ELLWOOD HOUSE

Affordable housing for seniors

ELLWOOD HOUSE (OTTAWA) INC.

ANNUAL GENERAL MEETING

25 June 2024



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Ellwood House (Ottawa) Inc.

General Information

2024

Background

Ellwood House (Ottawa) Inc. is a not-for-profit corporation incorporated under the laws of the Province of Ontario and is a registered charity with the Canada Revenue Agency. As a Social Housing Service Provider working with the support of the City of Ottawa, it owns and operates Ellwood House to fulfill its mandate of providing affordable housing to seniors in the Ottawa community. More detailed information can be found on our website: www.ellwoodhouse.ca.

Management

The operation of Ellwood House is overseen by a Board of Directors composed of a minimum of seven and a maximum of ten elected directors from the parish and community. In addition, the incumbent Bishop, Rector, and two Wardens are ex-Officio Directors. The 2024 Board of Directors is composed of:

Janice Horton	President
Stephen Parks	Treasurer
Michele Bédard	Secretary
Michael Parkes	Director
Daniel Warchow	Director
David Salisbury	Director
Beverly Ensom	Director
Keaton Ambrose	Director

Property Management and administrative services are provided by Homestarts, an organization that provides services to co-operative and non-profit housing providers.

Some Activities and accomplishments in 2023

- **Social Media**: We were fortunate to find a volunteer, Nathalie Padros, who set up Instagram and FaceBook accounts for us, and who designs and sends out email blasts to our community of contacts.
- We continue to update our website as new information is available.

Building improvements: Following our 2021 Building Condition Assessment and our Capital Plan:

- Exterior maintenance
- Ongoing replacement of carpeting with vinyl flooring in apartment units.
- Ongoing bath-tub conversions, with cut-outs allowing walk- in showering for tenants.

Tenant Activity: Ongoing social activities on the patio and in the lounge, including Super Bowl and Grey Cup parties, celebrations for Christmas and New Year, and ongoing afternoon teas and happy hours. A special celebration was held for the 100th birthday of our tenant Ernie Mulligan last summer. Tenants also held a garage sale as part of the parish's parking lot sale.

Ellwood House Extension project: Ellwood House has completed the extension planning process required to create 38 more units. The process has taken significant investment of time and money to complete the zoning and site control plan applications. We have made effective use of the pre-development funding to get us to this stage—provided by the City, CMHC, the Federation of Canadian Municipalities, the Anglican Diocese of Ottawa and others.

As of December 31, 2023, we had received Site Plan Approval for our development.

We joined the Alliance to End Homelessness Ottawa, which will provide us with additional contacts and resources to help us advance our goal and our message.

We met with Mayor Mark Sutcliffe, MP David McGuinty, MPP John Fraser, and City Councillors Marty Carr and Jessica Bradley to tour the premises and learn more about our operations and our mission to provide affordable housing to seniors in our community.

Thank You!

The Board of Directors of Ellwood House (Ottawa) Inc. would like to thank the following persons and organizations for their support:

- **Our tenants**, for their ongoing care of Ellwood House and their co-operation and support of each other.
- **Our Property Management company, Homestarts,** particularly Angela Duval, for her professionalism in supporting our tenants, maintaining our building's interior and exterior, arranging and coordinating maintenance and repairs.
- **The Parish of St. Thomas the Apostle Anglican Church and the Diocese of Ottawa** for their ongoing interest and support.
- **The City of Ottawa** Housing Services Branch.
- **Our local politicians,** Marty, John, and David, for their support.
- We were saddened by the death of by Robin MacKay, the former Chancellor of the Diocese, who died on February 12, 2023. Robin had been a great friend to St. Thomas parish and particularly Ellwood House, offering his legal services at a greatly reduced rate and often on a pro bono basis.

ELLWOOD HOUSE CONSULTANTS AND SERVICE PROVIDERS

Property Management and Tenant Support

Homestarts Incorporated

A non-profit, community-based organization providing management, maintenance and redevelopment services as well as centrally serviced bookkeeping and website management to 80 housing co-ops and 2 non-profit housing providers in Ontario.

Legal Services

Kelly Santini LLP

Kelly Santini LLP provides legal services and advice to local, national, and international business owners, not-for-profits, insurers, and private individuals since 1976. We are represented by William Roantree.

