



Financial Statements

For the year ended October 31, 2022



Multifaith Housing Initiative
Financial Statements
For the year ended October 31, 2022

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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, 2022, 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, 2022, 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, 2023
Ottawa, Ontario


**Multifaith Housing Initiative
Statement of Financial Position**

October 31			2022	2021
	General Fund	Capital Asset Fund	Total	Total
Assets				
Current				
Cash (Note 1)	\$ 544,449	\$ 77,947	\$ 622,396	\$ 1,667,261
Accounts receivable (Note 2)	118,081	20,969	139,050	245,809
Prepaid expenses	25,752	-	25,752	21,672
	688,282	98,916	787,198	1,934,742
Investments (Note 3)	104,259	431,550	535,809	499,213
Assets under construction (Note 4)	-	238,062	238,062	200,603
Tangible capital assets (Note 5)	-	35,721,821	35,721,821	36,581,158
	\$ 792,541	\$ 36,490,349	\$ 37,282,890	\$ 39,215,716

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

October 31			2022			2021
	General Fund	Capital Asset Fund	Total			Total
Liabilities and Fund Balances						
Current						
Bank indebtedness (Note 1)	\$ -	\$ 175,035	\$ 175,035	\$		174,576
Accounts payable and accrued liabilities (Note 6)	291,407	-	291,407			285,356
Deferred contributions (Note 7)	16,508	-	16,508			604,210
Current portion of promissory notes payable (Note 10)	-	116,000	116,000			66,000
Current portion of mortgages and loans payable (Note 12)	-	236,483	236,483			273,602
Due to Veterans' House Canada (Note 8)	322,937	-	322,937			-
Interfund loan (Note 11)	(383,956)	383,956	-			-
	246,896	911,474	1,158,370			1,403,744
Deferred contributions towards assets under construction (Note 9)	-	177,369	177,369			150,000
Promissory notes payable (Note 10)	-	125,000	125,000			185,000
Mortgages and loans payable (Note 12)	-	9,982,576	9,982,576			11,063,275
CEBA loan	-	-	-			30,000
Deferred contributions related to capital assets (Note 13)	-	19,927,024	19,927,024			20,467,574
Deferred contributions assumed from Live Work Play (Note 14)	236,657	-	236,657			273,066
	483,553	31,123,443	31,606,996			33,572,659
Fund Balances						
Capital reserves (Note 15)	-	358,932	358,932			286,107
Internally restricted for invested in tangible capital assets (Note 15)	-	5,007,974	5,007,974			5,094,968
Unrestricted	308,988	-	308,988			261,982
	308,988	5,366,906	5,675,894			5,643,057
	\$ 792,541	\$ 36,490,349	\$ 37,282,890			\$ 39,215,716

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 15)		
	Internally Restricted		Unrestricted	Total 2022	Total 2021	2022	2021
	Capital Fund Reserve	Community Engagement Reserve					
Balance , beginning of year	\$ -	\$ -	\$ 261,982	\$ 261,982	\$ 264,756	\$ 5,381,075	\$ 5,265,392
Excess (deficiency) of revenue over over expenses for the year	-	(185,912)	598,583	412,671	501,772	(379,834)	(388,863)
Invested in capital assets							
Repayments of mortgages payable and promissory notes (Note 15)	-	-	(246,865)	(246,865)	(410,002)	246,865	410,002
Inter-fund transfer (Note 15)	-	185,912	(185,912)	-	(9,244)	-	9,244
Net transfer from Unrestricted to Capital Reserve (Note 15)	-	-	(118,800)	(118,800)	(85,300)	118,800	85,300
Balance , end of year	\$ -	\$ -	\$ 308,988	\$ 308,988	\$ 261,982	\$ 5,366,906	\$ 5,381,075

