Financial Statements of

HABITAT HOUSING SOCIETY

And Independent Auditor's Report thereon

Year ended March 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members of Habitat Housing Society

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Habitat Housing Society (the "Society"), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of operations for the year then ended
- the statement of changes in net assets (deficiency) for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 the 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.
- 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.

Reporting on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

KPMG LLP

Chartered Professional Accountants

Langley, Canada
July 3, 2025

HABITAT HOUSING SOCIETY

Statement of Financial Position

March 31, 2025, with comparative information for 2024

	Operating Fund	Capital Asset Fund	2025 Total	2024 Total
Assets				
Current assets:				
Cash and cash equivalents	$ 1,414,737	$ -	$ 1,414,737	$ 1,131,026
Restricted cash (note 2)	171,311	-	171,311	145,052
Accounts receivable (note 3)	774,949	47,584	822,533	965,860
Due from Options Community Services Society ("OCSS") (note 5)	-	-	-	5,900,000
Prepaid expenses and deposits	54,218	-	54,218	52,420
	2,415,215	47,584	2,462,799	8,194,358
Restricted cash (note 2)	519,157	-	519,157	697,071
Capital assets (note 4)	-	69,665,217	69,665,217	82,936,367
	$ 2,934,372	$ 69,712,801	$ 72,647,173	$ 91,827,796
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	$ 849,617	$ -	$ 849,617	$ 1,108,881
Due to OCSS (note 5)	114,712	-	114,712	118,351
Deferred contributions (note 6)	1,260,462	-	1,260,462	993,990
Current portion of note payable - OCSS - 81st Ave (note 8)	-	67,405	67,405	-
Loans payable, current portion (note 7)	-	1,199,776	1,199,776	1,009,083
	2,224,791	1,267,181	3,491,972	3,230,305
Loans payable (note 7)	-	44,019,336	44,019,336	33,572,998
Note payable - OCSS - 81st Ave (note 8)	-	4,484,216	4,484,216	-
BCHMC loan payable (note 8)	-	338,870	338,870	35,681,429
Deferred contributions – replacement reserves (note 9)	448,690	-	448,690	654,183
Deferred capital contributions (note 10)	-	17,077,564	17,077,564	17,464,995
	2,673,481	67,187,167	69,860,648	90,603,910
Net assets:				
Invested in capital assets (note 11)	-	2,525,634	2,525,634	1,120,104
Unrestricted	260,891	-	260,891	103,782
	260,891	2,525,634	2,786,525	1,223,886
Economic dependence (note 13)				
	$ 2,934,372	$ 69,712,801	$ 72,647,173	$ 91,827,796

See accompanying notes to financial statements.

Approved on behalf of the Board:

Signed by: Jeff Scott 161A2211C7DE4A7... Director

DocuSigned by: Devinder Sekhon AB263445F49F4FB... Director

HABITAT HOUSING SOCIETY

Statement of Operations

Year ended March 31, 2025, with comparative information for 2024

	Operating Fund	Capital Asset Fund	2025 Total	2024 Total
Revenue:				
British Columbia Housing Management Commission	$ 4,935,535	$ -	$ 4,935,535	$ 4,242,813
Rentals	3,105,927	-	3,105,927	2,296,292
Rooftop leases	153,779	-	153,779	133,724
Commercial rent	1,111,492	-	1,111,492	116,909
Amortization of deferred capital contributions	-	400,965	400,965	115,689
Tenant food and other services	42,203	-	42,203	46,011
Laundry	35,899	-	35,899	36,873
Miscellaneous	98,205	-	98,205	14,127
Donations	50	-	50	1,050
Parking - Residential	22,811	-	22,811	4,263
	9,505,901	400,965	9,906,866	7,007,751
Expenses:				
Contracted tenant, building and administrative services (note 5)	3,074,184		3,074,184	2,193,887
Amortization	-	1,800,985	1,800,985	1,103,642
Interest (note 7)	1,354,171	-	1,354,171	918,114
Building occupancy	1,345,273	-	1,345,273	912,379
Repairs and maintenance	1,026,957	-	1,026,957	697,008
Utilities	588,852	-	588,852	505,370
Program and miscellaneous	526,179	-	526,179	495,420
Tenant services and supplies	238,323	-	238,323	243,538
Professional fees	102,147	-	102,147	76,166
Office	41,403	-	41,403	37,032
Advertising and staff development	3,130	-	3,130	594
Cost of donations in-kind	12,240	-	12,240	-
	8,312,859	1,800,985	10,113,844	7,183,150
Excess (deficiency) of revenue over expenses before undernoted	1,193,042	(1,400,020)	(206,978)	(175,399)
Gain on disposal of capital assets (note 4)	-	1,578,658	1,578,658	-
Excess (deficiency) of revenue over expenses	$ 1,193,042	$ 178,638	$ 1,371,680	$ (175,399)

