



KNOX HERITAGE PLACE
ANNUAL REPORT
2025

KNOX HERITAGE PLACE INC.

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KNOX HERITAGE PLACE INC. BUILDING DESCRIPTION

Knox Heritage Place is a non-denominational seniors' apartment building situated in the River Oaks area of Oakville.

The philosophy behind the construction and operation of this building is to provide an environment that will contribute to the continued independence and autonomy for senior citizens. This is carried out through the structural design and decoration of the building along with the in-house activities engaged in by the seniors.

The structural design includes such prosthetic features as handrails in hallways which are both staggered and well lit, levered handles on doors, high placement of electric plug outlets and grab bars in the bathrooms. The front door entranceway has a sky-lit canopy along with variations in brickwork and roadwork to aid depth perception. Decoration features include seating by the elevators, and in the Richard Green Room there is high firm seating in sofas and chairs. Provisions have been made for wheelchair accessibility throughout the building. The facilities are intended to encourage interaction among the residents. The building has been placed beside a ravine within a garden setting to encourage enjoyment of nature.

There are 80 apartments on four floors. The building is serviced by two elevators.

Facilities on the ground floor include:

- The Richard Green Room, which is a common room for all residents. This room has a fireplace, piano, television and an informal seating arrangement. A kitchen off the common room allows this room to be used for informal dining for organized events.
- A laundry room with four washers and four dryers.
- A solarium with a door leading to the rear of the building where gardening enthusiasts have garden plots.
- A guestroom that is available for tenant emergencies or for lease at a minimal cost for visiting friends and family.

- Continued

Building Description Continued

The fourth-floor houses three activity rooms

- One large, skylight room used for art and crafts, bingo and exercise classes.
- A library/games room with cozy seating and a view of the lake.
- A tenant storage room housing ten large cage lockers and additional space for tenant bike storage.

Four units are designed as partially accessible through consideration in the kitchen and bathroom areas. Throughout these apartments, light switches are low and plugs are placed higher.

The ground floor apartments have small patios off the living room. A large patio with a barbecue for all the residents is located at the rear of the building overlooking the ravine. There is also a balcony on the second floor on the front of the building.

All apartments were upgraded in 2015 and have vinyl plank flooring in the kitchen, hallway and bathroom with carpeting in the living room and bedrooms. A refrigerator and stove are provided. The heating is electric, and individual thermostats are in the living room, bedroom and bathroom of each unit. Both elevators were fully updated with completion of the project in 2022.

The rents for the apartments are at the low end of the market rent for Oakville. For applicants who may have difficulty affording these rents, subsidies allow some qualifying tenants to pay an amount of rent geared to their income. There is a great demand for these subsidized units and only a percentage of the apartments can be subsidized. There is a waiting list for all units.

Residents are asked to show a willingness to participate in the development of this seniors' citizen community.

Knox Heritage Place is managed by Knox Heritage Place Inc., a non-profit corporation with a volunteer board of directors. It was launched over 40 years ago by Knox Presbyterian Church and members of the congregation continue to serve as directors offering advice and moral support. An Administrator, Property Maintenance person and Recreation Coordinator are employed by the corporation.

KNOX HERITAGE PLACE INC. CORPORATE INFORMATION

Chair	Richard Fortier
Treasurer	Rob Harvey
Secretary	Meghan Amm

DIRECTORS

Meghan Amm	Gary McBay
John Ferguson	Mike Moffatt
Richard Fortier	Donna Starkey
Rob Harvey	Dave Newton
Angus Kennedy	Fraser Sinclair

STAFF

Administrator	Melissa Zentner
Property Maintenance	Sinisa Slijepcevic
Recreation/Admin. Asst.	Rebecca Ruskoff
Security	Lorne Weller
Security	Bonnie Zicari
Security	Patrick Tackaberry
Security	Lorraine McCandlish

**KNOX HERITAGE PLACE INC.
ANNUAL GENERAL MEETING APRIL 19, 2026**

12:30 Light Lunch

1:00 Meeting with opening prayer

PROPOSED AGENDA

1. Call to order
2. Adoption of agenda
3. Annual General Minutes April 27, 2025
4. Report from the Board Chair
5. Report from the Treasurer
6. Approval of the Audited Financial Statements
7. Appointment of Auditors for the 2026 fiscal year
8. Election of Directors
9. Other Business
10. Meeting Termination

**KNOX HERITAGE PLACE INC.
MINUTES OF THE ANNUAL GENERAL MEETING
SUNDAY, APRIL 27, 2025**

The Annual General Meeting of Knox Heritage Place Inc. was held on Sunday, April 27, 2025, in the Green Room of Knox Heritage Place, 2191 Sixth Line, Oakville, Ontario.

