

HESPERUS FELLOWSHIP COMMUNITY OF ONTARIO INC.
FINANCIAL STATEMENTS
AS AT MARCH 31, 2024

HESPERUS FELLOWSHIP COMMUNITY OF ONTARIO INC.
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AS AT MARCH 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of Hesperus Fellowship Community of Ontario Inc. and to the Ministry of Health (MOH):

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Hesperus Fellowship Community of Ontario Inc. (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

Emphasis of Matter - Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 2 (a) to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Hesperus Fellowship Community of Ontario Inc. to meet the financial reporting requirements of the MOH. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for members of Hesperus Fellowship Community of Ontario Inc. and the MOH and should not be distributed to parties other than the members of Hesperus Fellowship Community of Ontario Inc. and the MOH. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of Hesperus Fellowship Community of Ontario Inc. 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
August 1, 2024

Chartered Professional Accountants
Licensed Public Accountants

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HESPERUS FELLOWSHIP COMMUNITY OF ONTARIO INC.
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2024

	2024	2023
	\$	\$
ASSETS		
CURRENT		
Cash - Note 3	270,678	488,315
Short-term investments - Note 3	50	2,253
Accounts receivable	98,537	1,118
HST receivable	31,114	18,201
Due from related party - Note 4	32,795	17,553
Prepaid expenses and deposits	10,796	10,737
	443,970	538,177
CAPITAL ASSETS - Note 5	575,379	581,042
RESERVE FUNDS - Note 3	301,972	230,064
	1,321,321	1,349,283
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	65,428	73,203
Due to MOH - subsidy - Note 6	26,941	23,641
Accrued mortgage interest	1,086	1,086
Tenants' deposits	7,189	6,967
Deferred revenue - Note 7	170,093	134,090
Current portion of mortgage payable - Note 8	297,820	97,003
	568,557	335,990
MORTGAGE PAYABLE - Note 8	-	297,820
CANADA EMERGENCY BUSINESS ACCOUNT - Note 9	-	10,000
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS - Note 10	231,406	237,407
	799,963	881,217
NET ASSETS		
<i>Restricted</i> - Replacement reserve - Note 11	301,972	230,064
<i>Unrestricted</i> - Accumulated surplus	219,386	238,002
	521,358	468,066
	1,321,321	1,349,283

SUBSEQUENT EVENT - Note 16

APPROVED ON BEHALF OF THE BOARD

Sangee SODHIR GANDHI Director
Michael TEDEW Director

The accompanying notes form an integral part of these financial statements

WILKINSON

**HESPERUS FELLOWSHIP COMMUNITY OF ONTARIO INC.
STATEMENTS OF NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2024**

	2024	2023
	\$	\$
STATEMENT OF REPLACEMENT RESERVE		
REPLACEMENT RESERVE - BEGINNING OF YEAR	230,064	218,553
APPROPRIATED FROM OPERATIONS	105,991	44,891
INTEREST INCOME	6,798	3,220
EXPENDITURES - Note 12	(40,881)	(36,600)
REPLACEMENT RESERVE - END OF YEAR	301,972	230,064

	2024	2023
	\$	\$
STATEMENT OF ACCUMULATED SURPLUS		
ACCUMULATED SURPLUS - BEGINNING OF YEAR	238,002	247,562
DEFICIT	(18,616)	(9,560)
ACCUMULATED SURPLUS - END OF YEAR	219,386	238,002