ELLWOOD HOUSE PROVIDES AFFORDABLE HOUSING TO INDEPENDENT SENIORS

The Canada Mortgage and Housing Corporation (CMHC) standard definition of Affordable Housing:

> **"Adequate and suitable housing is affordable at 30% of before-tax household income to very low to moderate-income households."**

The recent report from the **Alliance to End Homelessness Ottawa** identifies three income groups as being in **Core Housing Need:**

VERY LOW INCOME
LOW INCOME
MODERATE INCOME

Ellwood House serves all three of these income groups:

- 18 apartment units for Very Low Income and Low Income tenants eligible for rent-geared-to-income (through the City of Ottawa registry).
- 12 apartment units for tenants with Moderate Income.

The 2024 Ellwood House monthly rental rates are as follows, as compared to the CMHC Market Report for 2022.

Ellwood House rental rate comparison

	One bedroom	**Two bedrooms**
Rent-geared-to-income	**30% of before-tax income**	**30% of before-tax income**
Ellwood House low market rent	**$1,025.00**	**$1,251.00**
CMHC annual market report	**$1,956.00**	**$2,325.00**

Ellwood House (Ottawa) Inc.

Annual General Meeting

Tuesday, 25 June 2024

AGENDA

1. Opening prayer

2. Opening Remarks by the President

3. Notice of Meeting

4. Approval of the 20 June 2023 Annual General Meeting minutes

5. Business Arising

6. Treasurer's Report and presentation of financial statements
   Stephen Parks, Treasurer

7. Appointment of Auditor 2024
   Stephen Parks, Treasurer

8. President's Report
   Janice Horton, President

9. Election of Director

10. Other Business -Ratification of Director's Resolution re Quorum (Section 9.06 of the Ellwood House Bylaw.

11. Adjournment

Notice of the Annual General Meeting
REVISED
Ellwood House (Ottawa) Inc.
(the "Corporation")

June 25, 2024

At 7:00pm

To: Members of the Corporation of Ellwood House (Ottawa) Inc.
Members of the Parish of St. Thomas the Apostle

Take Notice:

Pursuant to Article 9.03 of the By-law of the Corporation, the Annual General Meeting of the Corporation will be held at 7:00pm on Tuesday, June 25, 2024. The meeting will take place in the Trinity Room at St. Thomas the Apostle Church.

The Members of the Corporation will be asked to consider the Report of the President, the Audited Financial Statements for 2023, and the Appointment of the Auditor for 2024.

The Members of the Corporation will also be asked to ratify the decision of the Board of Directors to set the quorum for a Members meeting at 10 Members attending in person.

The election of the Board of Directors will follow, and other such business that may be properly placed before the meeting.

An electronic copy (PDF) of the Ellwood House Annual Report is available upon email request to the Ellwood House Secretary, Michele Bédard, at michelebedard@bell.net .

Michele Bédard
Secretary
Ellwood House (Ottawa) Inc.

MINUTES OF
THE ANNUAL GENERAL MEETING OF
ELLWOOD HOUSE (OTTAWA) INC.

20 JUNE 2023

The Ellwood House 2023 Annual General Meeting was held in conjunction with the monthly meeting of St. Thomas the Apostle Parish Council, with Council members in attendance. Ellwood House Chair Janice Horton chaired the meeting.

The meeting was called to order at 7:03PM. Cathy Munroe, Rector's Warden of St. Thomas, welcomed those present and acknowledged that we were gathering on traditional Anishinaabe Algonquin territory. She also indicated that an anticipated special Vestry meeting regarding the lease with Ellwood House would not be held at this time.

1. Opening Prayer

Rev. Tim Kehoe opened the meeting with a prayer of reconciliation to be used on National Indigenous Peoples Day the following day. He then turned the meeting over to Janice Horton, Chair of the Ellwood House Board of Directors.

2. Welcome

Janice welcomed those members present to the Annual General Meeting and referred them to the 2022 Annual Report, which been distributed by email prior to the meeting. She also encouraged attendees to visit the Ellwood House website (www.ellwoodhouse.ca), which is overseen by Director Beverly Ensom and which provides detailed and updated information on Ellwood House and its operations.

