

Onward Homes Society

Financial Statements

March 31, 2024



Independent auditor's report

To the Board of Directors of Onward Homes Society

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Onward Homes Society (the Society) as at March 31, 2024 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Society's financial statements comprise:

- the statement of financial position as at March 31, 2024;
- the statement of operations and changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

PricewaterhouseCoopers LLP
Suncor Energy Centre, 111 5th Avenue South West, Suite 3100, Calgary, Alberta, Canada T2P 5L3
T.: +1 403 509 7500, F.: +1 403 781 1825, Fax to mail: ca_calgary_main_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



In preparing the financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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.

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 Society'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 Society'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 Society 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
October 2, 2024

Onward Homes Society
Statement of Financial Position
For the year ended March 31, 2024

	2024 \$	2023 \$
Assets		
Current		
Cash	13,152,660	12,483,006
Restricted cash (note 4)	2,024,826	1,423,555
Short-term investment	5,524,999	8,804,411
Subsidy and miscellaneous receivables	4,685,682	451,833
Prepaid expenses	979,065	988,437
	<u>26,367,232</u>	<u>24,151,242</u>
Intangible assets (note 7)	5,226	7,633
Capital assets (note 6)	<u>141,597,078</u>	<u>134,533,327</u>
	<u>167,969,536</u>	<u>158,692,202</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	2,418,556	3,101,599
Holdback payable	248,016	-
Unearned revenue	215,830	103,901
Security deposits payable	822,723	718,038
Due to related parties (note 10)	1,188,227	684,070
Long-term debt – current portion (note 8)	<u>3,502,273</u>	<u>1,287,936</u>
	8,395,625	5,895,544
Long-term debt (note 8)	60,876,603	58,524,120
Deferred contributions (note 9)	<u>885,398</u>	<u>344,111</u>
	<u>70,157,626</u>	<u>64,763,775</u>
Fund balances		
Unrestricted	4,742,431	(305,533)
Invested in capital assets	80,594,917	76,743,792
Internally restricted (note 13)	9,418,476	14,079,825
Externally restricted (note 14)	<u>3,056,086</u>	<u>3,410,342</u>
	<u>97,811,910</u>	<u>93,928,427</u>
	<u>167,969,536</u>	<u>158,692,202</u>
Commitments (note 18)		

The accompanying notes are an integral part of these financial statements.

Onward Homes Society

Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2024

	General Fund \$	Capital Fund \$	Acquisition & Development Fund \$	2024 \$	2023 \$
Revenue					
Rental	12,772,150	-	-	12,772,150	11,416,990
Subsidy and government grants (note 15)	5,191,593	29,334	-	5,220,927	699,406
Grants, donations and fundraising	-	278,187	318,874	597,061	592,094
Forgiveness of debt	-	-	-	-	10,360
Other	301,572	-	1,291,185	1,592,757	2,470,349
Loss on sale of contributed property	-	(50,000)	-	(50,000)	-
Interest	749,016	-	181,585	930,601	598,436
				21,063,496	15,787,635
Interest expense funded by CMHC	35,803	-	-	35,803	35,803
	19,050,134	257,521	1,791,644	21,099,299	15,823,438
Expenditures					
Amortization	-	5,606,551	-	5,606,551	5,499,620
Bad debts	68,575	-	-	68,575	44,803
Insurance	518,912	-	103,831	622,743	461,819
Interest on long-term debt	1,135,520	-	-	1,135,520	940,694
Office and administration	982,512	-	-	982,512	1,521,808
Property taxes	27,809	-	-	27,809	93,903
Repairs and replacements	1,950,361	-	-	1,950,361	2,908,621
Salaries and employee benefits	4,495,312	-	-	4,495,312	3,697,716
Utilities	2,311,816	-	-	2,311,816	2,714,414
A&D Expenses	-	-	150,025	150,025	-
Overhead allocation to Horizon West	(509,359)	-	-	(509,359)	(498,277)
	10,981,458	5,606,551	253,856	16,841,864	17,385,121
Excess of revenue over expenditures	8,068,678	(5,349,030)	1,537,787	4,257,435	(1,561,683)
Fund balances – Beginning of year	4,546,156	76,743,792	12,638,479	93,928,427	95,490,110
Interfund transfer – fixed asset additions	-	12,667,892	(12,667,892)	-	-
Interfund transfer – repayment of long-term debt	(2,497,042)	2,497,042	-	-	-
Interfund transfer – internally restricted transfer	-	-	-	-	-
Interfund transfer – loan proceeds	-	(5,964,780)	5,964,780	-	-
Reclassification	(373,952)	-	-	(373,952)	-
Fund balances – End of year	9,743,840	80,594,917	7,473,154	97,811,910	93,928,427