See accompanying notes to financial statements.

HABITAT HOUSING SOCIETY

Statement of Changes in Net Assets

Year ended March 31, 2025, with comparative information for 2024

	Operating Fund	Capital Asset Fund (note 11)	2025 Total	2024 Total
Balance, beginning of year	$ 103,782	$ 1,120,104	$ 1,223,886	$ 1,213,178
Excess (deficiency) of revenue over expenses	1,193,042	178,638	1,371,680	(175,399)
Interfund transfers	(1,035,933)	1,035,933	-	-
Mortgage subsidy contributed towards land (note 4)	-	190,959	190,959	186,107
Balance, end of year	$ 260,891	$ 2,525,634	$ 2,786,525	$ 1,223,886

See accompanying notes to financial statements.

HABITAT HOUSING SOCIETY
Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	$ 1,371,680	$ (175,399)
Items not involving cash:		
Amortization of capital assets	1,800,985	1,103,642
Amortization of deferred capital contributions	(400,965)	(115,689)
Gain on disposal of capital assets (note 4)	(1,578,658)	-
Changes in non-cash operating working capital:		
Accounts receivable	143,327	1,096,989
Prepaid expenses and deposits	(1,798)	(7,144)
Accounts payable and accrued liabilities	(259,264)	(3,983,645)
Deferred contributions	266,472	147,960
Deferred contributions - replacement reserves	(205,493)	44,657
	1,136,286	(1,888,629)
Investing activities:		
Purchase of capital assets	(320,115)	(8,502,373)
Financing activities:		
Due from Options Community Services Society (“OCSS”)	5,900,000	(5,900,000)
Increase (decrease) in due to OCSS	(3,639)	8,929
Proceeds from loans payable	11,725,149	-
Repayment of loans payable	(1,088,118)	(983,115)
Proceeds from BCHMC loans payable	-	10,093,875
Repayment of BCHMC loans payable	(21,973,621)	-
Proceeds from note payable to OCSS	4,600,863	-
Repayment of note payable to OCSS	(49,242)	-
Mortgage subsidy received towards land (note 4)	190,959	186,107
Deferred capital contributions received	13,534	6,889,478
	(684,115)	10,295,274
Increase (decrease) in cash and cash equivalents	132,056	(95,728)
Cash and cash equivalents, beginning of year	1,973,149	2,068,877
Cash and cash equivalents, end of year	$ 2,105,205	$ 1,973,149
Represented by:		
Cash and cash equivalents	$ 1,414,737	$ 1,131,026
Restricted cash (note 2)	690,468	842,123
	$ 2,105,205	$ 1,973,149
Non-cash transactions:		
Gain on sale of capital assets (note 4):		
Debt settled by BCHMC	$ 13,368,938	$ -
Carrying value of the Strata Lot 4 building disposed of	(11,166,252)	-
Carrying value of the Strata Lot 4 land disposed of	(624,028)	-

See accompanying notes to financial statements.

Nature of operations:

Habitat Housing Society (the “Society”) is a non-profit organization incorporated under the Societies Act (British Columbia). The Society is a registered charity pursuant to Section 149(1)(f) of the Income Tax Act and as such, is exempt from federal and provincial income taxes. The principal activity of the Society is the provision of social housing services and resources that meet the needs of the community, empower individuals, support families and promote community health.

