

DRAFT

March 25, 2026

Financial Statements of

HOUSING YORK INC.

And Independent Auditor's Report thereon

Year ended December 31, 2025

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Housing York Inc.

Opinion

We have audited the financial statements of Housing York Inc. (the Entity), which comprise:

- the balance sheet as at December 31, 2025
- the statement of revenue and expenditures for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with the financial reporting provisions of Section 80(2) of the Housing Services Act, 2011 and guidance in its application issued by the Housing Branch of the Regional Municipality of York.

Basis for Opinion

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

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

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

Emphasis of Matter - Financial Reporting Framework

We draw attention to Note 1 in the financial statements, which describes the applicable financial reporting framework and the purpose of the financial statements.

As a result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect to this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of Section 80(2) of the Housing Services Act, 2011 and guidance in its application issued by the Housing Branch of the Regional Municipality of York, 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 Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

HOUSING YORK INC.

DRAFT Balance Sheet

December 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash	\$ 9,659,163	\$ 20,265,942
Accounts receivable:		
Rent	870,822	598,549
Harmonized sales tax	1,008,611	1,234,034
Other	436,562	135,186
Prepaid expenses	1,164,827	1,108,772
	<u>13,139,985</u>	<u>23,342,483</u>
Investments (note 2)	32,645,637	23,684,594
Property holdings (note 3)	323,224,956	281,139,186
Furniture and fixtures	2,605,948	2,546,259
	<u>\$ 371,616,526</u>	<u>\$ 330,712,522</u>

Liabilities and Reserves and Shareholder's Equity

Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,065,516	\$ 8,957,447
Deferred revenue	1,969,842	1,828,941
Amounts due to Regional Municipality of York, without interest or terms of repayment	1,402,704	1,895,490
Current portion of mortgages payable (note 4(b))	2,504,404	8,821,394
	<u>11,942,466</u>	<u>21,503,272</u>
Building financing:		
Loan agreements (note 4(c))	20,766,701	13,154,084
Mortgages payable (note 4(b))	2,602,477	5,106,881
	<u>23,369,178</u>	<u>18,260,965</u>
Bid deposits	25,000	25,000
Reserves and shareholder's equity (note 5):		
Reserve for Capital Repair and Replacement	24,343,167	22,140,749
Reserve for Operations	1,000,000	1,000,000
Reserve for Strategic Initiatives	1,967,242	2,297,705
Reserve for Emergency Housing	5,065,790	4,935,384
Reserve for Working Capital	3,500,000	3,500,000
Shareholder's equity	300,403,683	257,049,447
	<u>336,279,882</u>	<u>290,923,285</u>
	<u>\$ 371,616,526</u>	<u>\$ 330,712,522</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

HOUSING YORK INC.

DRAFT Statement of Revenue and Expenditures

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

	2025 Budget (note 1(h))	2025 Actual	2024 Actual
Revenue:			
Rental	\$ 30,287,350	\$ 31,099,423	\$ 28,898,755
Government subsidies (note 6)	21,917,655	26,003,710	17,092,500
Investment Income	1,602,465	1,577,692	1,757,077
Other Revenue	1,751,459	1,984,719	1,840,853
Contribution from Reserves	564,028	723,528	—
	56,122,957	61,389,072	49,589,185
Expenditures:			
Administration and maintenance	20,646,491	22,371,978	19,179,443
Contribution to Capital Repair and Replacement Reserve (note 5)	10,841,687	14,813,315	10,174,013
Mortgage payments (note 4(a))	11,767,649	11,457,102	8,155,525
Utilities	5,299,582	5,367,630	4,864,968
Property taxes	4,560,303	4,323,507	4,357,889
Insurance	1,330,163	1,194,398	1,133,009
Contribution to Emergency Housing Reserve (note 5)	599,247	1,059,108	543,380
Bad debts	93,472	41,378	266,853
Strategic Initiative Reserve Expenses	206,000	193,655	124,362
Contribution to Operations Reserve	—	31,805	—
Contribution to (from) Strategic Initiatives Reserve (note 5)	330,799	98,395	(63,793)
	55,675,393	60,952,271	48,735,649
Excess of revenue over expenditures before the undernoted	447,564	436,801	853,536
Transfer to (from) Reserves:			
Capital Reserve (note 5)	223,782	262,864	497,043
Emergency Housing Reserve (note 5)	—	(88,928)	(140,550)
Operations Reserve (note 5)	—	165,359	—
Strategic Initiatives Reserve (note 5)	223,782	97,506	497,043
			853,536
Excess of revenue over expenditures	\$ —	\$ —	\$ —

See accompanying notes to financial statements.