3. Approval of Agenda

It was moved by Stephen Parks and seconded by Flo Cheesman that the Agenda for the Annual General Meeting be approved.

Carried.

4. Notice of Meeting

The Notice of Meeting had been distributed in the Parish Bulletin in accordance with the Ellwood House (Ottawa) Inc. By-Law, as well as posted on the bulletin boards at Ellwood House and St. Thomas the Apostle Church. It should be noted that the first two or three editions had indicated that the meeting would be held virtually but in fact was to be held in the Trinity Room prior to the monthly Parish Council meeting.

5. Approval of Minutes

The minutes of the 15 November 2022 Annual General Meeting were distributed in the Annual Report. It was noted that Jean Jordan had been incorrectly referred to as "Jean Wilson" in the list of attendees at that meeting.

There being no additional corrections, it was moved by Michele Bédard and seconded by Beverly Ensom that the minutes of the Annual General Meeting of 15 November 2022 be approved as amended.

Carried.

6. Business Arising

There was no business arising from the minutes.

7. Treasurer's Report:

The audited financial statements for the 2022 fiscal year had been distributed as part of the Annual Report.

Gwen Levesque noted that the totals for the 2021 Current Assets, Total Assets and Total Current Liabilities were incorrect. Treasurer Stephen Parks indicated that this was likely the result of a transcription error by the auditor from the 2020 totals and advised that he would contact the auditor regarding this issue. (The following day the auditor confirmed that he had not checked to ensure that the proper balances were reported. This does not affect the corporation's financial situation for 2022. A copy of the corrected Financial Statements has been provided to the Board and Parish Executive.)

Stephen summarized the financial situation as follows:

- Operating surpluses have been recorded for the past few years.
- The **Operating Surplus** was $40,181 of which 50% ($20,091) was transferred to the Capital Reserve Fund.
- The **Accumulated Operating Surplus** at the end of 2022 was $173,953.
- The **Capital Reserve Fund** balance is $189,924.
- The **Development Fund** represents the money set aside for the Ellwood House Extension. The balance sits at -$209,761, which is not money owed but an internal debt that the Extension project owes back to Ellwood House. Timing is a factor regarding this repayment. Ellwood House received $100,000 in pre-development funding from the City in 2022 (and Stephen noted that a further $200,000 was received in 2023.) Funding for the Extension project will come from Action Ottawa and through a CMHC mortgage. As money is received into the Development Fund it will be repaid to Ellwood House. Ellwood House will be required by the City to maintain separate ledgers for the existing building and the Extension but can present one financial report for the complex.

- The **mortgage balance** owing at the end of 2022 was $153,996. Ellwood House is doing well toward paying this off by June 2024.

- Rent-Geared-to-Income (RGI) is up, and the Market Rent is down.

- There has been a substantial increase (43%) in the cost of water utilities. This is due to the installation of new, improved pumps that increased water pressure in the building and provided the tenants with better water flow.

It was moved by Stephen Parks and seconded by Daniel Warchow that the Treasurer's Report be approved as presented.

Carried

8. Appointment of Auditor:

Stephen noted that our previous auditor had announced a proposed increase in its fees by 50%. A Request for Proposal was tendered, and the Board has retained Jeffrey Martin CPA Professional Corporation as its new auditor.

It was moved by Stephen Parks and seconded by David Salisbury that Jeffrey Martin CPA Professional Corporation be appointed as auditor for the fiscal year ending 2023.

Carried.

9. President's Report:

Janice Horton reported that Ellwood House had another good financial year and a good year with our tenants. The loosening of restrictions permitted the close-knit tenant community to gather again in the lounge and on the patio. A party was held in the lounge to celebrate the 100th birthday of our long-term resident Ernie.

Janice indicated that more information will be provided to the parish as we move towards finalizing the site plan. Cathy Munroe noted that the campus partners, including the nursery school, fire hall and call centre, will also have questions regarding parking, timelines, etc. when a meeting is held in the autumn.

Janice reported that the Board will begin drafting proposed revisions to the Bylaw to bring it into compliance with the new Ontario Not-for-Profit Corporations Act ("ONCA") which is now in effect. We hope to present something to the parish in the fall, and a special membership meeting will be required to approve the revised Bylaw and file new Articles of Incorporation.