The accompanying notes form an integral part of these financial statements

HESPERUS FELLOWSHIP COMMUNITY OF ONTARIO INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2024

	Housing \$	Services \$	2024 Total \$	2023 Total \$
REVENUE				
Rental charges	170,766	-	170,766	164,815
Government subsidies	270,583	-	270,583	212,125
Resident meals (net of discount)	-	98,920	98,920	98,590
Non-shelter rental charges	-	80,934	80,934	73,619
Donations and fundraising	-	53,958	53,958	45,186
Grants	18,076	18,076	36,152	16,215
Interest	-	18,187	18,187	6,917
Miscellaneous	8,933	5,391	14,324	10,116
	468,358	275,466	743,824	627,583
EXPENSES				
Building repairs and maintenance	54,828	4,766	59,594	47,851
Food programs and activities	-	46,366	46,366	58,845
Insurance	14,413	1,253	15,666	13,403
Mortgage interest	9,239	-	9,239	11,888
Office expenses	13,405	25,961	39,366	42,211
Property taxes	18,373	-	18,373	19,640
Professional fees	47,198	56,630	103,828	81,395
Replacement reserve	105,991	-	105,991	44,891
Salaries and benefits	68,755	143,533	212,288	169,798
Utilities	43,571	3,789	47,360	43,180
	375,773	282,298	658,071	533,102
SURPLUS (DEFICIT) BEFORE AMORTIZATION	92,585	(6,832)	85,753	94,481
AMORTIZATION				
Amortization of deferred contributions related to capital assets	-	6,001	6,001	6,307
Amortization - land and building	(97,774)	-	(97,774)	(94,355)
Amortization - other assets	(2,708)	(9,888)	(12,596)	(15,993)
	(100,482)	(3,887)	(104,369)	(104,041)
DEFICIT FOR YEAR	(7,897)	(10,719)	(18,616)	(9,560)

The accompanying notes form an integral part of these financial statements

HESPERUS FELLOWSHIP COMMUNITY OF ONTARIO INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

	2024	2023
	\$	\$
OPERATING ACTIVITIES		
Deficit for year	(18,616)	(9,560)
Adjustment for items which do not affect cash -		
Amortization of deferred contributions related to capital assets	(6,001)	(6,306)
Amortization - land and building	97,774	94,355
Amortization - other assets	12,596	15,993
	85,753	94,482
Net change in non-cash working capital components:		
(Increase) decrease in accounts receivable	(97,419)	2,733
(Increase) decrease in HST receivable	(12,913)	2,789
(Increase) decrease in amount due from related party	(15,242)	11,234
Increase in prepaid expenses	(59)	(687)
(Decrease) increase in accounts payable and accrued liabilities	(7,775)	27,612
Increase in amount due to MOH - subsidy	3,300	3,008
Increase (decrease) in tenants' deposits	222	(626)
Increase in deferred revenue	36,003	20,723
CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES	(8,130)	161,268
INVESTING ACTIVITIES		
Decrease (increase) in short-term investments	2,253	(50)
Increase in reserve funds	(71,908)	(11,511)
Purchase of capital assets	(104,757)	(23,846)
Interest earned in replacement reserve	6,798	3,220
Replacement reserve expenditures	(40,881)	(36,600)
CASH FLOWS USED IN FINANCING ACTIVITIES	(208,495)	(68,787)
FINANCING ACTIVITIES		
Mortgage principal repaid	(97,003)	(94,355)
Canada Emergency Business Account loan repaid	(10,000)	-
Replacement reserve funding	105,991	44,891
USED IN CASH FLOWS - FINANCING ACTIVITIES	(1,012)	(49,464)
NET INCREASE (DECREASE) IN CASH FOR YEAR	(217,637)	43,017
CASH - BEGINNING OF YEAR	488,315	445,298
CASH - END OF YEAR	270,678	488,315

The accompanying notes form an integral part of these financial statements

HESPERUS FELLOWSHIP COMMUNITY OF ONTARIO INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

1. NATURE OF BUSINESS

Hesperus Fellowship Community of Ontario Inc. (the Corporation) is incorporated under the Ontario Corporations Act as a corporation without share capital that operates and maintains intergenerational, affordable, non-profit residential housing for seniors. The Corporation became fully operational on its mortgage interest adjustment date of February 1, 1992.

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

In accordance with its operating agreement with the Ministry of Health (MOH), the Corporation receives funding and provides subsidized supportive housing. The Corporation is dependent on this funding for its continued operation.

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 the significant accounting policies set out below to comply with the financial reporting framework by MOH. This framework requires the financial statements to be prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations subject to the following significant exceptions:

- (i) amortization of capital assets includes amortization of land and is equal to the principal repaid on the mortgage rather than on the useful lives of the related assets;
- (ii) capital expenditures related to housing component may be charged to the replacement reserve rather than capitalized and amortized over their estimated useful lives;
- (iii) a replacement reserve is appropriated from operations;
- (iv) interest income earned on replacement reserve funds is credited directly to the reserve rather than to operations; and
- (v) government assistance relating to capital expenditures of the housing component is credited directly to the reserve rather than deferred and amortized to operations.

