

**REDWOOD PARK COMMUNITIES INC.**  
**Consolidated Financial Statements**  
**Year Ended March 31, 2024**

**REDWOOD PARK COMMUNITIES INC.**  
**Index to Consolidated Financial Statements**  
**Year Ended March 31, 2024**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Redwood Park Communities Inc.

### *Qualified Opinion*

We have audited the consolidated financial statements of Redwood Park Communities (the "Group"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations, consolidated changes in net assets (debt) and consolidated cash flows for the year then ended, and notes to the consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Group derives revenue from rent, donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Group. Therefore, we were not able to determine whether any adjustments might be necessary to rent, donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2024, current assets and net assets as at March 31, 2024 and April 1, 2023.

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 Group in accordance with ethical requirements that are relevant to our audit of the consolidated 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 audit opinion.

### *Other Matters*

The consolidated financial statements for the year ended March 31, 2023 are not subject to audit procedures and therefore marked unaudited.

The consolidated financial statements are prepared to assist Redwood Park Communities Inc. in applying and reporting for potential and current grant funding. As a result, the consolidated financial statements may not be suitable for another purpose. Our report is intended solely for Redwood Park Communities Inc. and potential and current grant funding organizations and should not be distributed to or used by parties other than Redwood Park Communities Inc. and potential and current grant funding organizations. Our opinion is not modified in respect of this matter.

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Independent Auditor's Report to the Members of Redwood Park Communities Inc. *(continued)*

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

*(continues)*

Independent Auditor's Report to the Members of Redwood Park Communities Inc. *(continued)*

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.

Barrie, Ontario  
September 30, 2024

*RH Partners LLP*  
**RH PARTNERS LLP**  
**Chartered Professional Accountants**  
**Licensed Public Accountants**

**REDWOOD PARK COMMUNITIES INC.**  
**Consolidated Statement of Financial Position**  
**March 31, 2024**

	2024	2023 (Unaudited)
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 236,374	\$ 328,694
Receivables	75,988	96,384
HST receivable	274,282	129,735
Inventory	52,200	75,500
Prepaid expenses	141,673	195,358
	<b>780,517</b>	<b>825,671</b>
<b>TANGIBLE CAPITAL ASSETS (Net) (Note 3)</b>	<b>11,949,772</b>	<b>8,488,390</b>
<b>CASH SURRENDER VALUE OF LIFE INSURANCE</b>	<b>35,899</b>	<b>-</b>
	<b>\$ 12,766,188</b>	<b>\$ 9,314,061</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Bank indebtedness (Note 4)	\$ 500,791	\$ 75,551
Payables and accrued liabilities	856,118	504,997
Deferred revenue (Note 5)	34,200	45,854
Other debt (Note 6)	-	41,279
Promissory notes (Note 7)	282,977	282,977
Current portion of mortgages payable (Note 8)	1,000,000	-
Current portion of long term debt (Note 9)	55,796	37,618
	<b>2,729,882</b>	<b>988,276</b>
<b>PROMISSORY NOTES (Note 7)</b>	<b>2,666,674</b>	<b>1,057,995</b>
<b>MORTGAGES PAYABLE (Note 8)</b>	<b>-</b>	<b>1,000,000</b>
<b>LONG-TERM DEBT (Note 9)</b>	<b>1,298,058</b>	<b>1,307,001</b>
<b>DEFERRED REVENUE RELATED TO CAPITAL ASSETS (Note 10)</b>	<b>41,174</b>	<b>42,064</b>
<b>TENANT SECURITY DEPOSITS</b>	<b>4,457</b>	<b>-</b>
	<b>6,740,245</b>	<b>4,395,336</b>
<b>NET ASSETS</b>		
Invested and restricted for capital assets	5,917,853	4,366,936
Unrestricted	108,090	551,789
	<b>6,025,943</b>	<b>4,918,725</b>
	<b>\$ 12,766,188</b>	<b>\$ 9,314,061</b>

COMMITMENTS (Note 13)