Onward Homes Society

Statement of Cash Flows

For the year ended March 31, 2024

	2024 \$	2023 \$
Operating activities		
Excess of revenue over expenditures for the year (General Fund and Acquisition & Development Fund)	4,257,435	(1,561,683)
Items not affecting cash		
Amortization of intangible assets	2,406	2,406
Amortization of capital assets	5,604,145	5,499,620
	9,863,986	3,940,343
Changes in non-cash operating items		
Subsidy and miscellaneous receivables	(4,233,849)	115,895
Prepaid expenses	9,372	(428,298)
Due to (from) Horizon West	504,157	(404,244)
Accounts payable and accrued liabilities	(683,043)	652,491
Additions to deferred contributions (note 9)	541,286	(80,285)
Unearned revenue	111,929	(11,827)
Security deposits payable	104,686	107,083
Reclassification from surplus	(103,800)	-
Payment to Government of Alberta	(270,152)	-
	5,844,572	3,891,158
Financing activities		
Proceeds from development loans and construction financing	5,905,985	11,817,999
Repayment of debt	(1,339,167)	(3,500,000)
	4,566,818	8,317,999
Investing activities		
Purchase of investments	(103,800)	(3,988,396)
Redemption of matured investments	3,383,212	1,000,000
Purchase of capital assets	(12,667,893)	(3,836,295)
Changes in holdback payable	248,016	(1,039,545)
Additions to restricted cash	(601,271)	(81,625)
	(9,741,736)	(7,945,861)
Increase in cash during the year	669,654	4,263,296
Cash – Beginning of year	12,483,006	8,219,710
Cash – End of year	13,152,660	12,483,006

The accompanying notes are an integral part of these financial statements.

Onward Homes Society

Notes to Financial Statements

March 31, 2024

1 Basis of operations

Onward Homes Society (Onward) was incorporated under the Societies Act of Alberta. Onward was granted charitable status in April 1998, which exempts Onward from being subject to income taxes under Section 149 (1)(f) of the Income Tax Act of Canada. Onward acquires land and buildings for the purpose of providing affordable, integrated and supported homes. Onward serves tenants with a variety of vulnerabilities including people experiencing mental health challenges and other special needs.

2 Significant accounting policies

The financial statements of Onward have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) except for the specific policies and practices as outlined by Canada Mortgage and Housing Corporation (CMHC) and Alberta Seniors and Housing (AS), which require that certain properties are amortized at a rate equal to the annual principal reduction of the related mortgages.

Use of estimates

The preparation of financial statements in conformity with ASNPO 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 revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant.

Fund accounting

Onward follows the restricted fund method for accounting for contributions. Onward maintains the following Funds:

- The General Fund contains the assets, liabilities, revenue and expenses related to Onward's operating activities. This fund comprises both internally and externally restricted replacement and operating reserves (notes 13 and 14).
- The Capital Fund contains the assets, liabilities, revenue and expenses related to Onward's capital assets.
- The Acquisition & Development Fund contains the assets, liabilities, revenues and expenses related to new initiatives of Onward. This fund comprises both internally and externally restricted building reserves (notes 13 and 14).

Onward Homes Society

Notes to Financial Statements

March 31, 2024

Revenue recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund when received or if no restricted fund exists, they are recognized as revenue of the General Fund when the related expenditures are incurred. Unrestricted contributions are recognized as revenue of the General Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from rental of the properties, including subsidies, is recognized in the period earned, on a pro rata basis over the lease term in the General Fund.

Contributed assets, materials and services

Contributed assets are recorded at fair value at the date of contribution when fair value can be reasonably estimated. Contributed materials and services are recorded at fair value at the date of the donation only when the fair value can be reasonably estimated and when the materials and services are used in the normal course of Onward's operations and would otherwise have been purchased. The value of contributed assets, materials and services recognized in the financial statements in 2024 is \$205,00 (2023 – \$nil).

Capital assets

Capital assets are recorded at cost less accumulated amortization and any provision for impairment. The cost for contributed capital assets is considered to be fair value at the date of contribution. The cost of capital assets made up of significant separable component parts is allocated to the component parts when practicable and when estimates can be made of the estimated useful lives of the separate components.

Capital assets are tested for impairment when conditions indicate that a capital asset no longer contributes to Onward's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. When conditions indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the asset's fair value or replacement cost. The write-down of capital assets are recognized as expenses in the statement of operations and changes in fund balances.

Write-downs are not subsequently reversed.

Properties that are under the agreement with CMHC and AS, which include buildings and furniture and fixtures, are recorded at cost and are amortized at a rate equal to the annual principal reduction of the related mortgages as specified under agreements with CMHC and AS.

Capital improvements funded by Residential Rehabilitation Assistance Program loans are amortized on a 4% straight-line basis.

Onward Homes Society

Notes to Financial Statements

March 31, 2024

Capital assets that are not under the agreement with CMHC are recorded at cost and are amortized over their estimated useful life as follows:

Building	4% declining balance
Building envelope	2.5% straight line
Building elevators and mechanical	2.5% straight line
Building doors and windows	5% straight line
Building finishes	10% straight line
Furniture and fixtures	20% straight line
Computer equipment	33% straight line

Interest costs related to the financing of the construction of capital assets are capitalized until the assets are placed in service. Once the assets are in service, interest costs are amortized based on the estimated useful life of the corresponding assets.

Intangible assets

Intangible asset consists of costs to purchase and implement a property management software system and is recorded at cost less accumulated amortization. Amortization is recorded over the estimated useful life of ten years on a straight-line basis.

Intangible assets are tested for impairment when conditions indicate that the intangible asset no longer contributes to Onward’s ability to provide goods and services, or that the value of future economic benefits or service potential associated with the intangible asset is less than its net carrying amount. When conditions indicate that an intangible asset is impaired, the net carrying amount of the intangible asset is written down to the asset’s fair value or replacement cost. The write-down of intangible assets are recognized as expenses in the statement of operations and changes in fund balances.

Writedowns are not subsequently reversed.

Allocated expenditures

In the course of its operations, management allocates certain expenditures between Onward and Horizon West Housing Society (Horizon West) on the basis of its best estimates of the utilization of staff and services. The method of allocation is consistent with prior years.