MEMBERS PRESENT

Meghan Amm	Zosia Blackstone	Barbara Browne
Roma Browne	Warren Browne	John Ferguson
Richard Fortier	Molly Fraser	Gary Frazer
Luella Frazer	Rob Harvey	Angus Kennedy
Gary McBay	Ian Molyneaux	Dave Newton
Fraser Sinclair	Donna Starkey	Shona Thornton
Duncan Turnbull		

STAFF

Melissa Zentner Rebecca Ruskoff

REGRETS

John Aitken	Margaret Aitken	Erwin Biener
Helen Biener	Dennis Camm	Heather Carey
Philip Carey	Hugh Cass	Diana Clarke
Charles Fraser	Stan Frazer	Mike Gillatt
Diane Hambleton	Peter Kaps	Pam Leonard
Archie McKenzie	Rosemary McKenzie	Mike Moffatt
Brian Murphy	Carl Nelson	Agatha Platiel
Richard Roberts	Clayton Shold	Don Tees
Lyn Turnbull	Brett White	Robert Whyte
Carol Wilkinson	Keith Wilkinson	

The meeting was called to order at 1:05 pm by the Chair of the Board of Directors, Richard Fortier, and Donna Starkey gave the opening prayer.

Meghan Amm, acting as Secretary of the meeting, reported that notice of the meeting had been duly given to the members by email. A quorum was declared.

ADOPTION OF AGENDA:

MOTION: That the agenda be adopted.

Moved: Gary Frazer
Seconded: Molly Fraser
CARRIED

APPROVAL OF PREVIOUS MINUTES

MOTION: That the minutes of the previous Annual General Meeting on Sunday, April 28, 2024, be approved.

Moved: Warren Browne
Seconded: Angus Kennedy
CARRIED

REPORTS

The Chair called attention to the Report of the Chair of the Board in the Annual Report. He wished to highlight the renovation of the Green Room kitchen, which was completed in Fall 2024. He noted that residents are thrilled with the new kitchen, and thanked Melissa and the Property Committee for their excellent work on the project.

Next, the Chair discussed Project 3.5, and the progress of the application to Canada Revenue Agency (CRA) for charitable status. He indicated that the application was filed on March 27, 2025. In response to a question from Warren Browne, the Chair stated that the standard CRA response time for these applications is 6-12 months.

MOTION: That the Chairman's Report be adopted.

Moved: Warren Browne
Seconded: Phil Carey
CARRIED

FINANCIAL STATEMENTS:

Rob Harvey, Treasurer, presented the Treasurer's Report and the Auditor's Report on the Financial Statements. First, with respect to the Statement of Operation and Net Assets, Rob mentioned that KHP had a small operating deficit due to legal expenses, but this was offset by investment returns.

Rob stated that the Audit and Investment Committee of the KHP Board revised the Investment Policy Statement in July 2024. The new investment portfolio mix is conservative, both to preserve funds for capital improvements and to protect against expected market volatility in 2025.

Next, Rob outlined the creation of the Capital Reserve Fund for accounting purposes. This change means that KHP's accounting practices will reflect our actual practice of having two separate accounts for operating activities and investments. Rob noted that KHP has budgeted approximately \$600,000 over the next few years to upgrade the showers and bathrooms in resident units.

Finally, Rob thanked the members of the Audit and Investment Committee and Melissa for their outstanding work over the past year. He thanked Fraser Sinclair in particular for stepping in during Rob's recovery from surgery. In response to a question from Warren Browne, Rob confirmed that KHP has proper offsite backup procedures for audit documentation.

MOTION: That the Treasurer's Report be adopted.

Moved: Barbara Browne
Seconded: Ian Molyneaux
CARRIED

MOTION: That the Knox Heritage Place, Inc. audited financial statements for the fiscal year ended December 31, 2024, be approved.

