

**HESPERUS FELLOWSHIP VILLAGE  
FINANCIAL STATEMENTS  
AS AT MARCH 31, 2024**

**HESPERUS FELLOWSHIP VILLAGE  
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AS AT MARCH 31, 2024**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Hesperus Fellowship Village

### **Report on the Audit of the Financial Statements**

#### **Qualified Opinion**

We have audited the financial statements of Hesperus Fellowship Village (the Corporation), which comprise the statement of financial position as at March 31, 2024, and the statements of replacement reserve, accumulated surplus, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2024, 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 Qualified Opinion**

In common with many charitable organizations, the Corporation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Corporation and we were not able to determine whether, as at and for the years ended March 31, 2024 and March 31, 2023, any adjustments might be necessary to donations revenue, excess of revenues over expenditures, assets and fund balances.

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 Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion

#### **Other Matter**

The financial statements of Hesperus Fellowship Village for the year ended March 31, 2023 were audited by another practitioner who expressed a qualified opinion on those financial statements on July 26, 2023.

#### **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 these financial statements, management is responsible for assessing the Corporation'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 Corporation, or to cease operations, or has no realistic alternative but to do so.

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

## INDEPENDENT AUDITOR'S REPORT (CONT'D)

### **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 Corporation'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 Corporation'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 Corporation 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.

*Wilkinson + Company LLP*

TRENTON, Canada

Chartered Professional Accountants  
Licensed Public Accountants

**HESPERUS FELLOWSHIP VILLAGE**  
**STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2024**

	2024	2023
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash - Note 3	125,736	221,884
Short-term investments - Note 3	117,425	150,306
Cash in trust	48,623	48,623
Accounts receivable	-	697
HST receivable	18,334	31,140
Due from Region of York - AHP subsidy	5,529	5,667
Current portion of AHP receivable	137,822	133,063
Prepaid expenses	20,588	14,278
	<u>474,057</u>	<u>605,658</u>
<b>LONG-TERM INVESTMENTS - Note 3</b>	1,604,590	1,539,890
<b>DUE FROM REGION OF YORK - AHP</b>	1,152,378	1,289,708
<b>CAPITAL ASSETS - Note 4</b>	12,477,369	12,774,300
	<u>15,708,394</u>	<u>16,209,556</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	62,270	61,029
AHP subsidy advance	32,531	32,411
Accrued mortgage interest	20,568	20,568
Tenants' deposits	41,637	39,077
Deferred contributions - Note 5	91,363	100,863
Due to related party - Note 6	32,795	17,553
Current portion of mortgage payable - Note 7	254,773	245,506
	<u>535,937</u>	<u>517,007</u>
<b>MORTGAGE PAYABLE - Note 7</b>	6,227,132	6,482,252
<b>DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS - Note 8</b>	4,607,227	4,753,553
	<u>11,370,296</u>	<u>11,752,812</u>
<b>NET ASSETS</b>		
<i>Restricted</i> - Replacement reserve	359,596	337,543
<i>Unrestricted</i> - Contributed surplus - Note 9	3,145,000	3,145,000
<i>Unrestricted</i> - Accumulated surplus	833,502	974,201
	<u>4,338,098</u>	<u>4,456,744</u>
	<u>15,708,394</u>	<u>16,209,556</u>

CONTINGENCIES - Note 14

APPROVED ON BEHALF OF THE BOARD

 **SUDHIR GANDHI** Director  
 **MICHAEL TEDESCO** Director

The accompanying notes form an integral part of these financial statements

WILKINSON 

**HESPERUS FELLOWSHIP VILLAGE  
STATEMENTS OF NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 2024**

	2024 \$	2023 \$
<b>STATEMENT OF REPLACEMENT RESERVE</b>		
<b>REPLACEMENT RESERVE - BEGINNING OF YEAR</b>	<b>337,543</b>	315,557
<b>TRANSFER FROM ACCUMULATED SURPLUS</b>	<b>38,866</b>	38,866
<b>TRANSFER TO ACCUMULATED SURPLUS FOR EXPENDITURES</b>	<b>(16,813)</b>	(16,880)
<b>REPLACEMENT RESERVE - END OF YEAR</b>	<b>359,596</b>	337,543

