 2021

11. CMHC Seed Loan Payable

In the previous year, the organization received a seed loan from Canada Mortgage and Housing Corporation (CMHC) in the amount of \$200,000 as preliminary financing towards the costs of the Andy Carswell Building. The loan was repaid upon issuance of external project financing received in the current year.

12. Mortgages and Loans Payable

	2021	2020
Mortgage payable, Infrastructure Ontario, 4.33%, net of amortized refinancing fees of \$11,512, repayable in monthly blended payments of \$7,375, secured by Blake Boulevard property with net book value of \$2,106,556, matures April, 2044.	\$ 1,259,504	\$ 1,291,674
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 \$2,750,000, matures October, 2029.	1,731,590	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 \$21,352,239, convertible to a term mortgage by the earlier of October, 2023, or at the option of the lender.	909,607	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 \$19,245,683, matures November, 2047.	7,204,496	7,368,204
Mortgage payable, Infrastructure Ontario, 3.69%, repayable in monthly blended payments of \$1,149, secured by Haven property with net book value of \$19,245,683, matures February, 2048.	231,680	236,804
	11,336,877	9,574,682
Less: Current portion	(273,602)	(201,018)
	\$ 11,063,275	\$ 9,373,664

Multifaith Housing Initiative Notes to Financial Statements

October 31, 2021

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, 2021, the organization has met these financial covenants.

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

2022	\$	273,602
2023		281,521
2024		289,742
2025		298,275
2026		307,133
Thereafter		<u>9,886,604</u>
	\$	<u>11,336,877</u>

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 in a previous year.

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.

Multifaith Housing Initiative Notes to Financial Statements

October 31, 2021

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>2021</u>	<u>2020</u>
Beginning balance	\$ 11,360,782	\$ 11,683,170
Add: Transfer from deferred contributions towards assets under construction	6,881,624	-
Add: Contributions related to capital assets	2,666,913	-
Less: Amounts amortized to revenue	<u>(441,745)</u>	<u>(322,388)</u>
Ending balance	<u>\$ 20,467,574</u>	<u>\$ 11,360,782</u>

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>2021</u>	<u>2020</u>
Beginning balance	\$ 309,475	\$ 345,884
Less: Amounts amortized to revenue	<u>(36,409)</u>	<u>(36,409)</u>
Ending balance	<u>\$ 273,066</u>	<u>\$ 309,475</u>

Multifaith Housing Initiative Notes to Financial Statements

October 31, 2021

16. Capital Asset Fund

Capital Reserves

	2021			2020
	Blake	Haven	Other	Total
Balance, beginning of year	\$ 12,297	\$ 107,523	\$ 178,181	\$ 298,001
Excess (deficiency) of revenue over expenses for the year	(24,617)	(77,862)	(3,959)	(106,438)
Transfer from unrestricted Interfund transfer	-	-	9,244	9,244
General Fund Appropriation for the year	13,030	41,460	30,810	85,300
	<u>(11,587)</u>	<u>(36,402)</u>	<u>36,095</u>	<u>(11,894)</u>
Balance, end of year	<u>\$ 710</u>	<u>\$ 71,121</u>	<u>\$ 214,276</u>	<u>\$ 286,107</u>

Invested in Tangible Capital Assets

	2021	2020
Balance, beginning of year	\$ 4,967,391	\$ 5,012,490
Deficiency of revenue over expenses for the year	(282,425)	(257,631)
Principal repaid on mortgages payable and promissory notes	410,002	212,532
Balance, end of year	<u>\$ 5,094,968</u>	<u>\$ 4,967,391</u>

17. Donations Revenue

	2021	2020
General	\$ 114,617	\$ 65,690
Capital fund		
Fundraising fund	97,892	125,680
Tulipathon	92,359	70,179
	<u>\$ 304,868</u>	<u>\$ 261,549</u>

Multifaith Housing Initiative Notes to Financial Statements

October 31, 2021

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:

	<u>2021</u>	<u>2020</u>
Somerset Gardens	\$ 611,157	\$ 640,934
Blake House	764,154	828,604
The Haven	8,616,302	8,898,804
The Andy Carswell Building	6,599,221	5,099,221
	<u>\$ 16,590,834</u>	<u>\$ 15,467,563</u>

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 2021 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.