HOUSING YORK INC.

DRAFT Statement of Cash Flows

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

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures	\$ —	\$ —
Amortization of income-producing properties which does not involve cash	8,821,394	5,224,391
Shareholder contribution for principal repayments	987,382	655,144
Cash contributions to/from reserves	2,002,361	(884,513)
Change in non-cash operating working capital:		
Accounts receivable	(348,226)	(437,618)
Prepaid expenses	(56,055)	(44,392)
Accounts payable and accrued liabilities	(2,891,931)	2,677,947
Deferred revenue	140,901	28,710
Amounts due to Regional Municipality of York	(492,786)	(7,428,153)
	8,163,040	(208,484)
Financing activities:		
Mortgage principal repayment	(8,821,394)	(5,224,391)
Loan agreements principal repayment	(987,382)	(655,144)
	(9,808,776)	(5,879,535)
Investing activities:		
Investments	(8,961,043)	1,902,503
Increase (decrease) in cash	(10,606,779)	(4,185,516)
Cash, beginning of year	20,265,942	24,451,458
Cash, end of year	\$ 9,659,163	\$ 20,265,942
Supplemental cash flow information:		
Transfer of Property holdings and furniture and fixtures received from Region	\$ 50,966,853	\$ —

See accompanying notes to financial statements.

HOUSING YORK INC.

DRAFT Notes to Financial Statements

Year ended December 31, 2025

Housing York Inc. (the "Corporation") was incorporated in accordance with Section 182 of the Ontario Business Corporations Act on January 1, 2003. The Regional Municipality of York (the "Region") is the sole shareholder of the Corporation.

1. Significant accounting policies:

(a) Basis of presentation:

The financial statements have been prepared in accordance with accounting policies that comply with Section 80(2) of the Housing Services Act, 2011 (the "Act") and guidance in its application issued by the Housing Branch of the Region. Canadian generally accepted accounting principles ("Canadian GAAP") has been interpreted to mean Canadian public sector accounting standards and the 4200 standards for government not-for-profit organizations.

The basis of accounting used in these financial statements materially differs from Canadian GAAP because:

(i) Amortization:

Beginning in 2012, amortization is not provided on property holdings and furniture and fixtures over the estimated useful lives of these assets. This currently includes Tom Taylor Place, Leeder Place Family Shelter, Kingview Court Expansion, Mackenzie Green, Lakeside Residences, Sutton Youth Services, Richmond Hill Hub and 275 Woodbridge Avenue, Passage House, The Bridge and Unionville Commons.

Amortization is not provided on Provincial Reform Program property holdings over the estimated useful lives of these assets but rather at a rate equal to the annual principal repayments on these mortgages.

(ii) Income-producing properties:

Income-producing properties that were transferred to the Public Housing Program on December 14, 2000 by the Province of Ontario are carried at a nominal value of \$1 as the fair value of the properties was not readily available at the time of the transfer.

HOUSING YORK INC.

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

Income-producing properties that are reported for the Provincial Reform Program include land, buildings, equipment and other capitalized costs and are recorded at cost, net of any government grants or contributions.

As described in the Act, costs incurred by the Provincial Reform Program to modernize or improve existing income-producing properties, which have the effect of extending the useful life of the property or increasing its value, are funded from the Capital Repair and Replacement Reserve. In 2018, a Capital Repair and Replacement Reserve was established for the Public Housing Program. The Regional Housing Program is expected to be self-sustaining and funds its own Capital Repair and Replacement Reserve through surplus operating funds.

During 2004, the Region implemented the Regional Housing Program which the Corporation manages on behalf of the shareholder. A long-term lease agreement was created for each leased property. The land, building and equipment for the leased sites are not reflected in the Corporation's book of accounts.

Property	Addition year	Ownership type
Armitage Garden	2004	Leased
Blue Willow Terrace	2006	Leased
Tom Taylor Place	2008	Owned
Kingview Court Expansion	2011	Owned
Mapleglen Residences	2012	Leased
Mackenzie Green	2013	Owned
Lakeside Residences	2014	Owned
Richmond Hill Hub	2016	Owned
275 Woodbridge Avenue	2019	Owned
Unionville Commons	2023	Owned
Mosaic House	2025	Owned

The sites owned by the Corporation are recorded on the books at transfer costs between the shareholder and the Corporation.