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

The resources and operations of the Society have been segregated for accounting purposes into the following funds:

- The Operating Fund accounts for the Society’s administrative activities and revenue and expenses related to funded program delivery. This fund also reports unrestricted revenue, contributions and resources.
- The Capital Asset Fund reports the assets, liabilities, revenue and expenses related to the Society’s capital assets.

The Society has a service arrangement with Options Community Services Society (“OCSS”) whereby OCSS provides the strategic and operational management of the Society. The reason for the arrangement is to better carry out the primary purpose of the two organizations in delivering their programs and services to the community. The Society remains a separate legal entity.

(b) Revenue recognition:

The Society follows the deferral method of accounting for contributions, including mortgage subsidies. Government grants and other restricted funding are recorded as revenue when the related expenses are incurred. Where a portion of such grants relates to a future period, it is deferred and recognized in the period in which the related expenses are incurred. Externally restricted contributions for the purchase or construction of capital assets are deferred and recognized as revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. All other revenue is recognized when the services are provided.

Mortgage subsidies pertaining to the repayment of long-term debt used to acquire land are recognized as direct increases in net assets.

1. Significant accounting policies (continued):

(c) Capital assets:

The buildings and building envelope are recorded at cost and amortized on a straight-line basis over the estimated useful life of between 35 and 50 years. Chattels, vehicles and equipment and furnishings are recorded at cost and amortized on a straight-line basis over the estimated useful life of five years. Repairs and maintenance costs are charged to expense. Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that either the full or partial amount of the asset no longer has long-term service potential to the Society. If such conditions exist, an impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value or replacement cost.

The Society entered into agreements to lease land from the Provincial Rental Housing Corporation for 60-year terms expiring as follows:

Asset	Expiry
Sunset Grove	May 28, 2052
Hazel Villa	June 1, 2052

Lease payments for the entire term of the agreements were paid in advance and are amortized on a straight-line basis over the term of the lease being 60 years. The unamortized prepaid lease amounts have been included in capital assets as disclosed in note 4.

Assets under development are amortized once they are available for use.

(d) Donated services and materials:

The Society benefits from donated services in the form of volunteer time for various programs. Because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

Donated goods and other donated services are recorded in the financial statements only when used in the normal course of the Society’s operations, would otherwise have been purchased and a fair value can be reasonably estimated.

(e) Cash and cash equivalents

Cash and cash equivalents include cash and term deposits with initial maturities of 90 days or less at the time of purchase. The Society’s policy is to treat cash and cash equivalents held with its investment portfolio as investments on the statement of financial position.

1. Significant accounting policies (continued):

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

The Society has elected to carry its investments at fair value.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(g) Measurement uncertainty:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the year. Actual results could differ from the estimates.

2. Restricted cash:

Restricted cash designated for specific purposes is segregated as follows:

	2025	2024
Deferred contributions - replacement reserves (note 9)	$ 448,690	$ 654,183
Women of Options - 81st Avenue Project	-	42,888
Replacement reserve funds for 81st Ave. office	70,467	
Security deposits and accrued interest owing to tenants	171,311	145,052
	690,468	842,123
Less current portion	171,311	145,052
	$ 519,157	$ 697,071

HABITAT HOUSING SOCIETY
Notes to Financial Statements (continued)

Year ended March 31, 2025

3. Accounts receivable:

	2025	2024
Trade receivable	$ 764,606	$ 694,536
Goods and services taxes receivable	57,927	271,324
	$ 822,533	$ 965,860