(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 COMMUNITY OF ONTARIO INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

2. ACCOUNTING POLICIES - (Cont'd)

(c) Capital Assets

Capital assets not funded by MOH 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:

Asset	Basis	Rate
Building	Declining balance	5%
Parking areas	Straight-line	Over 5 years
Ramp	Straight-line	Over 30 years
Furniture and equipment	Declining balance	20%

(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 Village (HFV) 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. HFV is not consolidated in the Corporation's financial statements, but rather information about HFV is disclosed in Note 13.

(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.

Government grants relating to operations are recorded as income in the same period as the related expense.

Catering and resident meal services revenues are recognized when the services have been provided.

(g) 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 COMMUNITY OF ONTARIO INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

2. ACCOUNTING POLICIES - (Cont'd)

(h) Allocations

Common building operating expenses are allocated by the Corporation between housing and non-shelter operations based on management estimates.

(i) 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 equities 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 net income. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the impairment amount previously recognized.

(iii) Transaction Costs

The Corporation recognizes its transaction costs in income in the period incurred. However, the carrying amount of financial instruments that will not be subsequently measured at fair value reflect transaction costs that are directly attributable to their origination, issuance or assumption.

HESPERUS FELLOWSHIP COMMUNITY OF ONTARIO INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

3. CASH, INVESTMENTS AND RESERVE FUNDS

	2024	2023
	\$	\$
Cash		
Operating current account	462,273	327,535
Capital current account	-	339
Savings account, capital reserve	-	284,143
	462,273	612,017
Temporary Investments		
Credit union shares	50	2,253
Long-Term Investments		
Guaranteed investment certificates	110,377	106,362
	572,700	720,632
	2024	2023
	\$	\$
Composed of:		
Cash	270,678	488,315
Temporary investments	50	2,253
Amount required to fund reserve - restricted	301,972	230,064
	572,700	720,632

Investments in guaranteed investment certificates earned interest during the year of 4.8% and matures in December 2025.

4. DUE FROM RELATED PARTY

The Corporation is related to Hesperus Fellowship Village (HFV) through common management control. During the year, the Corporation's shared salaries and several other operational expenses. The Corporation charged HFV \$263,729 (2023 - \$193,274) for its portion of shared employees salaries and benefits. As of year-end, \$32,795 (2023 - \$17,553) is receivable from HFV. Transactions with HFV 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.

HESPERUS FELLOWSHIP COMMUNITY OF ONTARIO INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

5. CAPITAL ASSETS

	2024		2023	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Land and building improvements	2,233,185	1,772,300	2,129,807	1,668,331
Building	334,703	312,851	334,703	311,701
Parking areas	55,749	55,749	55,749	54,438
Ramp	44,083	7,883	44,083	4,211
Furniture and equipment	9,638	6,272	8,308	6,003
Capital additions - in progress	53,076	-	53,076	-
	2,730,434	2,155,055	2,625,726	2,044,684
Cost less accumulated amortization	\$ 575,379		\$ 581,042	

6. DUE TO MOH

The Corporation receives subsidies based on formulae determined by MOH. Subsidies are adjusted at year-end for variances between actual and estimated amounts. The difference is payable to (or receivable from) MOH. The current year payable is subject to adjustment.

All final years up to and including the period March 31, 2016 have been reconciled by MOH.

The amount payable consists of:

	2024 \$
2017 Annual Information Return	(2,296)
2018 Annual Information Return	(14,305)
2019 Annual Information Return	2,763
2020 Annual Information Return	(2,862)
2021 Annual Information Return	(1,528)
2022 Annual Information Return	(2,405)
2023 Annual Information Return	(3,008)
2024 Annual Information Return	(3,300)
	(26,941)

HESPERUS FELLOWSHIP COMMUNITY OF ONTARIO INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

7. DEFERRED REVENUE

Deferred revenue 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:

	2024	2023
	\$	\$
Beginning balance	134,090	113,367
Additions during the year	57,893	54,806
Amounts recognized to revenue	(21,890)	(34,083)
Ending balance	170,093	134,090

8. MORTGAGE PAYABLE

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

Renewed amount	\$677,764
Interest rate	2.68%
Term	5 years ending February 1, 2025
Amortization period	7 years ending February 1, 2027
Monthly principal and interest payments	\$8,854

The status of the mortgage is as follows:

	2024	2023
	\$	\$
Advances received	2,000,879	2,000,879
Principal repaid	(1,703,059)	(1,606,056)
Less current portion	(297,820)	(97,003)
Ending balance	-	297,820

9. CANADA EMERGENCY BUSINESS ACCOUNT

The Corporation repaid the remaining \$10,000 balance of the Canada Emergency Business Account (CEBA) loan on July 19, 2024.

HESPERUS FELLOWSHIP COMMUNITY OF ONTARIO INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

10. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets consist of the following:

	2024		2023	
	Contribution \$	Accumulated amortization \$	Contribution \$	Accumulated amortization \$
Land improvements	70,450	34,673	70,450	33,439
Building improvements	288,757	93,378	288,757	88,674
Furniture and equipment	2,910	2,660	2,910	2,597
	362,117	130,711	362,117	124,710
Contribution less accumulated amortization	\$ 231,406		\$ 237,407	

11. RESTRICTIONS ON NET ASSETS

The replacement reserve is externally restricted by MOH. These funds can only be used for capital expenditures. The Board of Directors approves all expenditures from this reserve, subject to MOH review.

12. RESERVE EXPENDITURES

Expenditures charged to the replacement reserve are as follows:

	2024 \$	2023 \$
Building exterior	8,899	5,233
Equipment	9,806	-
Plumbing	20,336	2,366
Railing	-	1,895
Reception	1,840	-
Technical studies for future capital projects	-	16,826
Unit remodel	-	10,280
	40,881	36,600

HESPERUS FELLOWSHIP COMMUNITY OF ONTARIO INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

13. HESPERUS FELLOWSHIP VILLAGE

Hesperus Fellowship Village is incorporated under The Ontario Corporations Act as a corporation without share capital that operates and maintains intergenerational, affordable non-profit residential housing for seniors. Hesperus Fellowship Village is a charitable organization within the meaning of the Income Tax Act.

All members of Hesperus Fellowship Village's Board of Directors are also directors of Hesperus Fellowship Community of Ontario.

Hesperus Fellowship Village financial statements at March 31 are summarized as following:

	2024 \$	2023 \$
Statement of Financial Position		
Total assets	15,708,394	16,209,556
Total liabilities	11,370,296	11,752,812
Net assets	4,338,098	4,456,744
	15,708,394	16,209,556
Statement of Operations		
Revenues	1,259,536	1,246,553
Expenses	1,378,182	1,261,158
Deficit	(118,646)	(14,605)
Cash Flows		
Operating Activities	109,369	150,781
Investing Activities	(120,789)	(1,598,640)
Financing activities	(84,728)	(92,870)
Decrease in cash	(96,148)	(1,540,729)

14. COMMUNITY SERVICES RECOVERY FUND (CSRF)

During the year, the Corporation received \$74,000 from the Toronto Foundation under CSRF. A portion of the funding was used during the fiscal year to update marketing and communications with new branding and website. In addition, changes were made to the accounting system to improve efficiencies and digital data. As of March 31, 2024, \$37,849 remains unspent and is included in deferred revenue.

HESPERUS FELLOWSHIP COMMUNITY OF ONTARIO INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

15. 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 manages its investments based on its cash flow needs and with a view to optimizing its investment income. The Corporation has invested most of its excess cash in low risk interest bearing vehicles such as 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.

16. SUBSEQUENT EVENT

Subsequent to year-end, the Corporation entered into an agreement with CMHC for funding regarding building studies under Canada Greener Affordable Housing (CGAH) Funding. Within this agreement Hesperus has committed to 10 years of affordable housing. No amount related to the funding was reflected in these financial statements.

17. COMPARATIVE FIGURES

In order to conform with the financial statement presentation adopted for the current year, certain elements of the comparative figures have been regrouped.