Moved: Warren Browne
Seconded: Duncan Turnbull
CARRIED

APPOINTMENT OF AUDITORS:

MOTION: That BDO Canada LLP be appointed as the auditors of Knox Heritage Place, Inc. for the fiscal year ending December 31, 2025.

Moved: Ian Molyneaux
Seconded: Barbara Browne
CARRIED

ELECTION OF DIRECTORS:

The Chair noted that Angus Kennedy and Ian Molyneaux have reached their term limits as Board Members. Richard thanked Angus and Ian on behalf of the Members for their service to the Board.

The Chair recommended electing Angus for a third consecutive term. The KHP Property Committee would greatly benefit from Angus' expertise for current and future capital projects.

MOTION: That Angus Kennedy be elected to serve as a Director of the Board for a third consecutive three-year term.

Moved: John Ferguson
Seconded: Gary McBay
CARRIED

OTHER BUSINESS:

Dave Newton called the membership's attention to the future need for individual heat and cooling units throughout the building. Dave indicated that roof load for these units, as well as the building's electrical wiring capacity, should be assessed. Rob responded that KHP planned to investigate these issues as part of the current heat pump pilot program.

Finally, there was a brief discussion regarding the membership list and how KHP could endeavour to recruit new members.

Termination of Meeting:

MOTION: That the meeting be terminated.

Moved: Angus Kennedy
Seconded: John Ferguson
CARRIED

The meeting terminated at 1:45 pm.

KNOX HERITAGE PLACE INC. CHAIR'S REPORT

What are the hallmarks of Knox Heritage Place? A safe and affordable environment for our residents, stewardship of the grounds and facilities, and strong governance: These are what make Knox Heritage Place (KHP) a great place to live and to call home.

To that end, I extend my sincere thanks to our Administrator, Maintenance technician, and Activities coordinator, Melissa, Sinisa, and Rebecca, along with our security tenants, for their constant dedication. They combine with our volunteer board of directors to make KHP a desirable and caring community for independent seniors here in Oakville.

While 2025 was a milestone year for KHP from a long-term governance standpoint, we nonetheless maintained focus on the day-to-day priorities of our residents. Again, this year, we partnered with the Oak Park Neighbourhood Center to assist residents in filing their income tax returns. We continue to offer the regular services of a registered visiting footcare nurse, along with free exercise classes, to enhance our residents' health and well-being close to home. KHP is also fortunate and thankful for communal garden plots and naturalized areas that provide residents a chance to appreciate and interact with nature.

In last year's report I highlighted that, to enhance KHP's long-term viability and restore its financial vitality, we would apply for charity registration. In October 2025, the Canada Revenue Agency registered KHP as a charity under the Income Tax Act. Charitable status is advantageous to KHP in many ways. It allows us to raise monies through donations; it offers flexibility in managing investments and provides certainty of income tax status. Most significantly, it fulfilled the condition of an agreement with Knox Presbyterian Church to forgive a \$3.5 million promissory note. With charitable status achieved, the note was formally forgiven by the Church in October 2025 to the mutual satisfaction of both parties. Respectfully submitted,

Richard J. Fortier
President and Chair

KNOX HERITAGE PLACE INC. TREASURER'S REPORT

As highlighted in the Chair's Report, 2025 has been a very significant year for Knox Heritage Place (KHP) and we ended the year in a much stronger financial position. Here are some highlights with excerpts from our BDO audited financial statements.

Operating Fund

The Operating Fund is used to support the day-to-day operations of Knox Heritage Place. Total revenues were \$1,186,805 made up of rental income, rent subsidies and miscellaneous income. Total expenditures were \$1,156,043 including staffing costs, amortization, mortgage, building maintenance and repairs, utilities, professional fees and property taxes. The total excess (deficiency) of revenues over expenditures was \$30,762 for the year as shown in the Statement of Operations and Net Assets.

Capital Fund

Investment income in 2025 was \$229,304 which represents a total return on investment on the Capital Fund portfolio of 14.6%; see the Statement of Operations and Net Assets. This outsized return on our conservative portfolio mix was achieved through high dividends and gains on preference shares as interest rates dropped, and from the dramatic increase in the price of gold in 2025. The Capital Fund is managed by BMO Nesbitt Burns. As shown in Note 2, as at December 31st, the total investments were \$1,652,383 and the portfolio mix was as follows:

- Short Term Cash and GICs 32%
- Long Term GICs 11%
- Preference Shares 32%
- Canadian Equities 25%

During the year, \$103,080 was transferred from the Capital Fund to the Operating Fund to pay for capital projects and improvements.