Cash

Cash consists of cash on hand and bank balances. Restricted cash is held for replacement reserves and tenant security deposits (note 4).

Onward Homes Society

Notes to Financial Statements

March 31, 2024

Financial instruments

Onward initially measures financial assets and financial liabilities at their fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost. The financial assets subsequently measured at amortized cost include cash, restricted cash, investments, subsidy, miscellaneous receivables and due from Horizon West. The financial liabilities measured at amortized cost include accounts payable, interest payable, subsidies payable, security deposit payables, accrued liabilities and long-term debt.

Investments consist of guaranteed investment certificates with various financial institutions. Investments are carried at cost with accrued interest recognized directly in the statement of operations and changes in fund balances as interest income. Investments with maturity within one year have been classified as short-term investments. Some of the guaranteed investment certificates are cashable prior to their maturity date and, in some cases, are subject to an interest penalty. The Society holds investments with effective interest rates ranging from 2.25% to 4.70%

3 Combination

On November 15, 2022, Onward Society ("Horizon") and Forward Housing Association ("Forward") entered into an agreement to combine their operations. The combination has been accounted for as a merger in accordance with Section 4449, *Combinations by Not-for-Profit Organizations* of Canadian Accounting Standards for Not-for-Profit Organizations.

On June 14, 2023 Horizon Housing Society registered a name change under the Societies Act to operate as Onward Homes Society.

Both Horizon and Forward were not-for-profit organizations whose primary purpose was to provide affordable housing for vulnerable people living on low incomes in Calgary. The primary reason for the combination was to consolidate and streamline the operations and increase capability to provide affordable housing in Calgary.

The results of operations for the year ended March 31, 2023 are aggregated from the period from April 1, 2022 to November 15, 2022 for affordable housing and October 31, 2022 for the housing managed buildings of the two entities when they were operating independently and the results of the combined organization or Society from the period November 16, 2022 to March 31, 2023. The prior year comparative figures show the aggregated results of the two entities when they were operating independently.

As a result of the merger, an adjustment was made to the financial position and results of operations of Forward to align its accounting policies with those of Horizon with respect to fund accounting and the depreciation methods for the two buildings Forward owned at the time of combination.

Onward Homes Society

Notes to Financial Statements

March 31, 2024

4 Restricted cash

Restricted cash includes the following:

	2024 \$	2023 \$
Externally restricted replacement reserve	1,497,704	863,807
Tenant security deposits	527,122	538,398
	<u>2,024,826</u>	<u>1,402,205</u>

5 CMHC assistance and ASCSS assistance

During the year, Onward obtained financial assistance from Canada Mortgage and Housing Corporation (CMHC) and Alberta Seniors, Community and Social Services (ASCSS), directly relating to certain properties that have operating agreements with these entities. In any year that Onward has revenue in excess of expenses relating to these certain properties, it may be asked to refund the excess on a project-by-project basis. Management estimates subsidies due to CMHC and ASCSS with reference to formulae prescribed by the relevant funder. Subsidies payable at year-end include \$nil (2023 – \$nil) for Horizon 14. The estimated subsidy repayable is recorded against the subsidy revenue received during the year.

6 Capital assets

	2024		
	Cost \$	Accumulated amortization \$	Net \$
Land	32,107,865	-	32,107,865
Building	92,871,553	24,415,493	68,456,060
Building envelope	10,878,223	1,191,162	9,687,061
Building elevators and mechanical	21,605,689	2,564,637	19,041,052
Building doors and windows	3,692,127	811,598	2,880,529
Building finishes	13,264,465	4,581,644	8,682,821
Furniture and fixtures	3,430,287	2,780,019	650,268
Computer equipment	227,863	136,441	91,422
	<u>178,078,072</u>	<u>36,480,994</u>	<u>141,597,078</u>

Onward Homes Society

Notes to Financial Statements

March 31, 2024

	2023		
	Cost \$	Accumulated amortization \$	Net \$
Land	28,581,285	-	28,581,285
Building	85,694,213	21,744,496	63,949,717
Building envelope	10,376,483	902,616	9,473,867
Building elevators and mechanical	20,799,713	1,995,250	18,804,463
Building doors and windows	3,528,127	609,921	2,918,206
Building finishes	12,772,465	3,360,298	9,412,167
Furniture and fixtures	3,195,746	1,939,254	1,256,492
Computer equipment	227,862	90,731	137,131
	165,175,894	30,642,567	134,533,327

Included in building are costs of \$5,063,198 (2023 – \$1,032,635) related to the construction of Onward's new developments, which are not subject to amortization.

7 Intangible assets

	2024		2023
	Cost \$	Accumulated amortization \$	Net \$
Property management software	24,065	18,839	5,226
			7,633

Onward Homes Society

Notes to Financial Statements

March 31, 2024

8 Long-term liabilities

A summary of Onward's outstanding liabilities are as follows:

Long-term debt

Property	Interest rate	Mortgage held with	Monthly instalment amount (including interest) \$	Remaining amortization period	Renewal/maturity date	2024 \$	2023 \$
Horizon 14	9.88%	CMHC	14,826	14 years 10 months	May 2039	759,439	907,662
Albert House	2.51%	CMHC	877	3 years 10 months	February 2028	39,235	48,694
Keith House	0.80%	CMHC	494	5 years 8 months	May 2025	32,820	38,549
Horizon on 8th	1.59%	Peoples Trust	9,431	17 years 9 months	June 2026	1,663,971	1,750,035
Miner House	-	CMHA	-	-	-	40,000	40,000
Heritage Gardens	3.88%	TD	19,823	13 years 8 months	May 2025	2,394,145	2,536,606
Heritage Gardens	-	CHMC	-	-	-	70,799	-
Horizon View	2.06%	CMHC	50,532	26 years 5 months	December 2027	12,372,871	12,720,257
Triwood	2.04%	Peoples Trust	9,723	26 years 10 months	March 2031	2,419,230	2,486,151
Elan	3.10%	Coast Capital	22,213	37 years 2 months	June 2027	5,986,134	6,066,444
Pineridge	0.75%	CMHC	4,830	46 years 7 months	November 2030	14,880,134	15,025,000
Bishop's Manor	0.62%	CMHC	31,014	48 years 7 months	July 2030	15,702,796	15,976,586
Columbus Place	3.21%	RBC	9,974	29 years 9 month	January 2024	2,350,959	2,369,530
Place Cam Helene	4.20%	King Sett	24,465	10 years 1 month	March 2034	5,957,230	-
						64,669,763	59,965,514
Current portion, development loans						127,460	-
Transaction and financing fees						(418,348)	(153,459)
						64,378,875	59,812,055
Less: Current portion, net of transactions and financing fees						(3,502,273)	(1,287,935)
						60,876,602	58,524,120

Long-term debt amount due to Calgary Mental Health Association for Miner House is non-interest bearing with no repayment terms. If the amount was in default, then interest would accrue at 8%.

All properties related to following have been pledged as collateral for the above loans having a net book value of \$63,208,959 (2023 – \$65,297,396).

- Horizon 14
- Albert House
- Keith House
- Horizon on 8th
- Heritage Gardens
- Horizon View
- Triwood
- Horizon Ridge

Onward Homes Society

Notes to Financial Statements

March 31, 2024

Principal repayments required under the terms of the above mortgages and loans are as follows:

	\$
2025	3,502,273
2026	1,385,394
2027	1,652,463
Future years	<u>58,129,633</u>
	<u>64,669,763</u>

Forgivable loans

In the past, Onward completed repairs to Horizon Park and Horizon 14 and completed capital upgrades to Hamilton House, all of which were financed through Residential Rehabilitation Assistance Program and other forgivable loans as follows:

	<u>2024</u>		<u>2023</u>
	<u>Original loan</u>	<u>Forgiven in</u>	<u>Unforgiven</u>
	<u>\$</u>	<u>current year</u>	<u>balance</u>
		<u>\$</u>	<u>\$</u>
Horizon 14	283,093	6,794	-
Hamilton House	128,000	-	6,794
	<u>411,093</u>	<u>6,794</u>	<u>-</u>
			<u>6,794</u>

As long as Onward continues to rent the number of assisted rental units to tenants at or below the established income threshold, the loans will continue to be forgiven to maturity. If Onward increases the rent, sells or transfers the property during the period of the loans, CMHC must be informed immediately and a portion or the total outstanding balance of the loans including the unearned forgivable portion, plus interest, will become due and payable.

Development loans

In 2017, Onward received loans of \$127,460 for the development of new housing projects. The loans are non-interest bearing and payable when the proposed housing project proceeds with a commitment for capital financing. Based on the affordability of the proposed project, up to 35% of the loan may be forgiven.

	\$
Current portion	<u>127,460</u>

Onward Homes Society

Notes to Financial Statements

March 31, 2024

9 Deferred contributions

Deferred contributions represent externally restricted amounts received that have not yet been spent.

	2024 \$	2023 \$
Beginning balance	344,111	424,396
Contributions received in the year	782,226	239,378
Contributions recognized in the year	(240,939)	(319,663)
Ending balance	885,398	344,111

10 Related party transactions

Onward and Horizon West have the same Board of Directors and are under common management. Horizon West was incorporated on March 25, 1998 under the Societies Act of Alberta and commenced operations on August 1, 1998. Horizon West is a registered not-for-profit organization and is exempt from taxes under Section 149 (1)(l) of the Income Tax Act of Canada. Horizon West acquires land and buildings for the purpose of providing appropriate homes in an integrated environment for people with mental health challenges or other special needs.

Onward and Horizon West have changed the presentation of overhead expenses that are allocated to Horizon West each year. In previous fiscal years, allocated overhead expenses were included within the individual expense lines of Horizon West and removed from the individual expense lines of Onward.

Horizon West has not been consolidated in Onward's financial statements. The following is condensed financial information included in the financial statements of Horizon West as at March 31, 2024. These financial statements were prepared using the same accounting policies as Onward.

	2024 \$	2023 \$
Financial position		
Total assets	4,152,302	3,693,481
Total liabilities	236,289	380,734
Total fund balances	3,916,013	3,312,747
	4,152,302	3,693,481

Onward Homes Society

Notes to Financial Statements

March 31, 2024

Results of operations		
Revenue	1,651,850	1,481,816
Expenditures	(1,045,375)	(1,306,444)
Excess of revenue over expenditures	606,475	175,372
Cash flows		
Increase in cash from operating activities	27,468	744,195
Decrease in cash from investing activities	(187,692)	(87,345)
Decrease in cash from financing activities	(65,922)	(63,860)
(Decrease) increase in cash during the year	(226,146)	592,990

During the year ended March 31, 2024, Horizon West was allocated \$509,359 (2023 – \$498,277) by Onward for office and administration and salaries and benefits expenses. These charges were incurred in the normal course of operations and have been recognized as a reduction to Onward's expenses as follows:

	2024	2023
	\$	\$
Overhead allocation to Horizon West	509,359	498,277

Amounts owing to related parties

	2024
	\$
Horizon West	1,179,792
Other related parties	8,435
	<u>1,188,227</u>

The balances due from related parties are non-interest bearing and unsecured and have no set terms of repayment.