	2024 \$	2023 \$
<b>STATEMENT OF ACCUMULATED SURPLUS</b>		
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	<b>974,201</b>	1,010,792
<b>DEFICIT</b>	<b>(118,646)</b>	(14,605)
<b>NET TRANSFER TO REPLACEMENT RESERVE</b>	<b>(22,053)</b>	(21,986)
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b>833,502</b>	974,201

The accompanying notes form an integral part of these financial statements

**HESPERUS FELLOWSHIP VILLAGE  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED MARCH 31, 2024**

	2024	2023
	\$	\$
<b>REVENUE</b>		
Rental charges	691,720	669,191
Government subsidies	213,065	212,667
Donations and grants	22,113	8,536
AHP interest subsidy	52,009	53,526
Non-shelter rental charges	23,243	72,309
Interest	69,474	45,987
Other	13,032	12,424
	<b>1,084,656</b>	<b>1,074,640</b>
<b>EXPENSES</b>		
Building repairs and maintenance	151,862	123,914
Insurance	26,342	22,871
Mortgage interest	245,519	252,512
Office expenses	31,099	24,015
Professional fees	86,981	70,987
Property taxes	68,137	70,334
Salaries and benefits	263,729	193,274
Utilities	118,612	117,875
	<b>992,281</b>	<b>875,782</b>
<b>SURPLUS BEFORE AMORTIZATION</b>	<b>92,375</b>	<b>198,858</b>
<b>AMORTIZATION</b>		
Amortization of deferred contributions related to capital assets	174,880	171,913
Amortization of capital assets	(385,901)	(385,376)
	<b>211,021</b>	<b>213,463</b>
<b>DEFICIT FOR YEAR</b>	<b>(118,646)</b>	<b>(14,605)</b>

The accompanying notes form an integral part of these financial statements

**HESPERUS FELLOWSHIP VILLAGE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2024**

	2024	2023
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Deficit for year	(118,646)	(14,605)
Adjustment for items which do not affect cash -		
Amortization of deferred contributions related to capital assets	(174,880)	(171,913)
Amortization of capital assets	385,901	385,376
	92,375	198,858
Net change in non-cash working capital components:		
Decrease (increase) in accounts receivable	697	(697)
Decrease (increase) in HST receivable	12,806	(13,455)
Decrease in amount due from Region of York - AHP subsidy	138	67
Increase in prepaid expenses	(6,310)	(1,040)
Increase (decrease) in accounts payable and accrued liabilities	1,241	(24,600)
Increase in AHP subsidy advance	120	-
Increase in tenants' deposits	2,560	2,882
Decrease in deferred contributions	(9,500)	-
Increase (decrease) in amount due to related party	15,242	(11,234)
	109,369	150,781
<b>CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES</b>	<b>109,369</b>	<b>150,781</b>
<b>INVESTING ACTIVITIES</b>		
Decrease in short-term investments	32,881	12,526
Increase in long-term investments	(64,700)	(1,539,890)
Purchase of capital assets	(88,970)	(71,276)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(120,789)</b>	<b>(1,598,640)</b>
<b>FINANCING ACTIVITIES</b>		
Mortgage principal repaid	(245,853)	(237,313)
AHP payments received	132,571	128,403
Deferred contributions	28,554	16,040
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(84,728)</b>	<b>(92,870)</b>
<b>NET DECREASE IN CASH FOR YEAR</b>	<b>(96,148)</b>	<b>(1,540,729)</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>221,884</b>	<b>1,762,613</b>
<b>CASH - END OF YEAR</b>	<b>125,736</b>	<b>221,884</b>

The accompanying notes form an integral part of these financial statements



**HESPERUS FELLOWSHIP VILLAGE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2024**

**1. NATURE OF BUSINESS**

Hesperus Fellowship Village (the Corporation) is incorporated under the Ontario Corporations Act as a corporation without share capital that operates and maintains affordable non-profit residential housing for seniors. The Corporation became fully operational on rent-up date of September 15, 2011. The Corporation received its mortgage interest adjustment date on April 17, 2012.