4. Capital assets:

	Cost	Accumulated depreciation	2025 Net book value	2024 Net book value
Ted Kuhn:				
Land	$ 8,940,000	$ -	$ 8,940,000	$ 8,940,000
Building	30,562,955	7,013,596	23,549,359	24,419,071
Chattels	417,400	417,400	-	-
Equipment and furnishings	180,249	121,334	58,915	67,595
Building envelope	2,994,509	583,929	2,410,580	2,500,415
	43,095,113	8,136,259	34,958,854	35,927,081
Sunset Grove:				
Land lease prepayments	412,500	226,875	185,625	192,500
Equipment and furnishings	22,606	10,970	11,636	2,637
Building	2,557,077	2,410,959	146,118	219,178
	2,992,183	2,648,804	343,379	414,315
Hazel Villa:				
Land lease prepayments	195,000	107,250	87,750	91,000
Equipment and furnishings	10,406	2,604	7,802	9,883
Building	948,072	891,676	56,396	85,874
	1,153,478	1,001,530	151,948	186,757
81st Avenue:				
Land	1,840,387	-	1,840,387	2,464,416
Building under construction	-	-	-	43,564,928
Equipment and furnishings	52,015	6,886	45,129	-
Building - 81st Ave.	32,634,780	688,130	31,946,650	-
	34,527,182	695,016	33,832,166	46,029,344
Other:				
Assets under development	378,870	-	378,870	378,870
	$ 82,146,826	$12,481,609	$ 69,665,217	$ 82,936,367

4. Capital assets (continued):

British Columbia Housing Management Commission ("BCHMC") provides a subsidy for the repayment of debt related to the Ted Kuhn property. The total repayment of the principal was $833,414 (2024 - $812,240), with $642,455 (2024 - $626,133) relating to the building, recorded as revenue and $190,959 (2024 - $186,107) relating to the land, recorded directly to net assets.

The Society entered into an agreement to sell one residential Strata Lot consisting of 37 affordable housing units at 13583 81st Avenue, Surrey, BC ("Strata Lot 4") to Provincial Rental Housing Corporation ("PRHC"). The sale completed on May 30, 2024 for a net purchase price of $13,368,938 which was the carrying value of the loan payable to PRHC settled in exchange for the Strata Lot 4 building and land. The carrying amount of the assets sold was determined based on the appraised values of the 81st Avenue strata lots resulting in a gain of $1,578,658 being recorded.

5. Due to/from Options Community Services Society and related party transactions:

The amount due to OCSS, a society with common Board of Directors, of $114,712 (2024 - $118,351) is unsecured, non-interest bearing and due on demand.

During the year, OCSS charged the Society $3,074,184 (2024 - $2,193,887) for strategic and operational management services, tenant and client services, administration and building maintenance. The expense is recorded in contracted tenant, building and administrative services expense in the statement of operations. These transactions are in the normal course of operations for services performed by OCSS for the Society and are recorded at the exchange amount as agreed to by the related parties.

During the year, the Society received $5,900,000 from OCSS, related to a grant initially provided by the Canadian Mortgage and Housing Corporation ("CMHC"). The purpose of the grant was to support the development of the newly constructed mixed-use building located at 13583 81 Avenue, Surrey, BC. To maximize financial efficiency, the grant was temporarily transferred to OCSS. The grant was held in an interest-bearing account. This arrangement allowed the monies to earn interest, until the funds were needed. The grant amounting to $5,900,000 along with interest earned of $73,871 (2024 - nil) was transferred back to the Society.

6. Deferred contributions:

Changes in the deferred contributions balance are as follows:

	2025	2024
Balance, beginning of year	$ 993,990	$ 846,030
Amounts received	4,534,492	4,249,258
Amount recognized as revenue	(4,268,020)	(4,101,298)
Balance, end of year	$ 1,260,462	$ 993,990

7. Loans payable:

	2025	2024
Ted Kuhn:		
Peoples Trust repayable in monthly installments of $141,083 including interest at 2.59% per annum, due for renewal on March 1, 2027 and secured by an assignment of rents and a first charge on land and building with net book value of $34,899,939, and is guaranteed by BCHMC	$ 32,913,757	$ 33,747,172
81st Avenue - Residential:		
Scotiabank mortgage taken out on September 1, 2024, repayable in monthly installments of $51,436 including interest at 3.964% per annum, due for renewal on September 1, 2034 and secured by an assignment of rents and a first charge on the Strata Lot 3 land and building with net book value of $13,092,982	11,646,384	-
Sunset Grove:		
Canada Mortgage and Housing Corporation (“CMHC”) Mortgage, repayable in monthly installments of $12,458 including interest at 3.74% per annum, fully repaid by June 1, 2028, and secured by an assignment of rents and a first charge on certain leased land and building with net book value of $331,743	457,026	586,966
Hazel Villa:		
CMHC mortgage, repayable in monthly installments of $4,534 including interest at 3.74% per annum, due for renewal on June 1, 2028 and secured by an assignment of rents and a first charge on certain leased land and building with net book value of $144,146	201,945	247,943
	45,219,112	34,582,081
Less current portion	1,199,776	1,009,083
	$ 44,019,336	$ 33,572,998

Interest of $1,152,937 (2024 - $910,938) relating to mortgages payable has been included in interest expense in the statement of operations.