An update for 2023 on the Extension had been provided for information purposes.

It was moved by Bev Ensom and seconded by Daniel Warchow that the President's Report be accepted.

Carried

10. Election of Directors:

Board Director Beverly Ensom introduced Keaton Ambrose, Business Development Director at Chandos Construction, who had been appointed to the Board in April of 2023.

> Keaton has more than nine years of experience in forecasting and partnership development to formulate and execute strategies for brand growth and vision. He has played a direct role in the growth plan and sales leadership of Chandos, an employee-owned construction company, overseeing its expansion from five to more than 75 local staff members.
>
> Keaton has actively participated in initiating and managing construction projects worth over 800 million dollars, emphasizing the utilization of social procurement and meaningful engagement with equity-seeking groups.
>
> He has been specifically developing his experience in volunteer leadership positions. He currently chairs the Ottawa Young Construction Leaders committee, co-chairs the OSEG Foundation's Summer Rush Networking Event, and annually guest lectures at George Brown College and Algonquin College on procurement and collaborative delivery of projects.
>
> Over the past two years, he has connected with organizations like Roberts/Smart Centre, Causeway, and Shepherds of Good Hope to provide industry feedback, advice, and a helpful ear.

It was moved by Bev Ensom and seconded by Stephen Parks that Keaton Ambrose be elected to the Board of Directors for a term of 4 years.

Carried.

Board Secretary Michele Bédard indicated that the following Board members had reached the end of their 4-year term as directors:

Janice Horton
Stephen Parks
Michael Parkes
Daniel Warchow
Michele Bédard

It was moved by Cathy Munroe and seconded by Fr. Tim Kehoe that this slate of directors be re-elected for a further 4-year term.

Carried.

11. Other Business

There was no other business.

12. Ellwood House Extension

No other information further to Janice Horton's report was provided.

13. Adjournment:

It was moved by Cathy Munroe and seconded by David Salisbury that the Ellwood House Annual General Meeting be adjourned. Ended at 7:37pm.

Submitted: Approved:

_____ _____

Michele Bédard, Secretary Janice Horton, President

List of Attendees

Ellwood House Board

Janice Horton, President
Stephen Parks, Treasurer
Michele Bédard, Secretary
David Salisbury, Director
Daniel Warchow, Director
Beverly Ensom, Director
Keaton Ambrose, Director

St. Thomas Parish

Rev. Tim Kehoe
Rev. Tom Hubschmid
Cathy Munroe, Rector's Warden
Catherine Smith, Deputy Warden
Gwen Levesque, Parish Treasurer

Lorraine Balderson
Tom Bryant
Florence Cheesman
Kwesi Otoo
Els Salisbury
Derwyn Sangster

Financial Statements

Ellwood House (Ottawa) Inc.
Ottawa, Ontario

December 31, 2023

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JEFFREY MARTIN CPA
PROFESSIONAL CORPORATION

INDEPENDENT AUDITORS' REPORT

To the Directors of Ellwood House (Ottawa) Inc. and The City of Ottawa

Opinion

I have audited the financial statements of Ellwood House (Ottawa) Inc., which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in fund balances and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2023, and the results of its operations and its cash flow for the year then ended in accordance with the accounting requirements and regulations of the Housing Services Act, 2011.

Basis for Opinion

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

Emphasis of Matter - Basis of Accounting and Restriction on Use

Without modifying my opinion, I draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Corporation to comply with the requirements of the Housing Services Act, 2011. As a result, the financial statements may not be suitable for other purposes. My report is intended solely for the Directors of the Corporation and the City of Ottawa and should not be used by parties other than the Directors of the Corporation and the City of Ottawa.

Responsibilities of Directors and those Charged with Governance for the Financial Statements

The Board of Directors ("the Directors") is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting requirements and regulations of the Housing Services Act, 2011 and for such internal control as the Directors determines are 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, the Directors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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.