11 Goods and services tax

Onward is designated a municipality pursuant to subsection 259(1) of the Excise Tax Act in respect of its housing units in a housing project that are supplied to tenants on a rent-geared-to-income basis. As such, Onward is eligible for a 100% rebate of the GST for property and services that related to its municipal activities in respect of which tax became payable on or after February 1, 2004.

Onward Homes Society

Notes to Financial Statements

March 31, 2024

GST is accounted for as follows:

a) Charitable portion

- One half of the GST paid (non-refundable portion) is recorded in the individual expense accounts where the original expenditure is recorded; and
- One half of the GST paid (refundable portion) is recorded in the GST recoverable amount and is included in subsidy and miscellaneous receivables for financial statement purposes.

b) Municipality portion

- All GST paid for the municipal portion may be claimed as an input tax credit.

12 Financial instruments

Onward holds various forms of financial instruments as disclosed in note 2. The nature of these instruments and its operations expose Onward to risks as follows.

Interest rate risk

Onward is exposed to interest rate risk at the renewal of its fixed rate borrowings. At March 31, 2024, Onward had fixed interest rates on its long-term obligations at effective rates of 0.80% to 9.88% (2023 – 0.80% to 9.88%). Onward also has a non-interest-bearing mortgage with interest calculated at 8% in the event of default.

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. Onward does not consider that it is exposed to undue credit risk.

Liquidity risk

Liquidity risk is the risk that Onward will not be able to meet its financial obligations as they become due. Onward's approach to managing liquidity risk is to ensure that it receives sufficient revenues to meet debt obligations. Onward continues to meet its contractual obligations within normal payment terms and Onward's exposure to credit risk remains largely unchanged.

13 Internally restricted fund balances

a) Replacement reserve

Internally restricted replacement reserve – a replacement reserve has been established by the Board of Directors to facilitate the repair or replacement of major building components as approved by the Board of Directors as follows:

Onward Homes Society

Notes to Financial Statements

March 31, 2024

	2024 \$	2023 \$
Balance – Beginning of year	3,668,840	3,533,194
Internally restricted by the Board of Directors during the year	710,380	685,381
Transfer from externally restricted replacement reserve		
Capital expenditures	(206,404)	(549,735)
Balance – End of year	4,172,816	3,668,840

b) Acquisition and development reserve

Internally restricted acquisition and development reserve – a reserve has been established by the Board of Directors and is determined on the basis of revenues generated from non-funded activities. The reserve will be used to fund the acquisition and development of new residential projects as determined by the Board of Directors.

	2024 \$	2023 \$
Balance – Beginning of year	10,100,617	6,084,184
Internally restricted by the Board of Directors during the year	7,502,567	4,016,433
Utilized	(12,667,892)	-
Balance – End of year	4,935,292	10,100,617

c) Operating reserve

Internally restricted operating reserve – an operating reserve has been established by the Board of Directors to provide a cushion against future unexpected cash flow shortages, expenses or losses.

	2024 \$	2023 \$
Balance – Beginning of year	310,368	310,368
Additions – internally restricted by the Board of Directors	-	-
Balance – End of year	310,368	310,368
Total internally restricted fund balances	9,418,476	14,079,825

14 Externally restricted fund balances

a) Replacement reserve

Externally restricted replacement reserve – under agreements with various funders for certain specific properties, Onward is required to make annual contributions to a separate replacement reserve account.

Onward Homes Society

Notes to Financial Statements

March 31, 2024

These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved. Withdrawals are applied to interest first and then principal.

	2024 \$	2023 \$
Balance – Beginning of the year	872,482	779,990
Surplus Adjustment -Forward Housing Surplus	(373,952)	
Additions during the year		
Horizon 14	80,000	80,000
Albert House	10,000	10,000
Keith House	2,000	2,000
Columbus Place	-	32,098
The Elan	40,000	11,017
Interest	3,401	2,464
Capital expenditures and repairs and maintenance	(115,705)	(45,088)
Balance – End of year	518,226	872,481

b) Acquisition and development reserve

Externally restricted acquisition and development reserve – represents amounts restricted by contributors to be used for particular building projects as follows:

	2024 \$	2023 \$
Balance – Beginning of year	2,537,861	2,537,861
Additions	-	-
Utilized	-	-
Balance – End of year	2,537,861	2,537,861

15 Subsidy schedule

	2024 \$	2023 \$
Grant revenue	4,592,825	55,778
Subsidy revenue		
Private landlord rent supplement (PLRS)	487,103	494,446
CMHC – Section 95 assistance	82,707	82,707
CMHC – Rent supplement	58,292	66,475
	5,220,927	699,406

16 Statutory disclosures

As required under Section 7(2) of the Charitable Fundraising Act of Alberta, Onward discloses the following:

	\$
Remuneration to employees whose principle duties involve fundraising	-

17 Government remittances

Government remittances consist of payroll withholding taxes required to be paid to government authorities and are recognized when the amounts become due. In respect of government remittances outstanding as at March 31, 2024, \$nil (2023 – \$nil) is included within accounts payable and accrued liabilities.