7. Loans payable (continued):

Principal repayments, assuming renewals at similar terms and conditions, are due as follows:

2026	$ 1,199,776
2027	1,235,570
2028	1,268,021
2029	1,187,968
2030	1,137,935
Thereafter	39,189,842
	$ 45,219,112

8. BCHMC loans payable:

	2025	2024
BCHMC loan, unsecured, interest free, due on demand, and payable with the proceeds of the initial advance of the approved first mortgage, may be forgiven if the project does not proceed	$ 338,870	$ 338,869
BCHMC loan, secured by a repayable mortgage, interest free, due on demand	-	35,342,560
	$ 338,870	$ 35,681,429

The BCHMC loan with a nil (2024 - $35,342,560) balance was reducted through repayments to BC Housing, mortgages, loans, and the sale of Strata Lot 4 (note 4) for which a loan was settled in exchange for land and building.

In June 2024, OCSS provided the funds to retire construction debt, associated with Strata Lot 1 and Strata Lot 2 within Strata Plan EPS9870, amounting to $4,600,863 including $83,872 of interest on the loan, which the Society owed to BCHMC, using a Royal Bank of Canada (“RBC”) loan of $3,397,500, repayable at $20,766 per month including interest at 5.45% per annum, secured by a first charge against 13520 78 Avenue in Surrey, BC. The remaining $1,120,000 was drawn from OCSS’s RBC revolving line of credit, with an interest rate of prime plus 0.15%, secured by a first charge against 9803 140 Street in Surrey, BC. The funds were borrowed by the Society from OCSS by way of a note payable amounting to $4,551,621 (2024 - nil) as at year end, bearing interest at the same rate as OCSS’s cost of funds through the RBC credit facilities.

9. Deferred contributions - replacement reserve:

Under the terms of the operating agreements with BCHMC, the replacement reserve account is to be credited in the amount determined annually by the budget provision plus interest income earned. These funds, along with accumulated interest, must be held in a separate account in the Society's name and invested only in instruments where the principal is guaranteed in accordance with BCHMC's replacement reserve investment policy. The reserve funds may only be used for capital repairs and replacements in accordance with the operating agreement.

	Hazel Villa	Sunset Grove	Ted Kuhn	81st Ave	2025 Total	2024 Total
Balance, beginning of year	$ 30,715	$ (265)	$ 623,733	$ -	$ 654,183	$ 609,526
Add:						
Current year provision	8,640	18,000	304,560	86,399	417,599	331,200
Interest income	3,912	4,172	22,427	-	30,511	25,378
Less:						
Amounts expended	(18,978)	(20,540)	(614,085)	-	(653,603)	(311,921)
Balance, end of year	$ 24,289	$ 1,367	$ 336,635	$ 86,399	$ 448,690	$ 654,183

10. Deferred capital contributions:

Deferred capital contributions represent restricted contributions for targeted building envelope improvements and remediation and for the construction of new facilities. The changes in the deferred capital contributions balance for the year are as follows:

	2025	2024
Balance, beginning of year	$ 17,464,995	$ 10,691,206
Deferred capital contributions received	13,534	6,889,478
Amortization of deferred capital contributions	(400,965)	(115,689)
Balance, end of year	$ 17,077,564	$ 17,464,995

Included in the above deferred capital contributions are a variety of forgivable loans and other contributions. These are treated as government contributions and are deferred when received and amortized to revenue over the estimated remaining useful life of the related capital asset.

The Society has entered into forgivable loan agreements with BCHMC to fund specific capital related expenditures. Under the agreements, the Society must meet certain conditions over the loan periods. If the conditions are not met for the remaining term of the loans, the Society would be liable to pay the $6,364,169 (2024 - $6,448,027) loan balances not previously forgiven, plus interest. Forgivable loans are expected to be forgiven over the next 35 years to 2060.

