

**Knox Heritage Place Inc.**  
**Financial Statements**  
For the year ended December 31, 2025

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**Knox Heritage Place Inc.**  
**Financial Statements**  
For the year ended December 31, 2025

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## Independent Auditor's Report

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To the Board of Directors of  
Knox Heritage Place Inc.

### Opinion

We have audited the financial statements of Knox Heritage Place Inc. (the "Organization"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations and changes in net assets, 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 Organization as at December 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 Qualified Opinion

In the prior year, the Organization's promissory note was recorded at cost at initial recognition. Canadian accounting standards for not-for-profit organizations requires loans to initially be recognized at fair value and subsequently at amortized cost. The promissory note bore interest at 3.5% per annum which was not the prevailing market rate for similar instruments at the time the note was issued. Had the promissory note been initially recorded at fair value, and subsequently at amortized cost, the promissory note payable would have decreased, and net assets would have increased by \$220,187 as at December 31, 2024 and interest expense would have increased by \$29,335 and excess of revenue over expenses would have increased by \$29,335 for the year ended December 31, 2024. The promissory note was forgiven on October 21, 2025. Our audit opinion on the financial statements for the year ended December 31, 2024 was modified because of the effects of this departure from Canadian accounting standards for not-for-profit organizations.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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



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## Independent Auditor's Report (continued)

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### 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

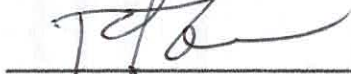
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants  
Oakville, Ontario  
March 23, 2026

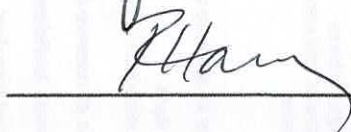
## Knox Heritage Place Inc. Statement of Financial Position

December 31	2025	2024
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 53,008	\$ 77,337
Short-term investments (Note 2)	529,634	563,421
Accounts receivable (Note 3)	14,211	62,390
Prepaid expenses	41,407	39,340
	638,260	742,488
Long-term investments (Note 2)	1,122,749	962,648
Capital assets (Note 4)	7,470,883	7,420,724
	\$ 9,231,892	\$ 9,125,860
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable (Note 5)	\$ 71,581	\$ 157,022
Tenant deposits	45,979	45,024
Current portion of mortgage payable (Note 6)	109,981	105,255
Deferred revenue	-	61,869
	227,541	369,170
Mortgage payable (Note 6)	5,109,081	5,213,451
Promissory note payable (Note 7)	-	3,500,000
	5,336,622	9,082,621
<b>Net assets</b>		
Operating fund (deficit)	2,242,887	(1,482,830)
Capital fund	1,652,383	1,526,069
	3,895,270	43,239
	\$ 9,231,892	\$ 9,125,860

On behalf of the Board:



Richard Fortier  
Director, Chair and President



Rob Harvey  
Director and Treasurer

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

## Knox Heritage Place Inc. Statement of Operations and Changes in Net Assets

For the year ended December 31

2025                      2024

	Operating Fund	Capital Fund	Total	Total
<b>Revenue</b>				
Rental	332,470 \$	-	332,470 \$	313,719
Income tested	574,938	-	574,938	561,009
Non-income tested				
	907,408	-	907,408	874,728
Government subsidies and assistance:				
Regional Municipality of Halton subsidy (Note 9)	245,609	-	245,609	251,293
Investment income (Note 10)	-	229,394	229,394	121,013
Miscellaneous income (laundry, parking, etc.)	33,788	-	33,788	31,630
	1,186,805	229,394	1,416,199	1,278,664
<b>Expenditures</b>				
Administration	30,896	-	30,896	22,757
Amortization	113,624	-	113,624	110,867
Gas	21,172	-	21,172	21,164
Hydro	86,970	-	86,970	79,615
Insurance	27,552	-	27,552	29,750
Interest paid on tenant deposits	911	-	911	1,127
Maintenance and repairs	115,035	-	115,035	113,076
Mortgage interest	238,301	-	238,301	242,840
Professional fees	70,671	-	70,671	60,430
Promissory note interest (Note 7)	-	-	-	122,500
Property taxes	157,055	-	157,055	149,014
Salaries and benefits	269,202	-	269,202	246,935
Water	24,654	-	24,654	25,682
	1,156,043	-	1,156,043	1,225,757
<b>Excess of revenue over expenditures for the year before other item</b>	30,762	229,394	260,156	52,907
<b>Other Item</b>				
Contribution - forgiveness of promissory note (non-recurring) (Note 7)	3,591,875	-	3,591,875	-
<b>Excess of revenue over expenditures for the year</b>	3,622,637	229,394	3,852,031	52,907
<b>Net assets (deficiency), beginning of year</b>	(1,482,830)	1,526,069	43,239	(9,668)
<b>Interfund transfers</b>	103,080	(103,080)	-	-
<b>Net assets, end of year</b>	\$ 2,242,887 \$	\$ 1,652,383 \$	\$ 3,895,270 \$	\$ 43,239