18 Commitments

Investments

Investments consist of guaranteed investment certificates with various financial institutions. Some of the guaranteed investment certificates are cashable prior to their maturity date and, in some instances, are subject to an interest penalty. The Society currently holds investments with effective interest rates ranging from 2.25%-4.70% (2023-0.5%to 2.03%)

Land leases

- Bob Ward Residence**

The land on which the Bob Ward Residence is located is owned by the City of Calgary, who have provided it to Onward under a lease. The terms of the lease are that 20% of any annual surplus from the building is to be paid to the City of Calgary for the period between 2023 and 2027. The payment is due upon exercising the first renewal option in 2027.

- Alice Bissett Place**

The land on which the Alice Bissett Place building is located is owned by the City of Calgary, who have provided it to Onward under a lease. The term is 25 years from the commencement date of July 1, 2007. The renewal term is five years with seven options to renew. A rental payment of \$10 per annum is payable on the commencement date and thereafter on each anniversary of the commencement date.

As a condition of the land lease, the building must only be used and occupied for affordable housing and not for any other purpose.

In addition, Onward must not substantially change the use of the building or mix of occupants of the building for a period of at least ten years from the date of the occupancy permit for the site.

Onward Homes Society

Notes to Financial Statements

March 31, 2024

Administrative leases

Onward is required to make the following payments under certain office space and equipment lease agreements.

	\$
2025	82,794
2026	-
	<hr/>
	82,794
	<hr/>

19 Contingencies

In February 2022, Onward entered into a loan agreement with CMHC for a land acquisition related to a property development project. The principal amount of \$4,684,420 shall be forgiven provided that Onward has fulfilled its obligations under the loan agreement and completed the project by March 31, 2027. Onward expects to remain in compliance and complete the project timely, and the principal amount has been recorded as a government grant for the year ended March 31, 2022. However, if Onward fails to meet certain conditions due to unforeseeable circumstances, the principal amount will be recognized as a liability and fully repaid. As at March 31, 2024 the project is at the development permit stage.

Horizon West Housing Society

Financial Statements
March 31, 2024



Independent auditor's report

To the Directors of Horizon West Housing Society

Our qualified opinion

In our opinion, except for the effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Horizon West Housing Society (the Society) as at March 31, 2024 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Society's financial statements comprise:

- the statement of financial position as at March 31, 2024;
- the statement of operations and changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for qualified opinion

As discussed in note 2, the Society amortizes certain of its properties, which represented as at March 31, 2024, \$6,322,053 (2023 – \$6,291,496) of the capital asset costs, at a rate equal to the annual principal reduction of the related mortgage in accordance with specific policies and practices as outlined by Canada Mortgage and Housing Corporation (CMHC), the financier of the mortgage. This constitutes a departure from Canadian accounting standards for not-for-profit organizations (ASNPO). In order to be compliant with ASNPO, properties would need to be amortized over their estimated useful lives. Had the amortization of the properties financed by CMHC been calculated based on the useful lives of the properties, amortization expense for the year ended March 31, 2024 should be increased by \$60,093 (2023 – \$62,505), excess of revenue over expenditures for the year ended March 31, 2024 should be decreased by \$60,093 (2023 – \$62,505), capital assets and fund balances as at March 31, 2024 should be increased by \$1,258,224 (2023 – \$1,318,317) and the fund balances as at April 1, 2023 should be increased by \$1,318,317 (2022 – \$1,380,822). Our opinion on the financial statements for the year ended March 31, 2023 was modified accordingly because of the effects of this matter.

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.

PricewaterhouseCoopers LLP
Suncor Energy Centre, 111 5th Avenue South West, Suite 3100, Calgary, Alberta, Canada T2P 5L3
T.: +1 403 509 7500, F.: +1 403 781 1825, Fax to mail: ca_calgary_main_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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.

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 Society'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 Society'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 Society 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
October 2, 2024

Horizon West Housing Society

Statement of Financial Position

As at March 31, 2024

	2024 \$	2023 \$
Assets		
Current		
Cash	749,235	975,381
Restricted cash (note 3)	1,008,199	851,064
Subsidy and miscellaneous receivables	45,657	48,418
Prepaid expenses	46,804	39,281
Due from Onward Homes Society (note 6)	1,179,792	684,070
	3,029,687	2,598,214
Capital assets (note 4)	1,122,615	1,095,267
	4,152,302	3,693,481
Liabilities		
Current		
Accounts payable and accrued liabilities	80,873	168,474
Unearned revenue	61,056	61,134
Security deposits payable	88,792	79,635
Long-term debt (note 5)	5,568	71,490
	236,289	380,734
Fund balances		
Unrestricted	1,940,884	1,508,848
Invested in capital assets	1,235,026	1,169,104
Internally restricted (note 9)	740,103	634,795
	3,916,013	3,312,747
	4,152,302	3,693,481

The accompanying notes are an integral part of these financial statements.