**ON BEHALF OF THE BOARD**

 \_\_\_\_\_ Director

 \_\_\_\_\_ Director

**REDWOOD PARK COMMUNITIES INC.**  
**Consolidated Statement of Operations**  
**Year Ended March 31, 2024**

	2024	2023 (Unaudited)
<b>REVENUES</b>		
Grants	\$ 2,258,628	\$ 2,068,598
Rental	678,185	488,532
Capital campaign donations	891,729	370,878
Donations	563,372	359,312
County rent subsidies	205,884	158,922
Administration fees	-	119,856
Fundraising	88,666	170,741
Other revenue	79,715	119,610
Amortization of deferred revenue related to tangible capital assets	8,231	(7,044)
Gain (loss) on disposal of tangible capital assets	744	(10,261)
	<b>4,775,154</b>	<b>3,839,144</b>
<b>COST OF SALES</b>	<b>185,450</b>	<b>150,425</b>
<b>GROSS PROFIT</b>	<b>4,589,704</b>	<b>3,688,719</b>
<b>EXPENDITURES</b>		
Advertising and promotion	21,879	8,209
Amortization	403,877	320,156
Automotive and travel	26,952	27,746
Bad debts	-	3,281
Fundraising	8,109	6,410
Insurance	40,207	41,810
Interest and bank charges	15,641	12,055
Interest on long term debt	151,627	56,736
Lease payments	412,291	361,837
Office	125,276	55,712
Professional fees	126,915	161,416
Program expenses	228,711	132,572
Property taxes	26,125	10,761
Rental	4,138	12,469
Repairs and maintenance	166,373	74,430
Salaries and wages	1,686,978	1,068,550
Training	4,280	12,993
Utilities	123,932	120,873
	<b>3,573,311</b>	<b>2,488,016</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS</b>	<b>1,016,393</b>	<b>1,200,703</b>
<b>FAIR VALUE LOAN ADJUSTMENT</b>	<b>90,825</b>	<b>192,005</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 1,107,218</b>	<b>\$ 1,392,708</b>

**REDWOOD PARK COMMUNITIES INC.**  
**Consolidated Changes in Net Assets (Debt)**  
**Year Ended March 31, 2024**

	2023 Balance <i>(Unaudited)</i>	Excess of revenues over expenditures	Interfund transfers	<b>2024 Balance</b>
Invested and restricted for capital assets	\$ 4,366,936	\$ 1,422,609	\$ 128,308	<b>\$ 5,917,853</b>
Unrestricted	551,789	(315,391)	(128,308)	<b>108,090</b>
	<b>\$ 4,918,725</b>	<b>\$ 1,107,218</b>	<b>\$ -</b>	<b>\$ 6,025,943</b>

	2022 Balance <i>(Unaudited)</i>	Excess of revenues over expenditures	Interfund transfers	2023 Balance <i>(Unaudited)</i>
Invested and restricted for capital assets	\$ 3,623,412	\$ 1,434,564	\$ (691,040)	\$ 4,366,936
Unrestricted	(97,395)	(41,856)	691,040	551,789
	<b>\$ 3,526,017</b>	<b>\$ 1,392,708</b>	<b>\$ -</b>	<b>\$ 4,918,725</b>



**REDWOOD PARK COMMUNITIES INC.**  
**Consolidated Statement of Cash Flows**  
**Year Ended March 31, 2024**

	2024	2023 (Unaudited)
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 1,107,218	\$ 1,392,708
Items not affecting cash:		
Amortization of tangible capital assets	403,877	320,156
(Gain) loss on disposal of tangible capital assets	(744)	10,261
Fair value loan adjustment	(90,825)	(192,005)
	<b>1,419,526</b>	<b>1,531,120</b>
Changes in non-cash working capital:		
Receivables	20,396	(65,467)
HST receivable	(144,547)	(12,660)
Inventory	23,300	(20,875)
Prepaid expenses	53,685	(117,177)
Payables and accruals	351,117	19,654
Tenant deposits	4,457	-
Building deposit	-	1,562
	<b>308,408</b>	<b>(194,963)</b>
Cash flow from operating activities	<b>1,727,934</b>	<b>1,336,157</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(3,881,859)	(3,352,992)
Proceeds on disposal of tangible capital assets	17,348	-
Change in cash surrender value of life insurance	(35,899)	-
Cash flow used by investing activities	<b>(3,900,410)</b>	<b>(3,352,992)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds (repayment) of bank indebtedness	425,240	(22,465)
Deferred revenue	(11,654)	9,250
Deferred revenue related to capital assets	(890)	23,880
Repayment of other debt	(41,279)	(1,705)
Proceeds from promissory notes	1,699,503	1,250,000
Proceeds from long term debt	62,848	-
Proceeds from mortgages	-	1,000,000
Repayment of long term debt	(53,612)	(94,706)
Cash flow from financing activities	<b>2,080,156</b>	<b>2,164,254</b>
<b>INCREASE (DECREASE) IN CASH</b>	<b>(92,320)</b>	<b>147,419</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>328,694</b>	<b>181,275</b>
<b>CASH - END OF YEAR</b>	<b>\$ 236,374</b>	<b>\$ 328,694</b>

**REDWOOD PARK COMMUNITIES INC.**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2024**

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**1. NATURE OF OPERATIONS**

The Group constructs, provides and operates non-profit residential accommodations, incidental facilities and amenities for persons or families of low or modest income. Redwood Park Communities Inc. was incorporated under the Ontario Corporations Act/Letters Patent on July 24, 2009. The Redwood Park Communities Inc. is also a registered charity and as such is exempt from tax under the Canadian Income Tax Act.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

All controlled and significantly controlled entities are consolidated on a line-by-line basis. Inter-organizational balances and transactions are eliminated upon consolidation. The organization's consolidated in the Group's financial statements include:

- 2754210 Ontario Limited - a fully controlled for-profit subsidiary and;
- Couchiching Jubilee House - a charitable not-for-profit organization without share capital significantly influenced through board control. This organization is exempt from tax under the Canadian Income Tax Act.