The Society has and expects to continue to meet these conditions in the normal course of operations over the loan period. In the event that the conditions for deferral are no longer met, the Society will record a liability for the repayment of the mortgage principal and interest at the time of change in conditions.

The details of the forgivable loans are as follows:

				2025	2024
	Term of forgiveness	Original loan	Forgiven to March 31, 2025	Unforgiven balance	Unforgiven balance
Kuhn Tower	Fiscal 2022-2032	$ 838,570	$ 299,401	$ 539,169	$ 623,027
81^{st} Avenue	Fiscal 2035-2060	5,825,000	-	5,825,000	5,825,000
		$ 6,663,570	$ 299,401	$ 6,364,169	$ 6,448,027

11. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2025	2024
Capital assets	$ 69,665,270	$ 82,936,367
Amounts financed by:		
Loans payable	(45,219,112)	(34,582,081)
Note payable	(4,551,621)	-
Accounts receivable	47,584	12,242
BCHMC loans payable	(338,870)	(35,681,429)
Deferred capital contributions	(17,077,564)	(17,464,995)
Unspent deferred capital contributions relating to 81st Ave property	-	5,900,000
	$ 2,525,634	$ 1,120,104

(b) Deficiency of revenue over expenses:

	2025	2024
Amortization of deferred capital contributions	$ 400,965	$ 115,689
Amortization of capital assets	(1,800,985)	(1,103,642)
	$ (1,400,020)	$ (987,953)

(c) Change in net assets invested in capital assets:

	2025	2024
Purchase of capital assets	$ 320,115	$ 8,502,373
Disposal of capital assets	(11,790,280)	-
Repayment of (proceeds from) BCHMC loans payable	35,342,559	(10,093,875)
Proceeds from loans payable	(11,725,149)	-
Repayment of loans payable	1,088,118	983,115
Proceeds from note payable to - OCSS - 81st Ave (note 5)	(4,600,863)	-
Repayment of note payable to - OCSS - 81st Ave (note 5)	49,242	-
Amounts funded by deferred capital contributions	(13,534)	(6,889,478)
Amounts funded by accounts payable and accrued liabilities	35,342	2,597,363
Transfer of deferred capital contributions from OCSS	(5,900,000)	5,900,000
Deficiency of revenue over expenses	(1,400,020)	(987,953)
	$ 1,405,530	$ 11,545

12. Disclosure of remuneration:

For the fiscal year ended March 31, 2025, the Society did not pay any employees or contractors annual remuneration of $75,000 or greater.

The Society did not pay any remuneration to its members of the Board of Directors.

13. Economic dependence:

The Province of British Columbia through BCHMC funds approximately 50% (2024 - 61%) of the Society's revenues, excluding any non-recurring revenues, through various contracts. The Society is also dependent on OCSS for the provision of services as outlined in note 5.

The Society manages its economic dependence by ensuring its long-term debt service is funded through long-term funding agreements.

14. Financial risks and concentration of risks:

(a) Credit risk:

Credit risk is the risk of economic loss arising from a party's failure to repay or service debt according to contractual terms. Financial instruments that potentially subject the Society to concentrations of credit risk consist of cash and cash equivalents, restricted cash and accounts receivable. The Society has deposited cash and cash equivalents and restricted cash with reputable financial institutions and has receivables from services performed and grants receivable from various bodies of the Government of Canada and the Province of British Columbia. Management does not believe there is a significant credit risk. The Society monitors, on a regular basis, the credit risk to which the Society is exposed in relation to its financial assets and takes steps to minimize the risk of loss.

(b) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash flow forecasts to ensure it has sufficient funds to fulfill its obligations.

(c) Interest rate risk:

Fixed interest rate instruments are subject to fair value risks. The Society is exposed to interest rate risk on its fixed interest rate loans payable included in note 7.

There have been no significant changes to the risks from the prior year.

15. Comparative information:

Certain comparative information has been reclassified from those previously presented to conform with the presentation of the 2025 financial statements.