The Corporation is a charitable organization within the meaning of the Income Tax Act.

The Corporation has 60 housing units funded by Wave 1 of the Affordable Housing Program (AHP). All units have eligibility requirements:

- (a) 30 units are rent-assisted units that are offered at 30% of income.
  - (i) 16 of these units are filled through partnerships with Canadian Mental Health Association of York Region and local shelters.
  - (ii) The remaining units are filled through the York Region centralized list.
- (b) 30 units are rent controlled affordable market units.

**2. ACCOUNTING POLICIES**

Outlined below are those accounting policies adopted by the Corporation that are considered to be particularly significant:

**(a) Basis of Accounting**

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

**(b) Accounting Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation of accounts receivable, prepaid expenses, the estimated useful life of capital assets and accounts payable and accrued liabilities. Actual results could differ from those estimates.

**HESPERUS FELLOWSHIP VILLAGE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2024**

**2. ACCOUNTING POLICIES (Cont'd)**

**(c) Capital Assets**

Capital assets are stated at acquisition cost. Gains or losses on the disposal of individual assets are recognized in earnings in the year of disposal. Amortization of property, plant and equipment, which is based on estimated useful life, is calculated on the following bases and at the rates set out below:

<b>Asset</b>	<b>Basis</b>	<b>Rate</b>
Building and development costs	Straight-line	Over 40 years
Building improvements	Straight-line	Over 20 years
Land improvements	Straight-line	Over 15 years
Furniture and equipment	Straight-line	Over 5 years
Computer hardware and software	Straight-line	Over 3 years
Parking area	Straight-line	Over 15 years

Deferred contributions related to capital assets are amortized at the same rate as the related capital asset.

**(d) Investments**

Investments in credit union shares and guaranteed investment certificates are initially recorded at cost and subsequently recorded at fair value (or cost plus accrued interest), with the unrealized gain (loss) recorded in the statement of operations.

**(e) Consolidation**

Hesperus Fellowship Community of Ontario (HFC) is related to the Corporation. The two organizations are legally independent however the Boards and management teams of both organizations consist of the same group of individuals. HFC is not consolidated in the Corporation's financial statements, but rather information about HFC is disclosed in Note 11.

**(f) Revenue Recognition**

Rental charges are recognized when due at the beginning of each month.

Government subsidies are recognized using the deferral method of accounting for contributions.

Donations of capital assets are recorded at fair value when the fair value can be reasonably estimated and when such value is significant.

Laundry revenue is recognized when collected. Collection takes place on a monthly basis.

Parking and locker rental revenue is recognized at the beginning of the period during which the right to use the space is provided.

Interest income is earned from cash and fixed income investments. Revenue is recognized on an accrual basis. Interest from fixed income investments is recognized over the term of these investments using the effective interest method.

**HESPERUS FELLOWSHIP VILLAGE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2024**

**2. ACCOUNTING POLICIES (Cont'd)**

**(g) Financial Instruments**

**(i) Measurement of Financial Instruments**

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

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost except for investments in equity instruments that are quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in income.

Financial assets measured at amortized cost include accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, tenants' deposits and long-term debt.

**(ii) Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recorded in income. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in income up to the impairment amount previously recognized.

**(h) Contributed Services**

Volunteers assist the Corporation in carrying out its functions, sometimes receiving nominal recompense for their time and expenses. While these services benefit the Corporation considerably, a reasonable estimate of their amount and fair value cannot be made, and accordingly, these contributed services are not recognized in the financial statements beyond the nominal amounts paid.

**HESPERUS FELLOWSHIP VILLAGE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2024**

**3. CASH AND INVESTMENTS**

Cash and investments consists of the following:

	2024	2023
	\$	\$
<b>Cash</b>		
Operating current account	52,497	53,412
Savings account	71,449	166,582
Broker's cash account	1,790	1,890
	<b>125,736</b>	<b>221,884</b>
<b>Short-Term Investments</b>		
MCAP reserve trust account	117,375	146,469
Credit union shares	50	3,837
	<b>117,425</b>	<b>150,306</b>
<b>Long-Term Investments</b>		
Guaranteed investment certificates	1,604,590	1,539,890

Investments in guaranteed investment certificates earned interest during the year between 3.50% and 4.75%, all maturing in August 2027.