Horizon West Housing Society

Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2024

	General Fund \$	Capital Fund \$	2024 \$	2023 \$
Revenue				
Rental	796,638	-	796,638	729,972
Subsidy and grant (note 10)	608,148	-	608,148	555,607
Other	172,001	-	172,001	148,932
Interest	75,063	-	75,063	47,306
	<u>1,651,850</u>	<u>-</u>	<u>1,651,850</u>	<u>1,481,817</u>
Expenditures				
Amortization	-	3,209	3,209	1,325
Bad debts	10,611	-	10,611	766
Insurance	39,750	-	39,750	46,713
Interest on long-term debt	887	-	887	2,948
Office and administration	29,344	-	29,344	48,635
Property taxes	11,082	-	11,082	11,688
Repairs and replacements	215,259	-	215,259	396,733
Utilities	229,083	-	229,083	299,359
Overhead allocation	509,359	-	509,359	498,277
	<u>1,045,375</u>	<u>3,209</u>	<u>1,048,584</u>	<u>1,306,444</u>
Excess (deficiency) of revenue over expenditures	606,475	(3,209)	603,266	175,373
Fund balances – Beginning of year	2,144,968	1,167,779	3,312,747	3,137,374
Interfund transfer – repayment of long-term debt	<u>(65,922)</u>	<u>65,922</u>	<u>-</u>	<u>-</u>
Fund balances – End of year	<u>2,685,521</u>	<u>1,230,492</u>	<u>3,916,013</u>	<u>3,312,747</u>

The accompanying notes are an integral part of these financial statements.

Horizon West Housing Society

Statement of Cash Flows

For the year ended 2024

	2024 \$	2023 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year (General Fund)	606,475	176,698
Changes in non-cash operating items		
Subsidy and miscellaneous receivables	2,761	5,238
Prepaid expenses	(7,523)	(29,347)
Accounts payable and accrued liabilities	(87,601)	110,955
Due from (to) Onward Homes Society	(495,722)	434,058
Unearned revenue	(78)	42,613
Security deposits payable	9,156	3,980
	<u>27,468</u>	<u>744,195</u>
Financing activities		
Repayment of long-term liabilities	<u>(65,922)</u>	<u>(63,860)</u>
Investing activities		
Capital upgrades	(30,557)	(66,275)
Addition to restricted cash	<u>(157,135)</u>	<u>(21,070)</u>
	<u>(187,692)</u>	<u>(87,345)</u>
(Decrease) increase in cash during the year	<u>(226,146)</u>	<u>592,990</u>
Cash – Beginning of year	<u>975,381</u>	<u>382,391</u>
Cash – End of year	<u>749,235</u>	<u>975,381</u>
Supplementary information		
Interest paid	887	2,948
Interest received	32,715	23,848

The accompanying notes are an integral part of these financial statements.

Horizon West Housing Society

Notes to Financial Statements

March 31, 2024

1 Basis of operations

Horizon West Housing Society (the Society) was incorporated on March 25, 1998, under the Societies Act of Alberta and commenced operations on August 1, 1998. The Society is registered as a not-for-profit organization and is exempt from income taxes under Section 149 (1) (i) of the Income Tax Act of Canada. The Society acquires land and buildings for the purpose of providing affordable, integrated and supported homes. The Society serves tenants with a variety of vulnerabilities including people experiencing mental health challenges and other special needs.

2 Summary of significant accounting policies

The financial statements of the Society have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) except for the specific policies and practices as outlined by Canada Mortgage and Housing Corporation (CMHC), which require that properties be amortized at a rate equal to the annual principal reduction of the related mortgages.

Use of estimates

The preparation of financial statements in conformity with ASNPO 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 revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effects of changes in such estimates on the financial statements in future periods could be significant.

Fund accounting

The Society follows the restricted fund method for accounting for contributions. The Society maintains the following funds:

- The General Fund contains the assets, liabilities, revenue and expenses related to the Society's operating activities.
- The Capital Fund contains the assets, liabilities, revenue and expenses related to the Society's capital assets.

Revenue recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund when received or if no restricted fund exists, they are recognized in the General Fund when the related expenditures are incurred. Unrestricted contributions are recognized as revenue of the General Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from rental of the properties, including subsidies, is recognized in the period earned, on a pro rata basis over the lease term in the General Fund.

Horizon West Housing Society

Notes to Financial Statements

March 31, 2024

Contributed assets, materials and services

Contributed assets are recorded at fair value at the date of contribution when fair value can be reasonably estimated. Contributed materials and services are recorded at fair value at the date of the donation only when the fair value can be reasonably estimated and when the materials and services are used in the normal course of the Society's operations and would otherwise have been purchased. The value of contributed assets, materials and services recognized in the financial statements in 2024 was \$nil (2023 – \$nil).

Capital assets

Capital assets that are under the agreement with CMHC are recorded at cost, and buildings and furniture and fixtures are amortized at a rate equal to the annual principal reduction of the related mortgages as specified under agreements with CMHC.

Capital improvements funded by Residential Rehabilitation Assistance Programs (RRAP) loans are amortized on a 4% straight line basis.

Capital assets that are not under the agreement with CMHC are recorded at cost and are amortized over their estimated useful life as follows:

Buildings	4% declining balance
Furniture and equipment	20% straight line

Allocated expenditures

In the course of its operations, management allocates certain expenditures between Onward Homes Society and Horizon West Housing Society on the basis of its best estimates of the utilization of staff and services. The method of allocation is consistent with prior years.

Cash

Cash consists of cash on hand and bank balances. Restricted cash is held for replacement reserves and tenant security deposits (note 3).

Financial instruments

The Society initially measures financial assets and financial liabilities at their fair value. It subsequently measures all its financial assets and liabilities at amortized cost. The financial assets subsequently measured at amortized cost include cash, restricted cash, investments, subsidy and miscellaneous receivables. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities, accrued interest payable, due to Onward Homes Society, security deposits payable and long-term debt.

Investments consist of guaranteed investment certificates. Investments are carried at cost with accrued interest recognized directly in the statement of operations and changes in fund balances as interest income. Investments with maturity within one year have been classified as short-term investments.