HOUSING YORK INC.

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(iii) Emergency and Transitional Housing Property Holdings:

The Emergency Housing and Transitional Housing properties are included in the Other Properties.

- (a) The Corporation owns the Blue Door Shelters site, a non-revenue-producing property location with multiple buildings that serve as emergency shelters.
- (b) In 2009, the Corporation added a family shelter building known as Leeder Place Family Shelter to the Blue Door Shelters site. The old Leeder Place Family Shelter has been closed, and its disposition is under review.
- (c) In 2015, the Corporation added a women's shelter building known as Belinda's Place Women Shelter. The building is owned by the Region, and the land is leased by the Corporation from the Town of Newmarket. The facility is operated by the Salvation Army. Social Services provide funding for the administration and maintenance costs.
- (d) In 2016, the Corporation added a building known as the Richmond Hill Hub. The building features 202 mixed units and a youth shelter. The building is owned by the Corporation, and 360 Kids operates the youth shelter. Social Services provide funding for the administration and maintenance costs of the youth shelter.
- (e) In 2017, the Corporation added a youth shelter known as Sutton Youth Services. The building is owned by the Corporation and operated by the Salvation Army. Social Services provide funding for the administration and maintenance costs.
- (f) In 2022, the Corporation added a transitional housing shelter known as Passage House. The building is owned by the Corporation and operated by Blue Door Shelters. Social Services provide funding for the administration and maintenance costs.
- (g) In 2023, the Corporation added eight new transitional housing units known as The Bridge. The duplex style buildings will provide independent living options for those individuals at risk of homelessness. The units are owned by the Corporation and operated by the Salvation Army. Social Services provide funding for the administration and maintenance costs.

HOUSING YORK INC.

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(iv) Appropriations to/from Capital Repair and Replacement Reserve fund:

Appropriations to/from the Capital Repair and Replacement Reserve fund are reported on the statement of revenue and expenditures. Expenditures made from Capital Repair and Replacement Reserve fund are reported within this fund and not on the statement of revenue and expenditures. In 2019, the capital investment and bank account were closed. Interest income earned on investments is allocated and reported as a transfer to reserve on the statement of revenue and expenditures.

(v) Financial instruments:

Financial instruments are recorded at fair value on initial recognition.

Under Program Instruction 2008-02 issued by the Region, the Corporation subsequently records its investments at book value. Gains or losses associated with capital reserve investments are recognized at redemption.

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of revenue and expenditures.

Building financing is recorded at cost.

(vi) Reporting of Reserve Fund Transfers:

Public Sector Accounting Standards (PSAS) require that transfers to and from reserve funds be reported as direct adjustments to accumulated surplus and not be included in revenue or expenses.

The Corporation has adopted a reserve fund strategy under which transfers from reserve funds are reported as revenue and transfers to reserve funds are reported as expenses in the Statement of Revenue and Expenditures.

Management believes this presentation provides more meaningful information regarding the Corporation's operating results and use of reserve funds.

HOUSING YORK INC.

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2025

(vii) Other reserve funds:

In 2017, the Corporation established a reserve fund strategy and operating surplus policy. These funds are specifically restricted for working capital, strategic initiatives and operations. These are discussed further in note 4.

(b) Bad debts:

The funding formula does not recognize a provision for doubtful accounts. Therefore, bad debts are recognized as an expenditure in the year that write-off has occurred. The Corporation applies a tenant management policy, which indicates that former tenant arrears that meet certain criteria are eligible for write-off annually.

(c) Operations:

As at December 31, 2025, the portfolio consists of 38 multi-residential buildings, six emergency shelter sites, and five condominium units. Daily operations of the shelter sites are provided by Blue Door Shelters, Salvation Army and 360 Kids through an operating agreement.

(d) Subsidy reconciliation - operating subsidies:

The Corporation is subsidized for certain occupancy costs relating to Provincial Reform Program and Public Housing Program properties administered by the Corporation. Surplus funding will be allocated to reserves according to the operating surplus strategy. The Regional Housing Program is not eligible to receive operating subsidy.

The final subsidy amount to be received by the Corporation for the current fiscal year will not be determined until the Service Manager reviews the Corporation's financial and statistical returns. Corporation's management considers the subsidy receivable (payable) to reflect differences between approved funding benchmarks and actual expenditures incurred during the period. Any adjustments to the subsidy will be accounted for in the year it is determined.

(e) Furniture and fixtures:

Furniture and fixtures are recorded at cost.