**4. PROPERTY, PLANT AND EQUIPMENT**

	2024		2023	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Land (Part 1 and 3 - developed)	1,800,000	-	1,800,000	-
Land (Part 4 - vacant)	551,316	-	551,316	-
Building and development costs	14,137,288	4,427,496	14,137,288	4,074,118
Building improvements	401,741	76,645	337,471	58,078
Land improvements	17,102	5,100	17,102	3,960
Furniture and equipment	172,464	135,823	147,764	123,478
Computer hardware and software	12,811	12,811	12,811	12,811
Parking area	7,068	4,241	7,068	3,770
Site development - in progress	39,695	-	39,695	-
	<b>17,139,485</b>	<b>4,662,116</b>	<b>17,050,515</b>	<b>4,276,215</b>
Cost less accumulated amortization	<b>\$12,477,369</b>		<b>\$12,774,300</b>	

**HESPERUS FELLOWSHIP VILLAGE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2024**

**5. DEFERRED CONTRIBUTIONS**

Deferred contributions represent unspent resources externally restricted for specific purposes and restricted operating funding received in the current period that is related to the subsequent period. Changes in the deferred contributions balance are as follows:

	<b>2024</b>	2023
	\$	\$
Beginning balance	<b>100,863</b>	100,863
Amounts recognized to revenue	<b>(9,500)</b>	-
<b>Ending balance</b>	<b>91,363</b>	100,863

**6. DUE TO RELATED PARTY**

The amount due to related party is owing to Hesperus Fellowship Community of Ontario Inc. (HFC). HFC is a related charity. While legally independent, the directors and officers of both Boards and the management teams are the same. During the year, the organizations shared several operational expenses. HFC charged the Corporation \$263,729 for its portion of shared employees salaries and benefits (2023 - \$193,274). As of year-end, \$32,795 is payable to HFC (2022 - \$17,553). Transactions with related parties during the year were recorded at exchange value and the balance owing is unsecured, non-interest bearing and there are no fixed terms for repayment.

**7. MORTGAGE PAYABLE**

The mortgage, held by MCAP Financial Corporation, is fully insured by Canada Mortgage and Housing Corporation under Section 6 of the National Housing Act. Details of the mortgage are:

Renewed amount	\$6,925,163
Interest rate	3.74%
Term	5 years ending May 1, 2027
Amortization period	20 years ending May 1, 2042
Monthly principal and interest amounts	\$40,919 plus deposit of \$3,239 for reserve

The status of the mortgage is as follows:

	<b>2024</b>	2023
	\$	\$
Advances received	<b>8,930,210</b>	8,930,210
Principal repaid	<b>(2,448,305)</b>	(2,202,452)
Less current portion	<b>(254,773)</b>	(245,506)
<b>Ending balance</b>	<b>6,227,132</b>	6,482,252

**HESPERUS FELLOWSHIP VILLAGE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2024**

**7.. MORTGAGE PAYABLE (Cont'd)**

The requirements for future repayment of the mortgage over the next five years is as follows:

	\$
2025	254,773
2026	264,391
2027	274,372
2028	5,688,369
	6,481,905

**8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS**

Deferred contributions related to capital assets consist of the following:

	2024		2023	
	Contribution	Accumulated amortization	Contribution	Accumulated amortization
	\$	\$	\$	\$
Building	6,605,205	2,068,030	6,595,705	1,902,899
Land and building improvements	21,673	7,163	21,673	6,001
Furniture and equipment	47,466	47,466	47,466	47,466
Other capital improvements	88,190	32,648	69,136	23,681
	6,762,534	2,155,307	6,733,980	1,980,047
Contribution less accumulated amortization	\$ 4,607,227		\$ 4,753,933	

**9. CONTRIBUTED SURPLUS**

Contributed surplus for the Corporation is related to two parcels of donated land that were recorded at a fair value of \$3,145,000 during the fiscal year ended March 31, 2010. A portion of the land was developed for the current building and the other parcel is held for future use.