Horizon West Housing Society

Notes to Financial Statements

March 31, 2024

3 Restricted cash

Restricted cash comprises the following:

	2024 \$	2023 \$
Internally restricted replacement reserve	919,841	772,038
Tenant security deposits	88,358	79,026
	<u>1,008,199</u>	<u>851,064</u>

4 Capital assets

	2024		
	Cost \$	Accumulated amortization \$	Net \$
Land	1,030,318	-	1,030,318
Building	6,271,254	6,178,957	92,297
Furniture and fixtures	50,799	50,799	-
	<u>7,352,371</u>	<u>6,229,756</u>	<u>1,122,615</u>
	2023		
	Cost \$	Accumulated amortization \$	Net \$
Land	1,030,318	-	1,030,318
Building	6,240,697	6,175,748	64,949
Furniture and fixtures	50,799	50,799	-
	<u>7,321,814</u>	<u>6,226,547</u>	<u>1,095,267</u>

Horizon West Housing Society

Notes to Financial Statements

March 31, 2024

5 Long-term debt

	2024 \$	2023 \$
2.51% CMHC mortgage, repayable in equal monthly instalments of \$1,793, including interest. Mortgage matures in April 2024.	1,794	23,026
2.51% CMHC mortgage, repayable in equal monthly instalments of \$3,774, including interest. Mortgage matures in April 2024.	3,774	48,465
	<hr/>	<hr/>
	5,568	71,491
Less: Current portion	<hr/> 5,568	<hr/> 71,491
	<hr/>	<hr/>
	-	-

The land and buildings are pledged as collateral for all mortgages and have a carrying value of \$1,122,615 (2023 – \$1,030,318).

Principal repayments required under the terms of the above mortgages and loans are as follows:

	\$
2025	<hr/> 5,568
	<hr/> 5,568

Horizon West Housing Society

Notes to Financial Statements

March 31, 2024

6 Related party transactions

The Society and Onward Homes Society (Onward) have the same Board of Directors and are under common management. Onward is a registered charity incorporated under the Society's Act of Alberta and is exempt from income taxes under Section 149(1) (f) of the Income Tax Act of Canada. Onward acquires land and buildings for the purpose of providing appropriate homes in an integrated environment for people with mental health challenges or other special needs.

Onward has not been consolidated in the Society's financial statements. The following is condensed financial information included in the financial statements of Onward as at March 31, 2024. These statements were prepared using the same accounting policies as the Society.

	2024 \$	2023 \$
Financial position		
Total assets	167,969,536	158,692,202
Total liabilities	70,157,626	64,763,775
Total fund balances	97,811,910	93,928,427
	167,969,536	158,692,202
Results of operations		
Revenue	21,099,299	15,823,438
Expenditures	16,841,864	17,385,121
Excess (deficiency) of revenue over expenditures	4,257,435	(1,561,683)
Cash flows		
Cash flows from operating activities	5,844,872	3,891,158
Cash flows utilized in investing activities	(9,741,736)	(7,945,861)
Cash flows from financing activities	4,566,818	8,317,999
Increase in cash during the year	669,654	4,263,296

During the year ended March 31, 2024, the Society was allocated \$509,359 (2023 – \$498,477) by Onward for office and administration and salaries and benefits expenses.

	2024 \$	2023 \$
Overhead allocation to Horizon West	509,359	498,277

The balances due to/from Onward are non-interest bearing, unsecured and have no set terms of repayment.

Horizon West Housing Society

Notes to Financial Statements

March 31, 2024

7 Goods and services tax

The Society is designated as a municipality pursuant to subsection 259(1) of the Excise Tax Act, entitling it to a rebate of 100% of goods and services tax (GST) paid on property and services used to supply residential units on rent-gear-to-income basis. GST is accounted for in accordance with the guidelines issued by CMHC, so the GST paid (the refundable portion) is recorded in the GST recoverable account and is included in the subsidy and miscellaneous receivable balance for financial statement purposes.

8 Financial instruments

The Society holds various forms of financial instruments as disclosed in note 2. The nature of these instruments and its operations expose the Society to risks as follows.

Interest rate risk

The Society is exposed to interest rate risk at the renewal of its fixed rate borrowings. At March 31, 2024, the Society had fixed interest rates on its long-term obligations at effective rates of 2.51% (2023 – 2.51%).

Credit risk

Credit risk is the risk that one party will cause a financial loss for the other party by failing to discharge an obligation. The Society does not consider that it is exposed to undue credit risk.

Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet its financial obligations as they become due. The Society's approach to managing liquidity risk is to ensure that it receives sufficient revenues to meet debt obligations.

9 Internally restricted fund balances

Internally restricted replacement reserve – a replacement reserve has been established by the Board of Directors to facilitate the repair or replacement of major building components as approved by the Board of Directors as follows:

	2024 \$	2023 \$
Balance – Beginning of the year	634,795	544,946
Additions	150,000	150,000
Interest	42,348	23,458
Capital expenditures and repairs and maintenance	(87,040)	(83,609)
Balance – End of year	740,103	634,795

Horizon West Housing Society

Notes to Financial Statements

March 31, 2024

10 Subsidy and grant schedule

	2024 \$	2023 \$
Subsidy and grant revenue		
Private landlord rent supplement (PLRS)	562,415	555,607
Other grants and subsidies	45,733	-
	<hr/>	<hr/>
	608,148	555,607
	<hr/>	<hr/>