HOUSING YORK INC.

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(f) Use of estimates:

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

(g) Budget:

Budget figures presented in the financial statements are based on the 2025 budget approved by the Board of Directors in 2024.

(h) Related party:

A related party exists when one party has the ability to exercise control or shared control over the other. Related parties include key management personnel, their close family members and the entities they control or have shared control over. Related party transactions are disclosed if they occurred at a value different from that which would have been arrived at if parties were unrelated and the transaction has material effect on the financial statements.

(i) Investment Income:

Interest income and investment related revenues are recognized on an accrual basis, while gains or losses on investments are recognized upon redemption in accordance with the Corporation's investment policies.

(j) Other Income:

Other income represents revenues earned by the Corporation that are incidental to its primary rental operations and arise from the use of its properties, services provided to tenants and third parties. Non rental revenue is recognized in the statement of revenue and expenditures in the period in which it is earned, provided that collection is reasonably assured and the amount can be measured reliably.

HOUSING YORK INC.

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Investments:

The Corporation's investments consist primarily of bonds, which are carried at book value in accordance with Program Instruction 2008-02. As these investments are not subsequently measured at fair market value, no unrealized gains or losses are recognized in the financial statements.

The carrying value of investments at year-end is as follows:

	2025	2024
Opening Balance	\$ 24,300,000	\$ 26,300,000
Purchases	15,500,000	–
Redemptions	(7,000,000)	(2,000,000)
	32,800,000	24,300,000
Unamortized Premium	444,224	61,974
Unamortized Discount	(598,587)	(677,380)
Closing Balance	\$32,645,637	\$23,684,594

During the year, no impairment losses were recognized on investments (2024:nil).

HOUSING YORK INC.

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2025

3. Property holdings:

	2025	2024
Incoming-producing properties:		
Land	\$ 25,232,345	\$ 25,232,345
Buildings	96,232,555	96,232,555
	<u>121,464,900</u>	<u>121,464,900</u>
Less annual principal repayments	116,358,019	107,536,625
Net book value	<u>\$ 5,106,881</u>	<u>\$ 13,928,275</u>
Other properties (including Emergency Housing properties):		
Land	\$ 34,752,664	\$ 21,762,673
Buildings	284,125,403	246,208,230
	<u>318,878,067</u>	<u>267,970,903</u>
Less accumulated amortization	759,992	759,992
Net book value	<u>\$ 318,118,075</u>	<u>\$ 267,210,911</u>
Total property holdings:		
Land	\$ 59,985,009	\$ 46,995,018
Buildings	380,357,958	342,440,785
	<u>440,342,967</u>	<u>389,435,803</u>
Less accumulated amortization	117,118,011	108,296,617
Net book value	<u>\$ 323,224,956</u>	<u>\$ 281,139,186</u>

HOUSING YORK INC.

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2025

4. Mortgages payable and loan agreements:

(a) Mortgage and loan agreement payments during the year, including principal and interest:

Property	2025	2024
Glenwood Mews	\$ –	\$ 372,342
Keswick Gardens	1,565,338	836,072
Springbrook Gardens	–	73,552
Mulock Village	868,319	868,360
Heritage East	2,200,078	890,890
Hadley Grange	486,588	486,623
Brayfield Manor	845,561	845,761
Oxford Village	893,849	177,124
Trinity Square	1,798,263	816,447
Thornhill Green	474,945	475,024
Armitage Gardens	–	(3,676)
Blue Willow	238,761	235,543
Tom Taylor Place	318,403	314,466
Mapleglen	379,679	379,679
275 Woodbridge Ave	513,587	513,587
Unionville Commons	531,393	531,393
Mackenzie Green	342,338	342,338
Total	\$11,457,102	\$ 8,155,525

HOUSING YORK INC.

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2025

4. Mortgages payable and loan agreements (continued):

(b) Mortgages payable applicable to buildings in the Provincial Reform Program:

Property	Particulars	2025	2024
Keswick Gardens	Mortgage payable, bearing interest at 6.996% per annum with blended monthly payments of \$70,011, maturing January 1, 2025	\$ –	\$ 1,565,338
Mulock Village	Mortgage payable, bearing interest at 2.450% per annum with blended monthly payments of \$72,501, maturing March 1, 2027	1,070,043	1,902,933
Heritage East	Mortgage payable, bearing interest at 2.150% per annum with blended monthly payments of \$74,365, maturing October 1, 2025	–	2,170,417
Hadley Grange	Mortgage payable, bearing interest at 3.124% per annum with blended monthly payments of \$40,646, maturing February 1, 2028	1,020,761	1,469,251
Brayfield Manor	Mortgage payable, bearing interest at 5.940% per annum with blended monthly payments of \$70,757, maturing July 1, 2028	2,037,609	2,744,490
Oxford Village	Mortgage payable, bearing interest at 1.830% per annum with blended monthly payments of \$14,781, maturing June 1, 2025	–	887,462
Trinity Square	Mortgage payable, bearing interest at 2.315% per annum with blended monthly payments of \$68,160, maturing March 1, 2025	–	1,791,755
Thornhill Green	Mortgage payable, bearing interest at 4.895% per annum with blended monthly payments of \$39,719, maturing December 1, 2027	978,468	1,396,629
		5,106,881	13,928,275
Less current portion		2,504,404	8,821,394
		\$ 2,602,477	\$ 5,106,881

Principal repayments are as follows:

2026	\$ 2,504,404
2027	2,028,057
2028	574,420
2029	–
	\$ 5,106,881

HOUSING YORK INC.

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2025

4. Mortgages payable and loan agreements (continued):

(c) Loan Agreements

Loan agreement balances at year-end are as follows:

Property	2025	2024
Tom Taylor Place – Debenture 1	\$ 1,519,090	\$ 1,591,659
Tom Taylor Place – Debenture 2	593,043	724,475
Tom Talor Place – Federal Loan Forgivable	1,400,000	1,400,000
Mackenzie Green	4,374,448	4,497,409
275 Woodbridge Avenue	4,602,648	4,940,541
Unionville Commons	8,277,472	–
	<u>\$ 20,766,701</u>	<u>\$ 13,154,084</u>

Tom Taylor Place:

Tom Taylor Place, a 50-unit facility in the Town of Newmarket, opened on October 1, 2008. The building was constructed by the Region through the New Affordable Housing Program, which offers funding partnerships with the federal and provincial governments. The building is owned by the Corporation; however, the financial reporting does not fall under the Act like the other income-producing properties owned by the Corporation.

The Corporation purchased the land for this building in January 2006 for \$315,000. Financing for the building was structured in 2009, which includes Regional debentures and other loan agreements which are described below:

Amounts payable to shareholder (i)	\$ 4,434,000
Less payments to shareholder	(2,321,867)
Federal forgivable loan (ii)	1,400,000
	<u>3,512,133</u>
Shareholder contribution (iii)	3,720,635
Additional shareholder contribution (iv)	2,321,867
	<u>\$ 9,554,635</u>

HOUSING YORK INC.

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2025

4. Mortgages payable and loan agreements (continued):

- (i) The amount payable to the shareholder is made up of two components:

A long-term loan in the amount of \$2,334,000 is repayable to the Region from rent revenue generated at the building. The Region has debentured this amount on the Corporation's behalf. Repayment terms are based on a 30-year amortization schedule. Principal payments to date of \$ 814,910 (2024 - \$742,342) have been made to the shareholder.

The remaining amount payable to shareholder is \$2,100,000 for a second debenture financed by the Region. Under the New Affordable Housing Program, the province flows funds to the Corporation which, in turn, forwards the funds to the Region to pay the debenture. These provincial contributions are forgivable advances subjected to similar terms and conditions applicable to federal forgivable loan as discussed below. The term of the Regional debenture is 20 years. Principal payments to date of \$1,506,957 (2024 - \$1,375,525) have been made to the shareholder.

- (ii) The federal forgivable loan of \$1,400,000 is provided through the Canada-Ontario New Affordable Housing Program agreement. This loan is to be fully forgiven on the last day of the month at the end of the term of the loan. The term of the loan is 20 years maturing in 2028 and the amounts are forgiven provided all terms and conditions of the agreement are satisfied by the Corporation. The loan is interest-bearing with the interest rate, being the higher of the average posted rate offered by major Canadian lending institutions for a commercial first mortgage having a five-year term, plus 2% or the interest rate applicable to the first mortgage registered against title to the property, plus 2%. The interest, however, is to be fully forgiven on an annual basis provided all terms and conditions of the agreement are satisfied by the Corporation.
- (iii) The shareholder contribution in the amount of \$3,720,635 represents a gift from the Region to the Corporation to fully finance the cost of the Tom Taylor Place not covered by the Canada-Ontario New Affordable Housing Program.
- (iv) The additional shareholder contribution in the amount of \$2,321,867 (2024 - \$2,117,867) represents the debenture payments to date to the shareholder.