Multifaith Housing Initiative Statement of Operations

For the year ended October 31

	General Fund				Capital Asset Fund			
	Un-restricted	Community Engagement	Total 2022	Total 2021	Invested in Capital Assets	Capital Reserve	Total 2022	Total 2021
Revenue								
Rental operations (Schedule)	\$ 2,069,813	\$ -	\$ 2,069,813	\$ 1,890,772	\$ -	\$ -	\$ -	\$ -
Summer student contribution	103	-	103	-	-	-	-	-
Other contributions	18,899	-	18,899	48,975	-	-	-	-
Donations (Note 16)	328,907	-	328,907	304,868	-	-	-	-
Interest and investing income (loss)	4,635	-	4,635	8,913	-	(22,616)	(22,616)	(5,594)
Principal membership	8,496	-	8,496	7,389	-	-	-	-
Amortization of deferred contributions assumed from Live Work Play	36,409	-	36,409	36,409	-	-	-	-
Veterans' House Canada	-	-	-	113,833	-	-	-	-
	2,467,262	-	2,467,262	2,411,159	-	(22,616)	(22,616)	(5,594)
Expenses								
Rental operations (Schedule)	1,475,965	-	1,475,965	1,170,940	-	-	-	-
Capital reserve	-	-	-	-	-	47,359	47,359	100,844
Projects	22,725	-	22,725	59,264	-	-	-	-
Insurance	8,166	-	8,166	8,660	-	-	-	-
Marketing and communications	1,092	-	1,092	1,379	-	-	-	-
Fundraising	15,432	-	15,432	58,080	-	-	-	-
Office	78,707	-	78,707	65,615	-	-	-	-
Professional fees	56,573	-	56,573	41,596	-	-	-	-
Salaries and benefits	210,019	185,912	395,931	390,020	-	-	-	-
Veterans' House Canada	-	-	-	113,833	-	-	-	-
	1,868,679	185,912	2,054,591	1,909,387	-	47,359	47,359	100,844
Excess (deficiency) of revenue over expenses before items below	598,583	(185,912)	412,671	501,772	-	(69,975)	(69,975)	(106,438)
Amortization of tangible capital assets	-	-	-	-	(868,823)	-	(868,823)	(724,170)
Amortization of deferred contributions related to tangible capital assets	-	-	-	-	558,964	-	558,964	441,745
Excess (deficiency) of revenue over expenses for the year	\$ 598,583	\$ (185,912)	\$ 412,671	\$ 501,772	\$ (309,859)	\$ (69,975)	\$ (379,834)	\$ (388,863)

Multifaith Housing Initiative Statement of Cash Flows

For the year ended October 31	2022	2021
Cash flows from operating activities		
Excess of revenue over expenses for the year		
General fund	\$ 412,671	\$ 501,772
Capital asset fund	(379,834)	(388,863)
Adjustments for		
Amortization of tangible capital assets	868,823	724,170
Amortization of deferred contributions related to tangible capital assets	(558,964)	(441,745)
Amortization of deferred contributions assumed from Live Work Play	(36,409)	(36,409)
	306,287	358,925
Changes in non-cash working capital items		
Accounts receivables	106,759	793,192
Prepaid expenses	(4,080)	(7,268)
Accounts payable and accrued liabilities	6,050	(2,472,615)
Deferred operating contributions	(587,702)	336,816
	(172,686)	(990,950)
Cash flows from investing activities		
Additions to tangible capital assets	(47,441)	(35,231)
Costs incurred towards assets under construction	496	(2,087,344)
Contributions to investments	(36,595)	(52,355)
	(83,540)	(2,174,930)
Cash flows from financing activities		
Additions to deferred contributions related to capital assets	18,414	2,666,913
Additions to deferred contributions assets under construction	27,369	-
Repayment of CEBA loan	(30,000)	-
Repayment towards promissory notes	(10,000)	(60,000)
Proceeds from issuance of mortgages and loans	-	1,963,197
Repayment of CMHC seed loan	-	(200,000)
Repayments towards mortgages and loans	(1,117,818)	(201,002)
Due to Veterans' House Canada	322,937	-
	(789,098)	4,169,108
Increase (decrease) in cash during the year	(1,045,324)	1,003,228
Cash and equivalents, beginning of year	1,492,685	489,457
Cash and equivalents, end of year	\$ 447,361	\$ 1,492,685
Represented by		
Cash	\$ 622,396	\$ 1,667,261
Bank indebtedness	(175,035)	(174,576)
	\$ 447,361	\$ 1,492,685

Multifaith Housing Initiative Summary of Significant Accounting Policies

October 31, 2022

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 arm's length 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, and mortgages and loans payable.</p>

Multifaith Housing Initiative Summary of Significant Accounting Policies

October 31, 2022

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, 2022

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 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, 2022

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, 2022

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 \$175,035 (2021 - \$174,576). Subsequent to year end, the credit facility was paid in full.