**HESPERUS FELLOWSHIP VILLAGE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2024**

**10. NET ASSETS**

**(a) Restricted**

As a condition of the AHP funding, the Corporation is required to maintain a replacement reserve with investments being held under the trusteeship of MCAP Financial Corporation.

**(b) Unrestricted**

Unrestricted net assets consist of:

	<b>2024</b>	2023
	\$	\$
Gain on sale of land	<b>2,457,269</b>	2,457,269
Accumulated deficit on regular operating activities	<b>(1,623,767)</b>	(1,483,068)
	<hr/>	
Accumulated surplus	<b>833,502</b>	974,201
	<hr/>	

**HESPERUS FELLOWSHIP VILLAGE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2024**

**11. HESPERUS FELLOWSHIP COMMUNITY OF ONTARIO**

	2024	2023
	\$	\$
<b>Statement of Financial Position</b>		
Total assets	<b>1,321,321</b>	1,349,283
Total liabilities	<b>799,963</b>	881,217
Net assets	<b>521,358</b>	468,066
	<b>1,321,321</b>	1,349,283
<b>Statement of Operations</b>		
Revenues	<b>749,825</b>	633,890
Expenses	<b>768,441</b>	643,450
Deficit	<b>(18,616)</b>	(9,560)
<b>Cash Flows</b>		
Operating Activities	<b>(8,130)</b>	161,268
Investing Activities	<b>(208,495)</b>	(68,787)
Financing activities	<b>(1,012)</b>	(49,464)
Increase (decrease) in cash	<b>(217,637)</b>	43,017



**HESPERUS FELLOWSHIP VILLAGE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2024**

**12. FINANCIAL RISKS AND CONCENTRATIONS OF RISK**

In the normal course of business, the Corporation is exposed to a number of risks that can affect its operational performance. These risks are as follows:

**(a) Interest Rate Risk**

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Corporation is exposed to interest rate risk in long-term debt. The Corporation has invested some of its excess cash in low risk interest bearing guaranteed investment certificates as the means for managing its interest rate risk. The Corporation's mortgage bears interest at a fixed rate.

**(b) Liquidity Risk**

Liquidity risk is the risk that the Corporation will not be able to meet all cash outflow obligations as they come due. The Corporation manages liquidity risk through regular monitoring of forecast and actual cash flows.

**(c) Credit Risk**

Credit risk is the risk of financial loss to the Corporation if a counterparty fails to discharge an obligation. The Corporation is exposed to credit risk through its cash accounts. The Corporation maintains its cash in several Canadian financial institutions. The maximum credit risk is equivalent to the carrying value.

The Corporation is also exposed to credit risk through its accounts receivable. Rent is due on the first day of the month. Tenants receivables represent rent that is at least one month past due. The credit risk associated with receivables from current tenants is offset somewhat by the Corporation holding deposits for each market tenant.

**HESPERUS FELLOWSHIP VILLAGE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2024**

**13. CONTINGENCIES**

**(a) Region of York - Affordable Housing Program Funding (AHP) - Ontario**

The Region of York is advancing provincial funds on a monthly basis until the Corporation has received a total of \$2,604,000. To date, the Corporation has received \$1,313,799 and thus have \$1,290,200 receivable from York Region. These funds are to be used solely for the repayment of the principal and interest owing on a mortgage loan with MCAP Financial Corporation. These funds are included in deferred contributions and are taken into income on the same basis as the related building costs are amortized.

In the event the units are no longer affordable as defined in the agreements the amount of the grants advanced become due and payable.

**(b) Region of York - AHP - Federal**

In a prior year, the Corporation received a \$1,596,000 federal grant from the Region of York to assist with development costs. These funds are included in deferred contributions and are being taken into income on the same basis as the related development costs are being amortized.

In the event of default under the terms of the grant agreement, the full amount of the grant becomes due and payable.

**(c) Region of York - AHP - Region**

In a prior year, the Corporation received a \$600,000 grant from the Region of York to assist with development costs. These funds are included in deferred contributions and are being taken into income on the same basis as the related development costs are being amortized.

In the event of default under the terms of the grant agreement, the full amount of the grant becomes due and payable.