HOUSING YORK INC.

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2025

4. Mortgages payable and loan agreements (continued):

Mackenzie Green:

Mackenzie Green, a 140-unit facility in the Town of Richmond Hill, opened on March 15, 2013. The building was constructed with funding provided through: Canada-Ontario Affordable Housing Program 2009 Extension \$16,800,000; York Region Investing in Ontario Funding \$11,011,000; Developing Opportunities for Ontario Renters Funding \$2,409,000; and Social Housing Development Charges Reserve \$1,350,871. The building is owned by the Corporation, and it was gifted with a \$5,850,000 financial obligation serviced through tenants rent. The Region has debentured this amount on the Corporation's behalf. Repayment terms are based on a 30-year amortization schedule. Principal payments to date of \$ 1,475,552 (2024 - \$1,352,589) have been made to the shareholder.

The financial reporting is similar to the other properties not covered by the Act. In 2019, a one-time adjustment of \$5,112,224 was recorded to recognize the outstanding financial obligation.

275 Woodbridge Avenue:

275 Woodbridge Avenue, a 162-unit facility in the City of Vaughan, opened December 8, 2019. The building was constructed with funding provided through federal and provincial funding \$13,683,000, Regional Reserves \$23,939,000 and Region debentures \$6,630,000. The building is owned by the Corporation. Repayment terms are based on a 10-year term, with the option to refinance for an additional 10 years. The financial reporting is similar to the other properties not covered by the Act. Principal payments to date of \$2,027,352 (2024 - \$1,689,460) have been made to the shareholder.

Unionville Commons:

Unionville Commons is a senior building located in the City of Markham, opened on March 1, 2023. The building was constructed with funding provided through federal, provincial and CMHC funding \$33,530,000, Regional and Corporation Reserves \$44,176,000 and Region Debt Avoidance reserve \$8,600,000. Repayment terms for the Region Reserves is based on a 30-year term. The financial reporting is similar to the other properties not covered by the Act. Principal payments to date of \$322,528 (2024 - \$175,477) have been made to the shareholder.

HOUSING YORK INC.

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2025

5. Reserves and shareholder's equity:

In addition to the Capital Reserve fund that has always been maintained by the Corporation, the Board of Directors have approved additional reserves for specified purposes.

(a) Capital Repair and Replacement Reserve fund:

In accordance with the Act, the use of the Capital Repair and Replacement Reserve fund is limited to the replacement, enhancement or repair of existing capital assets, or the purchase of new capital assets for the Provincial Reform Program. Funding for capital expenditures is obtained through the Region, through the subsidy payment process, and through an annual operating surplus sharing agreement.

In 2018, the Corporation implemented a fiscal and operating surplus strategy. The fiscal strategy establishes a consolidated capital reserve to be shared by all three programs. In addition, 50% of the year-end surplus will be allocated to the Capital Repair and Replacement Reserve fund.

The Corporation has a 10-year capital plan for managing expenditures from capital reserves, which has been approved through a separate process.

	2025	2024
Balance, beginning of year	\$ 22,140,749	\$ 23,519,682
Contribution to reserve:		
Operating	10,479,959	5,629,971
Region	3,600,000	3,600,000
	14,079,959	9,229,971
Transfer to reserve from operations	262,864	497,043
Interest earned	733,356	944,042
Capital expenditures	(12,873,761)	(12,049,989)
Net activity	(11,877,541)	(1,378,933)
Balance, end of year	\$ 24,343,167	\$ 22,140,749

HOUSING YORK INC.

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2025

5. Reserves and shareholder's equity (continued):

(b) Operations Reserve:

Management established a Contingency Fund for maintenance costs for three properties: Mackenzie Green, Lakeside Residences and Richmond Hill Hub. In 2017, the Corporation adopted a new reserve strategy and operating surplus policy. The Operations Reserve has now been expanded to ensure funding is available for unplanned expenditures and revenue shortfalls for all properties. Prior year shelter surplus contributions were transferred to the Emergency Housing Reserve as part of this strategy. The Operations reserve is funded through annual allocations from the operating surplus. In 2023, the Board of Directors approved the consolidation of the Insurance Reserve into the Operations Reserve and increasing the limit from \$500,000 to \$1,000,000.