Fund basis of accounting

The Group uses the restricted fund method of accounting for contributions.

*Unrestricted*

The unrestricted fund accounts for the Group's program delivery and administrative activities. This fund reports unrestricted resources, donations and fundraising.

*Invested and restricted for capital assets*

The invested and restricted for capital assets fund was established to segregate current and future capital expenditures, operations relating to the capital fund and capital net assets from other operating activities.

Cash and cash equivalents

Cash and cash equivalents consist of balances with banks. Bank borrowings are considered to be financing activities.

Contributed services

Volunteers contribute many hours to assist the Group in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Contributed materials

Contributed materials which are used in the normal course of the Group's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Inventory

Inventory consists of donated furniture items. Inventory is measured at the lower of cost and net realizable value, with cost being determined on a specific identification basis. Donated furniture inventory is recorded at fair value as determined by a third party organization.

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**REDWOOD PARK COMMUNITIES INC.**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2024**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenue recognition

Unrestricted contributions are recognized as revenue in the Unrestricted Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue of the appropriate restricted fund when received.

Grant revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements, which relates to the subsequent fiscal period is reflected as deferred revenue in the year of receipt.

Rent and rent subsidy related income is recognized as revenue when the service has been provided and if the amount can be reasonably estimated and collection is reasonably assured.

Fundraising, donations, administration fees, and other revenue is recognized as revenue when there is reasonable assurance of collection or a receivable is earned.

Interest is accrued as earned.

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Amortization, based on the estimated useful lives of the assets, is calculated on a straight-line basis as follows:

Buildings	40 years
Buildings and improvements	40 years
Buildings under lease	over the land lease term
Motor vehicles	8 years
Computer equipment	3 years
Leasehold improvements	over lease term
Office equipment	3-10 years
Landscaping	40 years

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose life extends beyond one year and which are intended to be used on an ongoing basis for delivering services.

Contributions received to assist in the acquisition or construction of a tangible capital asset are recorded at their fair value at the date of receipt and also are recorded as revenue over the life of the related tangible capital asset.

Construction in progress includes costs directly attributable to construction plus directly related interest charges. Amortization commences when the projects are substantially complete and ready for use.

In the year of acquisition, amortization is recorded at one-half the normal rate.

Impairment of tangible capital assets

When conditions indicate that a tangible capital asset no longer contributes to the Group's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amounts, the tangible capital asset will be written down to fair value or replacement cost to reflect partial impairments.

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**REDWOOD PARK COMMUNITIES INC.**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2024**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Financial instruments

*Initial measurement*

The Group's financial instruments are measured at fair value when issued or acquired from arm's length parties. Financial assets or liabilities obtained in related party transactions are initially measured at the exchange amount which is the amount of consideration agreed to by the parties. For financial instruments subsequently measured a cost or amortized cost, fair value is adjusted by the amount of the related transaction costs. Transaction costs relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

*Subsequent measurement*

At each reporting date, the Group measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The Group uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, receivables, prepaid expenses, HST receivable, payables and accrued liabilities, promissory notes, mortgages payable, other debt and, long-term debt.

For financial assets measured at cost or amortized cost, the Group regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Group determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

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**REDWOOD PARK COMMUNITIES INC.**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2024**

**3. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	<b>2024 Net book value</b>	2023 Net book value <i>(Unaudited)</i>
Land	\$ 407,841	\$ -	\$ <b>407,841</b>	\$ 407,841
Buildings	1,635,605	219,293	<b>1,416,312</b>	1,271,473
Buildings under lease	1,524,313	363,785	<b>1,160,528</b>	1,344,291
Buildings and improvements	1,927,503	220,310	<b>1,707,193</b>	1,664,364
Leasehold improvements	415,248	241,442	<b>173,806</b>	255,192
Landscaping	4,064	711	<b>3,353</b>	3,454
Office equipment	124,458	41,643	<b>82,815</b>	21,288
Furniture and fixtures	32,144	28,594	<b>3,550</b>	3,694
Motor vehicles	225,663	104,085	<b>121,578</b>	87,983
Computer equipment	50,718	24,958	<b>25,760</b>	10,457
Construction in progress	6,847,036	-	<b>6,847,036</b>	3,418,353
	<b>\$ 13,194,593</b>	<b>\$ 1,244,821</b>	<b>\$ 11,949,772</b>	<b>\$ 8,488,390</b>