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

## Knox Heritage Place Inc. Statement of Cash Flows

For the year ended December 31	2025	2024
<b>Cash flows from operating activities</b>		
Excess of revenue over expenditures for the year	\$ 3,852,031	\$ 52,907
Adjustments to reconcile excess of revenue over expenditures for the year to net cash provided by operating activities		
Amortization	108,013	105,256
Amortization of deferred financing costs	5,611	5,611
Unrealized gain on investments	(122,750)	(85,650)
Forgiveness of promissory note	(3,591,875)	-
Changes in non-cash working capital balances		
Accounts receivable	48,179	(22,497)
Prepaid expenses	(2,067)	1,909
Accounts payable	6,434	87,052
Tenant deposits	955	3,471
Deferred revenue	(61,869)	61,869
	<u>242,662</u>	<u>209,928</u>
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(158,172)	(131,572)
Purchase of investments	(877,421)	(1,378,271)
Proceeds on sale and redemption of investments	873,857	1,465,908
	<u>(161,736)</u>	<u>(43,935)</u>
<b>Cash flows from financing activity</b>		
Repayment of mortgage	(105,255)	(100,733)
<b>Increase (decrease) in cash during the year</b>	<b>(24,329)</b>	<b>65,260</b>
<b>Cash, beginning of year</b>	<b>77,337</b>	<b>12,077</b>
<b>Cash, end of year</b>	<b>\$ 53,008</b>	<b>\$ 77,337</b>

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

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# Knox Heritage Place Inc.

## Notes to Financial Statements

December 31, 2025

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### 1. Significant Accounting Policies

#### **Nature of Operations**

Knox Heritage Place Inc. (the "Organization") is a Canadian Registered Charity, without share capital, under the laws of Ontario and, as such, is exempt from income tax. The Organization owns and operates Knox Heritage Place, a seniors' residence. The Organization was incorporated on November 12, 2020 and commenced operations on April 1, 2022. The Organization was established as a not-for-profit entity and effective October 21, 2025, the Canada Revenue Agency registered the Organization as a charity under the Income Tax Act (Canada).

#### **Basis of Accounting**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

#### **Fund Accounting**

The Organization follows the deferral method of accounting for contributions. On December 31, 2024, the Organization has changed its presentation to fund accounting on the statement of operations and changes in net assets.

#### Operating Fund

The Operating Fund is used to support the Organization's activities. During the year, \$103,080 was transferred from the Capital Fund to the Operating Fund (2024 - \$1,526,069 was transferred from the Operating Fund to the Capital Fund).

#### Capital Fund

The Capital Fund is an internally restricted fund established in 2024 to provide funds for major repairs and replacements to the seniors' residence. The assets designated for this purpose are short-term and long-term investments that are invested in a portfolio totalling \$1,652,383 (2024 - \$1,526,069) as shown on the statement of financial position. During the year, \$103,080 was transferred from the Capital Fund to the Operating Fund (2024 - \$1,526,069 was transferred from the Operating Fund to the Capital Fund).

#### **Revenue Recognition**

Rental revenue includes rents earned from tenants under lease agreements and is recognized in accordance with the tenant lease agreements.

Government subsidies and grants are recognized as revenue in the year in which the related expenses are incurred. Government subsidies approved but not received at the end of an accounting period are accrued. Where a portion of subsidies relate to a future period, they are deferred and recognized in that subsequent period.

Investment income and miscellaneous revenue is recognized when earned.

#### **Short-term Investments**

Short-term investments are purchased with an intent to be withdrawn in one year or less.

#### **Capital Assets**

Capital assets are recorded at cost less accumulated amortization. Amortization, based on the estimated useful life of the asset, is calculated as follows:

Building	- 4% declining balance basis
Equipment and furnishings	- 20% declining balance basis

# Knox Heritage Place Inc. Notes to Financial Statements

December 31, 2025

## 1. Significant Accounting Policies (Continued)

### Deferred Financing Costs

Deferred financing costs are capitalized and amortized over the term of the new financing arrangement, net of the associated mortgage payable.

### Tenant Deposits

Tenant deposits represent the last month's rental payments received from tenants. Interest is paid on the deposits annually at the effective rate of return on investment.

### Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, Canadian equities and preference shares traded in an active market are reported at fair value. Guaranteed investment certificates approximate their fair value due to the short term nature of the investments. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

### Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

## 2. Investments

	2025	2024
<b>Short-term investments</b>		
High interest savings account	\$ 326,259	\$ 163,421
GIC - 4.75%, non-cashable, due August 13, 2025	-	250,000
GIC - 4.10%, 30-day cashable, due August 13, 2025	-	150,000
GIC - 4.40%, non-cashable, due August 13, 2026	203,375	-
	\$ 529,634	\$ 563,421

## Knox Heritage Place Inc. Notes to Financial Statements

December 31, 2025

### 2. Investments (Continued)

#### Long-term investments

Preference shares	\$	523,420	\$	444,251
Canadian equities		421,824		318,397
GIC - 4.40%, non-cashable, due August 13, 2026		-		200,000
GIC - 3.76%, non-cashable, due August 13, 2027		88,748		-
GIC - 3.79%, non-cashable, due August 13, 2027		88,757		-
		<u>1,122,749</u>		<u>962,648</u>
<b>Total investments</b>		<u>\$ 1,652,383</u>		<u>\$ 1,526,069</u>