2. Accounts Receivable

	General Fund	Capital Asset Fund	2022	2021
Tenant receivables	\$ 81,745	\$ -	\$ 81,745	\$ 57,745
HST receivable	36,336	-	36,336	29,420
Grants receivable	-	20,969	20,969	7,369
City of Ottawa	-	-	-	151,275
	\$ 118,081	\$ 20,969	\$ 139,050	\$ 245,809

Tenant receivables is net of \$46,252 (2021 - \$31,327) of an allowance for doubtful accounts.

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 \$204,739 (2021 - \$173,292). 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 (2021 - \$104,259), earning interest at 1.85% (2021 - 0.85%) per annum and maturing in September 2023.

Term deposits, held with Alterna credit union totalling \$226,811 (2021 - \$221,662), earning interest at 2.55% - 3.40% (2021 - 0.55%) per annum and maturing in June and July 2023. 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, 2022

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.

	2022		2021	
Julian of Norwich	\$	196,436	\$	192,396
Dream LeBreton		41,626		8,207
	\$	238,062	\$	200,603

As presented in Note 9, the organization has deferred contributions towards these assets under construction in the amount of \$177,369 (2021 - \$150,000) 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

	2022			2021		
	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	112,775	147,475	260,250	106,269	153,981
Somerset Gardens						
Condominiums	1,570,286	563,637	1,006,649	1,570,286	524,380	1,045,906
Blake House						
Land	540,296	-	540,296	540,296	-	540,296
Building	1,650,864	590,501	1,060,363	1,650,864	549,229	1,101,635
Unit conversions	273,101	86,899	186,202	273,101	80,071	193,030
Renovations	334,271	71,033	263,238	334,271	62,676	271,595
The Haven						
Land	2,364,440	-	2,364,440	2,364,440	-	2,364,440
Building	19,014,264	2,613,072	16,401,192	19,014,264	2,137,716	16,876,548
Furniture	8,536	4,695	3,841	8,536	3,841	4,695
The Andy Carswell						
Building						
Land	2,750,000	-	2,750,000	2,750,000	-	2,750,000
Building	11,298,541	423,695	10,874,846	11,300,681	141,259	11,159,422
Office equipment	14,917	3,050	11,867	3,292	2,140	1,152
Leasehold improvements	41,532	16,870	24,662	41,532	9,824	31,708
	\$ 40,208,048	\$ 4,486,227	\$ 35,721,821	\$ 40,198,563	\$ 3,617,405	\$ 36,581,158

Multifaith Housing Initiative Notes to Financial Statements

October 31, 2022

6. Accounts Payable and Accrued Liabilities

	General Fund	Capital Asset Fund	2022		2021	
Trade payables	\$ 124,463	\$ -	\$ 124,463	\$ 140,674		
Advance						
Municipal subsidies	20,431	-	20,431		21,788	
Government remittances payable	13,392	-	13,392		8,225	
HST payable	7,190	-	7,190		-	
Accrued mortgage interest	10,661	-	10,661		11,543	
Last months rent	115,270	-	115,270		103,126	
	\$ 291,407	\$ -	\$ 291,407	\$ 285,356		

7. Deferred Contributions

Deferred contributions represent externally restricted contributions received for the use towards general operating or capital expenses. Changes during the year are as follows:

	Opening Balance	Received	Recognized or Transferred	Ending Balance	2021	
Veterans' House Canada	\$ 578,859	\$ -	\$ (578,859)	\$ -	\$ 578,859	
Other	25,351	2,000	(10,843)	16,508	25,351	
	\$ 604,210	\$ 2,000	\$ (589,702)	\$ 16,508	\$ 604,210	

8. Due to Veterans' House Canada

Veterans' House Canada is an organization under common management. The balance due to Veterans' House Canada has no interest and has no specific terms of repayment.

During the year, Multifaith Housing Initiative allocated \$66,629 in salaries to Veterans' House Canada for time related to the operation of Veterans' House Canada. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the organizations.