P.O. 94003, North York, ON, M4N 3R1

INDEPENDENT AUDITORS' REPORT (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

• Conclude on the appropriateness of the Directors use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

Jeffrey Martin CPA Professional Corporation

Chartered Professional Accountant, Licensed Public Accountant
May 28, 2024
Toronto, Canada

Year ended December 31, 2023

Statement of Financial Position

	2023	2022
Current Assets		
Cash, Note 3	$ 136,554	$ 11,135
Accounts receivable		
Tenants	747	475
Grants	57,131	17,391
HST	24,053	91,015
Prepaid Expenses	11,454	21,764
Total Current	229,939	141,780
Replacement reserve fund, Note 3	190,468	158,291
Loan funded capital assets, Note 9	300,000	209,761
Capital assets, Note 7	45,644	153,996
	$ 766,051	$ 663,828
Current Liabilities		
Accounts payable and accrued liabilities	$ 23,394	$ 42,792
Subsidy due to The City of Ottawa, Note 10	19,304	161
Accrued mortgage interest	65	220
Total Current	42,763	43,173
Mortgage Payable, Note 8	45,734	153,996
Pre-development loan, Note 9	300,000	100,000
	388,497	297,169
Net Assets		
Restricted replacement reserve fund, per statement, Note 5	190,468	189,824
Donation fund, Note 6	2,881	2,881
Net assets invested in capital assets, Note 1	1	1
Accumulated surplus, per statement	184,204	173,953
	377,554	366,659
	$ 766,051	$ 663,828

Approved by the Board

Janice Horton
President

Stephen Parks
Treasurer

See accompanying notes

Statement of Operations and Accumulated Surplus	**2023**	2022
Revenue		
Market rent	$ **152,920**	$ 151,176
Rent geared to income	**114,667**	104,675
City of Ottawa subsidy		
Rent geared to income	**59,627**	83,708
Property tax subsidy	**54,810**	53,253
Operating subsidy	**(16,694)**	(22,240)
Parking	**7,885**	7,040
Laundry and other	**6,688**	4,119
	379,903	381,731
Expenses		
Administrative, per schedule, Note 16	**41,312**	41,099
Amortization	**108,262**	106,519
Insurance	**12,292**	12,287
Mortgage interest	**1,759**	3,416
Property taxes	**54,666**	53,113
Bad debts	**-**	-
Repairs and maintenance, per schedule, Note 16	**83,411**	68,581
Utilities, per schedule, Note 16	**25,250**	32,430
Unrecovered HST	**6,469**	-
Allocation to the replacement reserve fund	**25,980**	24,105
	359,401	341,550
Surplus	**20,502**	40,181
Share of surplus contributed to capital reserve	**(10,251)**	(20,091)
Accumulated surplus, beginning of year	**173,953**	153,863
Accumulated surplus, end of year	$ **184,204**	173,953

See accompanying notes

Statement of Changes in Replacement Reserve Fund

	2023	2022
City of Ottawa funding. HHIP	$ -	$ 10,260
Reserve funding from operations	**25,980**	24,105
Share of surplus contributed to the capital replacement reserve	**10,251**	19,188
Investment income/loss	**7,230**	(593)
	43,461	53,863
Expenditures	**(42,817)**	(95,153)
Net Expenditures	**644**	(41,290)
Fund Balance, beginning of year	**189,824**	231,114
Balance December 31	$ **190,468**	$ 189,824

See accompanying notes

Statement of Cash Flows

	2023	2022
Operating Activities		
Operating fund surplus	$ **10,521**	$ 20,090
Development fund expenditures	**(90,239)**	(211,195)
Replacement reserve fund expenditures	**(42,817)**	(95,153)
Amortization of capital assets	**108,262**	106,519
	(14,273)	(179,739)
Net change in non-cash working capital	**72,901**	2,218
Cash Provided By Operating Activities	**58,628**	(177,521)
Investing Activities		
Increase in loan funded assets	**(90,239)**	(67,431)
Decrease (increase) in investments	**(32,222)**	72,823
Cash Used In Investing Activities	**(122,461)**	5,392
Financing Activities		
Principal portion of mortgage payments	**(108,262)**	(106,520)
Replacement reserve fund financing	**-**	10,260
Increase in pre-development loan	**200,000**	-
Development fund financing	**-**	211,195
Investment gains/losses in replacement reserve	**7,230**	(593)
Cash Used In Financing Activities	**98,968**	114,342
Net cash increase (decrease) during the year	**125,374**	(57,787)
Cash position beginning of year	**11,135**	68,922
Cash Position End of Year	$ **136,509**	$ 11,135

See accompanying notes

Status and Nature of Activities

The Ellwood House (Ottawa) Inc. provides low-cost housing to seniors in the City of Ottawa. The Corporation was incorporated without share capital under the laws of The Province of Ontario on December 11, 1987, by St. Thomas the Apostle Church as a not-for-profit Corporation and a registered charity.