	2025	2024
Balance, beginning of year	\$ 1,000,000	\$ 1,000,000
Contribution to operations	(197,164)	—
Transfer to reserve from operations	165,359	—
Interest earned	31,805	—
Balance, end of year	\$ 1,000,000	\$ 1,000,000

(c) Strategic Initiatives Reserve:

Management established a Strategic Initiatives Reserve to fund strategic priorities for the Corporation. The reserve will be funded through annual allocations from the operating surplus. In 2020, the Board of Directors approved increasing the limit of \$3,500,000 to \$5,000,000.

	2025	2024
Balance, beginning of year	\$ 2,297,705	\$ 1,640,381
Contribution to (from) reserve from Region/Other	31,173	(220,199)
Transfer to reserve from operations	97,506	497,043
Interest earned	67,222	156,406
Direct costs	(526,364)	224,074
Net activity	(280,463)	657,324
Balance, end of year	\$ 1,967,242	\$ 2,297,705

HOUSING YORK INC.

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2025

5. Reserves and shareholder's equity (continued):

(d) Emergency Housing Reserve:

In 2015, management established a furniture replacement fund specifically designated for furniture enhancements at the various emergency and transitional housing facilities owned by the Corporation and operated by Social Services. In 2017, the reserve was renamed the Emergency Housing Reserve and has expanded to include capital repairs and operating expenditures for all emergency housing facilities.

In 2015, management established a furniture replacement fund specifically designated for furniture enhancements at the various emergency and transitional housing facilities owned by the Corporation and operated by Social Services. In 2017, the reserve was renamed the Emergency Housing Reserve and has expanded to include capital repairs and operating expenditures for all emergency housing facilities.

	2025	2024
Balance, beginning of year	\$ 4,935,384	\$ 5,098,288
Contribution to (from) reserve:		
Operating	467,000	467,000
Region	407,043	(125,811)
Total contribution to reserve	874,043	341,189
Interest earned	185,065	202,191
Transfer to (from) Reserve from Operations	(88,928)	(140,550)
Direct costs	(839,774)	(565,734)
Balance, end of year	\$ 5,065,790	\$ 4,935,384

(e) Working Capital Reserve:

In 2017, management established a working capital reserve to ensure funds are available to facilitate timely payment of invoices. The reserve will be funded through annual allocations from operating surpluses to a limit of \$3,500,000.

	2025	2024
Balance, beginning and end of year	\$ 3,500,000	\$ 3,500,000

HOUSING YORK INC.

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2025

5. Reserves and shareholder's equity (continued):

(f) Shareholder's equity:

Tom Taylor Place, a 50-unit facility in the Town of Newmarket was gifted to the Corporation with \$5,834,000 in loan agreements. The debenture payments to date of \$2,321,867 (2024 - \$2,117,867), represents an increase in the shareholder's equity.

Leeder Place Family Shelter, in the Town of East Gwillimbury was developed by the Region on existing lands owned by the Corporation. It was gifted to the Corporation at a construction cost valued at \$2,836,825 with no financing obligations.

Kingview Court Expansion, a 39-unit facility in the Town of King, opened on October 26, 2011. The building was constructed through the New Affordable Housing Program, which offers funding partnerships with the federal and provincial governments by the Region with a cost of \$7,847,469. The building is owned by the Corporation, and it was gifted without any financing obligations. The financial reporting does not fall under the Act like the other income-producing properties owned by the Corporation.

Mackenzie Green, a 140-unit facility in the City of Richmond Hill, was constructed by the Region and was gifted to the Corporation with a \$5,850,000 financing obligation serviced through tenants' rent. As amortization is not provided on Mackenzie Green, the contribution of Mackenzie Green is recognized as a direct increase in shareholder's equity in the amount of \$37,420,871. In 2019, a one-time reduction of \$5,850,000 was made to recognize the original financial obligation. Principal repayments to date of \$1,475,552 (2024 - \$1,352,589) represent an increase in shareholder's equity.

Lakeside Residences, a 97-unit facility in the Town of Georgina, was constructed by the Region with funding provided through Investment in Affordable Housing for Ontario Program, York Region Investing in Ontario Funding and York Region Social Housing Development Reserve. The building is owned by the Corporation, and it was gifted without any financing obligations. As amortization is not provided on Lakeside Residences, the contribution of Lakeside Residences is recognized as a direct increase in the shareholder's equity in the amount of \$19,405,805.