Multifaith Housing Initiative Notes to Financial Statements

October 31, 2022

9. 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:

	2022	2021
Balance, beginning of year	\$ 150,000	\$ 7,031,624
Add: Contributions received during the year	27,369	-
Less: Transfer to deferred contributions related to capital assets	-	(6,881,624)
	\$ 177,369	\$ 150,000

10. Promissory Notes Payable

	2022	2021
Notes payable	\$ 241,000	\$ 251,000
Less: Current portion	(116,000)	(66,000)
	\$ 125,000	\$ 185,000

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 2023 to 2026.

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

2023		\$ 116,000	
2024		90,000	
2025		30,000	
2026		5,000	
		\$ 241,000	

11. Interfund Loan

Interfund loan represents the transfer of funds between the general fund and the capital asset fund for operating, financing and investment purposes. The advances do not have any specific terms of repayment and are interest free.

Multifaith Housing Initiative Notes to Financial Statements

October 31, 2022

12. Mortgages and Loans Payable

	2022	2021
Mortgage payable, Infrastructure Ontario, 4.33%, net of amortized refinancing fees of \$10,989, repayable in monthly blended payments of \$7,375, secured by Blake Boulevard property with net book value of \$2,050,099, matures April 2044.	\$ 1,225,889	\$ 1,259,504
Canadian Mortgage Housing Corporation, 0.74%, repayable in blended monthly payments of \$3,451 effective March 2023. Secured by the Andy Carswell Land and Building with a current net book value of \$2,750,000, matures January 2030.	1,731,590	1,731,590
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 \$20,819,572, convertible to a term mortgage by the earlier of October 2023, or at the option of the lender.	-	909,607
Mortgage payable, Infrastructure Ontario, 3.60%, repayable in monthly blended payments of \$35,523, secured by Haven property with net book value of \$18,769,473, matures November 2047.	7,034,796	7,204,496
Mortgage payable, Infrastructure Ontario, 3.69%, repayable in monthly blended payments of \$1,149, secured by Haven property with net book value of \$18,769,473, matures February 2048.	226,784	231,680
	10,219,059	11,336,877
Less: Current portion	(236,483)	(273,602)
	\$ 9,982,576	\$ 11,063,275

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 debt service coverage of 1.15 and a property specific debt service coverage 1.20. As at October 31, 2022, the organization has met these financial covenants.

Multifaith Housing Initiative Notes to Financial Statements

October 31, 2022

12. Mortgages and Loans Payable (continued)

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

2023	\$	236,483
2024		253,642
2025		262,407
2026		271,472
2027		280,885
Thereafter		<u>8,914,170</u>
		<u>\$ 10,219,059</u>

13. 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:

	2022	2021
Beginning balance	\$ 20,467,574	\$ 11,360,782
Add: Transfer from deferred contributions towards assets under construction	-	6,881,624
Add: Contributions related to capital assets	18,414	2,666,913
Less: Amounts amortized to revenue	(558,964)	(441,745)
Ending balance	\$ 19,927,024	\$ 20,467,574

14. 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.

	2022	2021
Beginning balance	\$ 273,066	\$ 309,475
Less: Amounts amortized to revenue	(36,409)	(36,409)
Ending balance	\$ 236,657	\$ 273,066

Multifaith Housing Initiative Notes to Financial Statements

October 31, 2022

15. Capital Asset Fund

Capital Reserves

	2022			2021	
	Blake	Haven	Other	Total	Total
Balance, beginning of year	\$ 710	\$ 71,121	\$ 238,276	\$ 310,107	\$ 298,001
Excess (deficiency) of revenue over expenses for the year	(14,648)	(48,899)	(6,428)	(69,975)	(106,438)
Transfer from unrestricted Interfund transfer	-	-	-	-	9,244
General Fund Appropriation for the year	22,800	66,400	29,600	118,800	85,300
	8,152	17,501	23,172	48,825	(11,894)
Balance, end of year	\$ 8,862	\$ 88,622	\$ 261,448	\$ 358,932	\$ 286,107

Invested in Tangible Capital Assets

	2022		2021	
Balance, beginning of year	\$ 5,094,968		\$ 4,967,391	
Deficiency of revenue over expenses for the year	(333,859)		(282,425)	
Principal repaid on mortgages payable and promissory notes	246,865		410,002	
Balance, end of year	\$ 5,007,974		\$ 5,094,968	