### 3. Accounts Receivable

		<u>2025</u>		<u>2024</u>
HST receivable	\$	12,972	\$	61,202
Miscellaneous		1,239		1,188
		<u>14,211</u>		<u>62,390</u>

### 4. Capital Assets

	<u>2025</u>		<u>2024</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 5,000,000	\$ -	\$ 5,000,000	\$ -
Building	2,765,720	342,515	2,622,697	244,528
Equipment and furnishings	78,719	31,041	63,570	21,015
	<u>\$ 7,844,439</u>	<u>\$ 373,556</u>	<u>\$ 7,686,267</u>	<u>\$ 265,543</u>
Net book value		<u>\$ 7,470,883</u>		<u>\$ 7,420,724</u>

**Knox Heritage Place Inc.**  
**Notes to Financial Statements**

**December 31, 2025**

**5. Accounts Payable**

	<b>2025</b>	<b>2024</b>
Trade accounts payable	\$ 22,028	\$ 17,376
Accrued liabilities	49,860	139,646
Due (from) to Halton Region	(307)	-
	<b>\$ 71,581</b>	<b>\$ 157,022</b>

Included in trade accounts payable are government remittances payable of \$5,895 (2024 - \$6,159)

**6. Mortgage Payable**

	<b>2025</b>	<b>2024</b>
Mortgage payable - Amortized over 30 years with interest at 4.40%, repayable in blended monthly payments of \$28,662, secured by the associated property, a first general assignment of rents and leases from the Property, postponement of promissory note payable to Knox Presbyterian Church, Oakville (Note 7), and assignment of Halton rent subsidy agreement (Note 8). The initial 10 year term is due May 1, 2032.	\$ 5,367,297	\$ 5,472,552
Less: current portion	(109,981)	(105,255)
Less: financing costs	(148,235)	(153,846)
	<b>\$ 5,109,081</b>	<b>\$ 5,213,451</b>

Principal repayments for the next 5 years and thereafter are as follows:

2026	\$	109,981
2027		114,919
2028		120,078
2029		125,470
2030		131,103
Thereafter		4,765,746
	<b>\$</b>	<b>5,367,297</b>

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## Knox Heritage Place Inc. Notes to Financial Statements

December 31, 2025

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### 7. Promissory Note Payable

On November 28, 2024, the Knox Presbyterian Church, Oakville, (the "Church") and the Organization entered into an agreement to forgive the promissory note payable and release the Organization from all indebtedness and obligations under the promissory note payable, on the condition that the Organization become a registered charity under the Income Tax Act (Canada).

Effective October 21, 2025, the Canada Revenue Agency registered the Organization as a charity under the Income Tax Act (Canada). As such, the conditions in the agreement for the forgiveness and termination of the promissory note payable were met as of October 21, 2025, and all indebtedness and obligations under the promissory note payable were forgiven and terminated as of that date.

The forgiveness of the promissory note represents a non-reciprocal transfer. In accordance with Section 4410, *Contributions – Revenue Recognition*, the forgiven amount has been recognized as an unrestricted contribution in the year of forgiveness.

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### 8. Related Party

The Church exercises significant influence over the Organization by virtue of common Board membership and holds the promissory note as described in Note 7. The Church is a congregation within The Presbyterian Church in Canada, Presbytery of Brampton and is located in Oakville, Ontario. The Church is a Canadian registered charity without share capital, and is exempt from income tax.

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### 9. Regional Municipality of Halton Subsidy

During the year, the Regional Municipality of Halton ("Halton") subsidized 40 of the 80 apartments at Knox Heritage Place on a rent-geared-to-income basis.

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## Knox Heritage Place Inc. Notes to Financial Statements

December 31, 2025

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### 10. Investment Income

The investments are internally restricted and designated to the Capital Fund.

	2025	2024
Interest	\$ 35,895	\$ 30,078
Dividends	38,885	36,750
Realized gain (loss)	49,734	(14,218)
Unrealized gain	122,750	85,650
Investment management fees	(17,870)	(17,247)
	\$ 229,394	\$ 121,013

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### 11. Commitments

The Organization has entered into various agreements and the minimum annual payments for the next 5 years are as follows:

2026		\$ 34,656
2027		9,036
2028		8,280
2029		8,280
2030		6,900
		\$ 67,152

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### 12. Financial Instrument Risks

The Organization may be exposed to a variety of financial risks.

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is subject to credit risk through its accounts receivable. The exposure to this risk is judged to be minimal as the receivables are mainly due from federal agencies and municipal government. This risk has not changed from the prior year.

#### Market Risk

The Organization is subject to market risk with respect to its investments. It is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of general economic and other market factors affecting market prices. The values of these investments will fluctuate as a result of changes in market prices or other factors affecting the value of the investments. This risk has not changed from the prior year.

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### 13. Comparative Amounts

The comparative amounts presented in the financial statements have been restated to conform to the current year presentation.