Richmond Hill Hub, a 202-unit facility in the City of Richmond Hill, opened on January 28, 2016. It features a youth shelter which is operated by a third-party provider. The building is owned by the Corporation, and it was gifted by the Region without any financing obligations. As amortization is not provided on Richmond Hill Hub, the contribution of Richmond Hill Hub is recognized as a direct increase in the shareholder's equity in the amount of \$57,323,809.

HOUSING YORK INC.

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2025

5. Reserves and shareholder's equity (continued):

Sutton Youth Services is an emergency youth shelter in the Town of Georgina. Ownership was transferred by the Region in 2017 and is operated by a third-party provider through an operating agreement. The transfer is recognized as a direct increase in shareholder's equity in the amount of \$1,372,697.

275 Woodbridge Avenue was constructed by the Region and was gifted to the Corporation. As amortization is not provided on 275 Woodbridge Avenue, the contribution is recognized as a direct increase in the shareholder's equity in the amount of \$33,924,437. Principal repayments to date of \$2,027,352 (2024 - \$1,689,460) represent an increase in shareholder's equity.

Passage House is a low-rise, two storey development with 18 transitional housing units. In the Town of East Gwillimbury. The building is owned by the Corporation, and it was gifted by the Region without any financing obligations. The transfer is recognized as a direct increase in shareholder's equity in the amount of \$4,777,939.

The Bridge is an eight-unit transitional housing facility. The duplex style buildings provide independent living options for those individuals at risk of homelessness. The building is owned by the Corporation, and it was gifted by the Region without any financing obligations. The transfer is recognized as a direct increase in shareholder's equity in the amount of \$4,829,451.

Unionville Commons was constructed by the Region and was gifted to the Corporation. As amortization is not provided on Unionville Commons, the contribution is recognized as a direct increase in shareholder's equity in the amount of \$84,143,576. In 2025, a one-time reduction of \$8,600,000 was made to recognize the original financial obligation. Principal repayments to date of \$322,528 (2024 - \$175,476) represent an increase in shareholder's equity.

Mosaic House is a 97-unit mixed family and senior's building located in the Town of Whitchurch-Stouffville and opened on March 1, 2025. The building was constructed by the Region and funded through federal and provincial funding and Regional reserves. The building is owned by the Corporation, and it was gifted without any financing obligations. As amortization is not provided on Mosaic House, the contribution is recognized as a direct increase in shareholder's equity in the amount of \$50,966,853.

HOUSING YORK INC.

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2025

5. Reserves and shareholder's equity (continued):

	2025	2024
Balance, beginning of year	\$ 257,049,447	\$ 256,394,303
Shareholder contribution for additions to property holdings and furniture and fixtures	50,966,853	–
Shareholder contribution from principal repayments	987,383	655,144
Financial obligation adjustment	(8,600,000)	
Balance, end of year	\$ 300,403,683	\$ 257,049,447

6. Related party transactions:

(a) During the year, the Corporation received net subsidies as summarized below:

	2025	2024
Subsidies:		
Provincial Reform Program	\$ 9,160,292	\$ 5,393,719
Public Housing Program	3,830,808	3,737,376
Capital contribution	8,017,178	3,600,000
Regional housing rent subsidies	2,751,714	2,684,617
Emergency housing	2,396,422	1,765,777
Other	250,186	121,006
	26,406,600	17,302,495
Surplus subsidy payable to System Service Manager	(402,890)	(209,995)
	\$ 26,003,710	\$ 17,092,500

The Region provided contracted services of personnel, rental of office space and other administrative costs. The cost of these services, aggregating \$11,670,702 (2024 - \$10,938,110), was charged to administration and maintenance.

(b) Buildings in the Regional Housing Program are financed by the Region. The collection of tenants' rent is used to pay the financing costs and the Corporation issued payments to the Region to fund the debentures payable. The payments issued for Armitage Garden, Blue Willow Terrace, Tom Taylor Place, Mapleglen Residences, Mackenzie Green and 275 Woodbridge Avenue amounted to \$2,324,161 (2024 - \$2,313,330).

HOUSING YORK INC.

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2025

7. Financial risks and concentration of credit risk:

(a) 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 exposed to credit risk with respect to the accounts receivable and cash.

The Corporation assesses, on a continuous basis, accounts receivable and writes off any amounts that are not considered to be collectible during the year. The maximum exposure to credit risk of the Corporation at December 31, 2025 is the carrying value of these assets.

(b) Liquidity risk:

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

Accounts payable and accrued liabilities are generally due immediately within receipt of an invoice.

8. Economic Dependence:

The Corporation is economically dependent on the Regional Municipality of York (the "Region").