16. Donations Revenue

	2022		2021	
General	\$ 207,379		\$ 114,617	
Capital fund	-		97,892	
Tulipathon	121,528		92,359	
	\$ 328,907		\$ 304,868	

Multifaith Housing Initiative Notes to Financial Statements

October 31, 2022

17. 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>2022</u>	<u>2021</u>
Somerset Gardens	\$ 581,380	\$ 611,157
Blake House	448,437	764,154
The Haven	8,333,801	8,616,302
The Andy Carswell Building	6,033,010	6,599,221
	<u>\$ 15,396,628</u>	<u>\$ 16,590,834</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 2022 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.

18. 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, 2022. 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, mortgages and loans payable.

Multifaith Housing Initiative Notes to Financial Statements

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18. Risks and Concentrations (continued)

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

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

19. Comparative Amounts

In certain instances, 2021 amounts presented for comparative purposes have been restated to conform to the financial statement presentation adopted for the current year.

Multifaith Housing Initiative Schedule of Rental Operations

For the year ended October 31, 2022

	Kent Street	Somerset Gardens	Blake Boulevard	The Haven	The Andy Carswell	Total
Revenue						
Gross rents	\$ 56,592	\$ 87,514	\$ 246,055	\$ 1,234,871	\$ 420,602	\$ 2,045,634
Rent subsidies	-	36,170	125,335	93,931	20,850	276,286
Support services	-	-	-	-	107,430	107,430
Less internal subsidies	(9,492)	(11,232)	(23,122)	(160,440)	(144,067)	(348,353)
Less vacancy losses	(33,353)	-	(1,866)	(20,816)	(17,718)	(73,753)
	13,747	112,452	346,402	1,147,546	387,097	2,007,244
Parking and laundry	-	-	4,046	46,171	12,352	62,569
	13,747	112,452	350,448	1,193,717	399,449	2,069,813
Expenses						
Bad debt	-	(1,011)	523	1,907	13,702	15,121
Condominium fees	-	52,167	-	-	-	52,167
Insurance	2,094	1,447	7,179	33,085	19,410	63,215
Interest on promissory notes	-	-	5,555	-	-	5,555
Professional fees	-	-	431	92	10,847	11,370
Office	-	-	-	9,400	38,751	48,151
Management fees	6,591	13,189	34,516	82,411	39,581	176,288
Mortgage interest	523	-	54,301	265,327	21,072	341,223
Municipal taxes	599	6,572	5,247	7,455	-	19,873
Repairs and maintenance	15,527	6,184	76,148	236,578	76,755	411,192
Support services	-	-	-	-	111,735	111,735
Utilities	5,672	-	46,244	124,563	43,596	220,075
	31,006	78,548	230,144	760,818	375,449	1,475,965
Net rental income (loss) before amortization	(17,259)	33,904	120,304	432,899	24,000	593,848
Less amortization of tangible capital assets net of amortization of related deferred contributions related to rental operations	6,506	16,757	32,431	202,322	43,033	301,049
Net rental income (loss)	\$ (23,765)	\$ 17,147	\$ 87,873	\$ 230,577	(19,033)	\$ 292,799

Multifaith Housing Initiative
Schedule of Rental Operations (continued)

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	30,015	18,794	56,051
Interest on promissory notes	2,057	3,050	2,058	-	-	7,165
Professional fees	-	-	-	692	-	692
Office	-	-	-	9,345	4,757	14,102
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	19,936	5,766	64,345	183,608	32,775	306,430
Superintendent	-	-	171	-	-	171
Support services	-	-	-	-	51,318	51,318
Utilities	4,664	-	37,078	111,450	25,775	178,967
	39,407	84,800	208,083	696,953	141,697	1,170,940
Net rental income before amortization	(4,308)	26,641	139,519	502,118	55,862	719,832
Less amortization of tangible capital assets net of amortization of related deferred contributions	6,506	13,928	32,431	202,322	21,902	277,089
Net rental income (loss)	\$ (10,814)	\$ 12,713	\$ 107,088	\$ 299,796	33,960	\$ 442,743