Multifaith Housing Initiative Notes to Financial Statements

October 31, 2021

19. Veterans' House Canada Operations

During the year, the organization began facilitating the operations of Veterans' House Canada / Maison du vétéran Canada, a newly incorporated entity pending charitable status certification. Once charitable status of the new entity is complete, the organization intends to transfer, assign, donate and fund the initiative with specific assets and deferred contributions, loans and mortgages. A summary of revenue and expenses relating to these operations taking place during the year are as follows:

	2021	2020
Revenue		
Interest	\$ 1,279	\$ -
Operating contributions	112,554	-
	\$ 113,833	\$ -
Expenses		
Bank charges and interest	\$ 10	\$ -
Fundraising consultant	94,128	-
Salaries and benefits	4,209	-
Legal	15,486	-
	\$ 113,833	\$ -

In addition to these operations, the organization intends to transfer the operations and property relating to the Andy Carswell building.

20. 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, 2021. 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, 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.

Multifaith Housing Initiative Notes to Financial Statements

October 31, 2021

20. Risks and Concentrations (continued)

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

There have been no changes in the organization's risk exposures from the prior year.

**Multifaith Housing Initiative
Schedule of Rental Operations**

For the year ended October 31, 2021

	Kent Street	Somerset Gardens	Blake Boulevard	The Haven	The Andy Carswell	Total
Revenue						
Gross rents	\$ 46,699	\$ 87,204	\$ 235,254	\$ 1,233,524	\$ 155,408	\$ 1,758,089
Rent subsidies	9,878	36,480	136,113	85,648	56,128	324,247
Support services	-	-	-	-	41,215	41,215
Less internal subsidies	(10,377)	(11,232)	(27,375)	(167,832)	(56,128)	(272,944)
Less vacancy losses	(11,651)	(1,011)	(4,593)	(636)	(1,866)	(19,757)
	34,549	111,441	339,399	1,150,704	194,757	1,830,850
Parking and laundry	550	-	8,203	48,367	2,802	59,922
	35,099	111,441	347,602	1,199,071	197,559	1,890,772
Expenses						
Bad debt	3,940	5,381	6,454	7,190	127	23,092
Condominium fees	-	50,858	-	-	-	50,858
Insurance	1,491	917	4,834	31,468	18,794	57,504
Interest on promissory notes	2,057	3,050	2,058	-	-	7,165
Professional fees	-	-	-	692	-	692
Office	-	-	-	9,345	4,359	13,704
Management fees	6,293	12,586	32,723	77,602	-	129,204
Mortgage interest	523	-	55,520	270,384	8,151	334,578
Municipal taxes	503	6,242	4,900	6,667	-	18,312
Repairs and maintenance	18,483	5,766	64,345	183,608	32,775	304,977
Superintendent	-	-	171	-	-	171
Support services	-	-	-	-	51,318	51,318
Utilities	4,664	-	37,078	111,450	25,775	178,967
	37,954	84,800	208,083	698,406	141,299	1,170,542
Net rental income (loss) before amortization	(2,855)	26,641	139,519	500,665	56,260	720,230
Less amortization of tangible capital assets net of amortization of related deferred contributions related to rental operations	6,506	13,928	32,431	202,322	141,259	396,446
Net rental income (loss)	\$ (9,361)	\$ 12,713	\$ 107,088	\$ 298,343	\$ 197,519	\$ 606,302

Multifaith Housing Initiative
Schedule of Rental Operations (continued)

For the year ended October 31, 2020

	Kent Street	Somerset Gardens	Blake Boulevard	The Haven	The Andy Carswell	Total
Revenue						
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)
	35,933	107,049	337,932	1,099,438	-	1,580,352
Parking and laundry	-	-	7,406	45,506	-	52,912
	35,933	107,049	345,338	1,144,944	-	1,633,264
Expenses						
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
	33,683	73,467	184,421	695,792	-	987,363
Net rental income before amortization	2,250	33,582	160,917	449,152	-	645,901
Less amortization of tangible capital assets net of amortization of related deferred contributions related to rental operations	6,506	13,929	32,431	202,322	-	255,188
Net rental income (loss)	\$ (4,256)	\$ 19,653	\$ 128,486	\$ 246,830	-	\$ 390,713