The Corporation claims an exemption from income tax as a charity operating exclusively for social welfare.

In accordance with its operating agreement with The City of Ottawa, the Corporation receives funding from the City of Ottawa Housing Branch pursuant to the Housing Services Act, 2011. The Corporation is dependent on this funding for its continued operation.

1. Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the financial reporting framework prescribed by the Housing Services Act, 2011. This framework requires the financial statements to be prepared in accordance with Canadian accounting standards for Not-for-Profit Corporations with the following significant exceptions:

a) amortization of capital assets funded by the original CMHC mortgage is equal to the principal repaid on the mortgage rather than on the estimated useful lives of the related assets;

b) capital expenditures may be charged to the replacement reserve, development reserve and donation reserve rather than capitalized and amortized over their estimated useful lives;

c) a replacement reserve is appropriated from operations and is held separate from operations in a restricted capital reserve fund;

d) investment income earned on reserve funds is credited directly to the reserve rather than to operations;

Fund Accounting

The Corporation follows the restricted fund method of accounting for contributions.

The replacement reserve fund reports the expenses for major repair and replacement costs of building improvements. Only major repairs and replacements that are capital in nature are charged directly to this reserve fund. Minor repairs and replacements are charged to repairs and maintenance in the statement of operations. The Corporation segregates funds accumulated as required by the Housing Services Act, 2011. Interest earned on these amounts is credited directly to the income of the reserve fund.

Revenue recognition

The Corporation receives rental revenue from tenants and subsidies from the City of Ottawa social housing program. Rental revenue, subsidies and other revenue are recognized at the time the services are provided.

Interest income earned on its investments is recognized as revenue when earned.

Investments and investment income
The Corporation holds investments in fixed income securities and cash in a broker account. These investments are recorded at fair value. Changes in fair value are recognized in the statement of operations. Fair value is determined using the quoted year-end market prices where available.

Investment income includes interest, which is recorded as revenue when earned. Gains and losses on investments include unrealized gains and losses.

Cash
Cash consists of amounts on deposit with a Canadian chartered bank.

Measurement of financial assets
The Corporation's financial instruments are comprised of cash, investments, subsidy receivable, sundry receivable, accounts payable and accrued liabilities and mortgage payable. Financial instruments are initially recorded at their fair value and subsequently measured at amortized cost.

Sundry receivables include interest receivable and government rebate receivable. Investments consist of bond funds.

When there is an indication of impairment or such an impairment is determined to have occurred, the carrying amount of financial assets is reduced by the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of that asset. If the circumstances that led to the Corporation recording an impairment improve and management determines that all or a portion of the impairment can be recovered, the impairment is reversed up to the amount that the financial asset would have otherwise been recorded at on the reversal date.

Use of estimates
The preparation of financial statements requires the Board of Directors to make assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Capital assets
Purchased capital assets are recorded at cost. The Social Housing Act, 2011, requires the Corporation to recognize depreciation at a rate equal to the annual principal reduction of the mortgage.

Net Assets Invested in Capital Assets
The Organization has recorded a nominal $1 as assets invested in capital assets. This represents the lease commitment by the Organization to the landowner, St. Thomas the Apostle Church.

Donated services
Volunteers assist the Corporation in carrying out its service delivery activities. Because of the difficulty in determining their fair value, donated services are not recognized in the financial statements.

Allocation of expenses
The Corporation is required to comply with Regulation 367, section 98(7) of the Housing Services Act, 2011 which gives the City of Ottawa, as service manager, the authority to determine what expenses can be charged to the replacement reserve fund. The Corporation must therefore determine whether expenses qualify as a capital expense as per the City of Ottawa guideline 2011-5 and allocate the capital expense to the replacement reserve fund.