Forgiveness of Promissory Note

As described in Note 7, effective October 21, 2025, the Canada Revenue Agency registered KHP as a charity and this fulfilled the conditions for forgiveness of the \$3.5 million promissory note and interest obligations by Knox Presbyterian Church, Oakville. As a result, our net assets (or equity) have increased dramatically from \$43,239 to \$3,895,270 over the year; see Statement of Financial Position. As well, in this year's audit the organization is no longer deemed to have liquidity risk which is the risk of encountering difficulties in meeting our obligations with financial liabilities.

Respectfully submitted,

Rob Harvey, Treasurer

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

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

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BDO Canada LLP
360 Oakville Place Drive, Suite 500
Oakville ON L6H 6K8 Canada

Independent Auditor's Report

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.

Independent Auditor's Report (continued)

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.

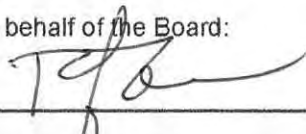
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

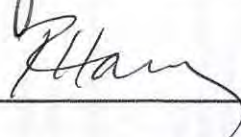
Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
March 23, 2026

Knox Heritage Place Inc. Statement of Financial Position

December 31	2025	2024
Assets		
Current		
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
	<u>638,260</u>	<u>742,488</u>
Long-term investments (Note 2)	1,122,749	962,648
Capital assets (Note 4)	<u>7,470,883</u>	<u>7,420,724</u>
	<u>\$ 9,231,892</u>	<u>\$ 9,125,860</u>
Liabilities and Net Assets		
Current		
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
	<u>227,541</u>	<u>369,170</u>
Mortgage payable (Note 6)	5,109,081	5,213,451
Promissory note payable (Note 7)	<u>-</u>	<u>3,500,000</u>
	<u>5,336,622</u>	<u>9,082,621</u>
Net assets		
Operating fund (deficit)	2,242,887	(1,482,830)
Capital fund	<u>1,652,383</u>	<u>1,526,069</u>
	<u>3,895,270</u>	<u>43,239</u>
	<u>\$ 9,231,892</u>	<u>\$ 9,125,860</u>

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
Revenue				
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
Expenditures				
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
Excess of revenue over expenditures for the year before other item	30,762	229,394	260,156	52,907
Other item				
Contribution - forgiveness of promissory note (non-recurring) (Note 7)	3,591,875	-	3,591,875	-
Excess of revenue over expenditures for the year	3,622,637	229,394	3,852,031	52,907
Net assets (deficiency), beginning of year	(1,482,830)	1,526,069	43,239	(9,668)
Interfund transfers	103,080	(103,080)	-	-
Net assets, end of year	\$ 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
Cash flows from operating activities		
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>
Cash flows from investing activities		
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>
Cash flows from financing activity		
Repayment of mortgage	(105,255)	(100,733)
Increase (decrease) in cash during the year	(24,329)	65,260
Cash, beginning of year	77,337	12,077
Cash, end of year	\$ 53,008	\$ 77,337

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

Knox Heritage Place Inc. Notes to Financial Statements

December 31, 2025

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
Short-term investments		
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>
Total investments	\$ 1,652,383	\$ 1,526,069

3. Accounts Receivable

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

4. Capital Assets

	2025		2024	
	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		\$ 7,470,883		\$ 7,420,724

Knox Heritage Place Inc. Notes to Financial Statements

December 31, 2025

5. Accounts Payable

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

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

6. Mortgage Payable

	2025	2024
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)
	<u>\$ 5,109,081</u>	<u>\$ 5,213,451</u>

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	<u>4,765,746</u>
	<u>\$ 5,367,297</u>

Knox Heritage Place Inc. Notes to Financial Statements

December 31, 2025

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.

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.

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.

Knox Heritage Place Inc. Notes to Financial Statements

December 31, 2025

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)
	<u>\$ 229,394</u>	<u>\$ 121,013</u>

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
	<u>\$ 67,152</u>

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.

13. Comparative Amounts

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