Government assistance
The Corporation applies for government grants and rebates from time to time. Government assistance towards expenditures is recorded as a reduction of the related expenditures in the period the Corporation applies for the grant or rebate and is reasonably assured the grant or rebate will be approved.

2. Financial Instruments and Risk Management

Credit risk
Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Corporation is funded by the City of Ottawa which reduces its credit risk. Credit risk is also minimized by thoroughly screening new tenant's ability to service their rent payment obligations prior to completing the tenancy agreement.

Liquidity risk
Liquidity risk relates to the Corporation's ability to meet its obligations as they come due. The Corporation manages liquidity risk through the use of budgets.

Interest risk
The Corporation invests in an interest- bearing account that bears interest at a variable rate based on market rates of interest. The Corporation is exposed to the risk that changes in market rates of interest could impact cash flows needed to meet its operating and reserve fund obligations. The Corporation manages this risk by investing in low risk, interest bearing securities that also offer liquidity in the event that prevailing interest rates increase. Management does not otherwise manage interest rate risk.

3. Cash and Cash Equivalents, Investments and Reserve Funds

	2023	2022
Cash and cash equivalents	$ **201,553**	$ 11,186
Encasa CDN S-T Bond Fund Series A-NL	**61,082**	81,333
Encasa CDN Bond Fund Series A-NL	**64,387**	76,907
	327,022	169,426
Reserve funds - restricted	**190,468**	158,291
Operating cash	$ **136,554**	$ 11,135

Investment income includes:	2023	2022
Interest allocated to the replacement reserve	$ **7,230**	$ (593)
Interest allocated to operations	**21**	-
Total interest earned	$ **7,251**	$ (593)

4. Development Fund

The development fund was established by the Board of Directors to record the donations and costs associated with making an application to build the Ellwood House Extension on land adjacent to the current site. A loan has also been obtained from The City of Ottawa to finance the costs of these applications, Note 9.

5. Replacement Reserve Fund

The replacement reserve is externally restricted by The City of Ottawa. The funds can only be used for capital expenditures approved by The City of Ottawa. In 2023, the allocation from the operating fund to the replacement reserve fund was $25,980 as well as 50% of the operating surplus for the year of $10,296. These funds, along with the accumulated balance of the fund and interest, must be held in a separate bank account or invested in accounts or investments insured by Canada Deposit Insurance Corporation, or as otherwise approved by the City of Ottawa, Housing Services Ac, 2011. The cash and investments in the fund must equal or exceed the fund balance. At December 31 2023 the replacement reserve fund is fully funded, Note 3.

6. Donation Fund

The donation fund was established to record donations made for fund projects and/or capital improvements intended to enhance the quality of life of the seniors in residence.

7. Capital Assets

	Cost	Accumulated Amortization	**2023 Net**	2022 Net
Building	$ 1,926,023	$ 1,884,446	**$ 41,577**	$ 147,294
Furniture and equipment	48,268	44,201	**4,067**	6,702
	$ 1,974,291	$ 1,820,295	**$ 45,644**	$ 153,996

8. Mortgage Payable

The mortgage is held and fully insured by CMHC under Section 6 of the National Housing Act.

Original renewal balance	$493,774
Interest Rate	1.69%
Term, maturing May 1, 2024	56 months
Monthly principal and interest payments	$9,174

	2023	2022
Principal Balance	45,334	$ 153,996
Current portion	45,734	108,023
Long-term portion	-	$ 45,973

9. Pre-Development Loan

The Corporation has signed two pre-development loan agreements, totaling $300,000, with the City of Ottawa. The purpose of these loans is to assist the Corporation in developing a reasonable proposal for the Ellwood House Extension project. The term of the loans is 20 years from the date of commencement of the project. On the 20-year anniversary the loan will either be repaid or included in the contribution agreement with the City of Ottawa in the event the project receives City of Ottawa capital funding and can proceed with construction.

The Church of St. Thomas The Apostle, and the Incorporated Synod of the Diocese of Ottawa are owners of the property at 2262 Braeside Avenue. adjacent to Ellwood House, and the proposed Site for the development. The owners are guarantors of these loans. Thery have taken out mortgages to secure these loans to support the viability of the project. The owners are partners in the project and support the development.

The project is in the later stages of pre-development and is also seeking other sources of funding as well as planning a capital fundraising campaign.

The Pre-Development Loan and associated expenditures are as follows;

Pre-Development expenditures	**$311,972**
Pre-Development funding received at December 31, 2023	$250,000
Pre-Development funding receivable at December 31, 2023	$50,000
Approved Pre-Development Loan total	**$300,000**
Expenditures funded by reserves	$11,972
	$311,972

10. City of Ottawa Subsidy Reconciliation

Rent supplements are a form of rent-geared-to-income (RGI) housing subsidy that assist tenants with low or moderate incomes with rent affordability. To determine its annual subsidy and fulfil the requirements of its operating agreement and the Social Housing Act, 2011, the Corporation is required to maintain current records and income calculations for its RGI tenants, and file the Annual Information Return (AIR) with the City of Ottawa. The AIR is a summary of the Corporation's financial, operating, and statistical information for the fiscal year. The City of Ottawa uses this information to verify the Corporations subsidy entitlement and to assess whether the Corporation was compliant with its operating agreement and the Social Housing Act, 2011. In 2023, the Corporation received funding which was more than its subsidy entitlement in the amount by $27,008. The settlement for the year will be withheld by the City of Ottawa on a future subsidy payment. The balance due to the City for accumulated excess subsidy is set up as a liability on these financial statements. The City of Ottawa my adjust the balances when they complete their reconciliation of the balances.

11. Replacement Reserve Expenditures

	2023	2022
Flooring	$ **11,969**	$ 9,533
Consulting fees	**11,972**	3,866
Bathroom renovations	**8,914**	5,027
Unit turnover	**3,989**	-
Plumbing fixtures	**3,214**	4,826
Appliances	**2,759**	8,423
Roofing	-	57,953
Security system	-	3,309
Lock replacement	-	2,216
	42,817	$ 95,153

12. Contractual Obligations

At December 31, 2023 the Corporation had entered into contracts as listed below:

Land Lease Commitment - The Organization has an agreement with the Incumbent Rector and Wardens of the Church of St. Thomas the Apostle and the Incorporated Synod of the Diocese of Ottawa to lease the land Ellwood House (Ottawa) Inc. is built upon for $1 per year from June 30, 1988 to June 30, 2023. The proposed new lease will be for 10 years with a 5-year renewal at a rate of $81,000 per year.

Greenworks Contracting – Snow and Ice control - $12,184 plus HST for the season

Homestarts – Property management - $2,395 monthly, ending September 30, 2024

13. Subsequent Events

The Organization is, as of the date of this report, in negotiations with the owner of the land on which the building is located, for a lease renewal. The land lease ended on June 30, 2023. The proposed and unsigned lease agreement is for 10 year with a 5 year renewal at an annual rate of $81,000 per year.

14. Grants and Funding

Canada-Ontario Community Housing Initiative Contribution funding agreement (COCHI) – On July 14, 2023 the Corporation was approved for $147,914 of funding for windowsill capping, make-up air unit replacement and bathtub modification. At December 31, 2023 none of these funds have been received or spent.

15. Contingent Liability

The Organization was approved for funding under the COCHI funding agreement. Should the Organization fail to maintain its status as affordable housing for a period of 10 years from the date of the signed agreement and 5 years as a social housing provider under the Housing Services Act, 2011, the funding amounts become due and payable at the sole option of The City of Ottawa.

16. Supplementary Information

Schedule of Repairs and Maintenance

	2023	2022
Electrical systems	$ 1,515	$ 119
Elevators	5,219	4,902
Equipment	26	697
Grounds	12,716	6,605
Repairs, maintenance and supplies	58,584	51,594
Security	5,351	4,664
	$ 83,411	$ 68,581

Schedule of Utilities

	2023	2022
Hydro	$ 11,476	$ 10,094
Heating	5,686	6,466
Water	8,088	15,870
	$ 25,250	$ 32,430

Schedule of Administrative Expenses

	2023	2022
Management fees	$ 25,147	$ 23,008
Materials and services	1,071	160
Office supplies	660	193
Advertising and website	834	2,545
Dues	800	515
Bank fees	1,209	1,725
Other	1,002	645
Professional fees	5,544	6,530
Transportation and communication	5,045	5,778
	$ 41,312	$ 41,099