**4. BANK INDEBTEDNESS**

The Group has an operating facility with the Vancity Community Investment Bank available to an amount of \$500,000 with interest at prime +1.25% (increased to 15% if maximum is exceeded) of which \$500,791 was utilized at March 31, 2024 (2023 - \$75,551). The bank indebtedness is to be used for tenant improvements for the warehouse space and office space at 92 Davidson Street, Barrie for the furniture bank and Redwood office space as well as improvements/renovations at 40 Toronto Street. The Group has met its financial covenants as at March 31, 2024.

**5. DEFERRED REVENUE**

Restricted funding for which the related restrictions remain unfulfilled are accumulated as deferred revenue. As a result, the Group's excess revenue over expenses for the period represents the increase in resources that are not restricted to cover specific expenses of a future period.

	<b>2024</b>	2023 <i>(Unaudited)</i>
Ontario Trillium Foundation	<b>\$ 34,200</b>	\$ 45,854

**REDWOOD PARK COMMUNITIES INC.**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2024**

**6. OTHER DEBT**

City of Barrie loan

The Group received a forgivable loan from the City of Barrie. The loan is to be amortized into income over a 10 year period. During this time, if the building or land located on Toronto Street are sold or ownership transferred, the remaining unforgiven amount at that time is repayable back to the City of Barrie. The current unforgiven balance is \$Nil (2023 - \$1,279).

CEBA Loan

The Group repaid 66% of the principal as of December 31, 2023, and the remaining 33% of the principal was recognized as income to record the loan forgiveness in fiscal 2023.

	2024	2023 (Unaudited)
CEBA Loan	\$ -	\$ 60,000
Loan forgiveness	-	(20,000)
	<b>\$ -</b>	<b>\$ 40,000</b>

**7. PROMISSORY NOTES**

	2024	2023 (Unaudited)
<i>The Central Canadian District of the C&amp;MA</i>		
Promissory note payable on demand at an interest rate of 3.0%per annum	<b>\$ 282,977</b>	\$ 282,977
	<b>282,977</b>	282,977
<i>City of Barrie</i>		
Promissory note payable on December 31, 2025, interest-free for the term of the note	<b>2,427,219</b>	836,115
<i>1000293640 Ontario Inc.</i>		
Promissory note payable on January 30, 2025, interest-free for the term of the note	<b>239,455</b>	221,880
	<b>2,666,674</b>	1,057,995
	<b>\$ 2,949,651</b>	\$ 1,340,972

The amounts advanced to the Group from the City of Barrie and 1000293640 Ontario Inc. represent interest-free promissory notes. Due to the interest free nature of these notes, they have been discounted as at March 31, 2024 using the Group's borrowing rate of 7.25% (2023 - 6.7%). This approximates the fair value of the notes at the end of the reporting period. The discounted amount will be amortized until the notes are repaid. A fair value loan adjustment in the amount of \$90,825 (2023 - \$192,005) has been recognized in the statement of operations in connection with the fair value adjustment to these notes.

**REDWOOD PARK COMMUNITIES INC.**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2024**

**8. MORTGAGES PAYABLE**

The Group entered into two mortgages payable in relation to the property purchase at 259 King Street, Midland. Secured by the land and building of the property.

	<b>2024</b>	<b>2023</b> <i>(Unaudited)</i>
<b>1137431 Ontario Inc.</b>		
Mortgage payable bearing interest at 7% per annum, repayable in interest only monthly payments of \$1,458, maturing July 31, 2024.	\$ 250,000	\$ 250,000
<b>Centura Trust</b>		
Mortgage payable bearing interest at 6% per annum, repayable in interest only monthly payments of \$3,750, maturing July 31, 2024.	750,000	750,000
	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>

**9. LONG TERM DEBT**

	<b>2024</b>	<b>2023</b> <i>(Unaudited)</i>
Vehicle loan payable, in monthly payments of \$479, maturing August 2024. The loan is interest free.	\$ 2,396	\$ 8,145
Vehicle loan payable, in monthly payments of \$1,186, maturing June 2028. The loan bears interest at 4.99%.	54,463	-
Mortgage payable, in monthly payments of \$6,852, including interest calculated at a rate of 3.18% per annum, maturing January 2026, secured by land and building of both the 36 and 40 Toronto Street Barrie properties. Upon default, the creditor would receive security assignment of all lease agreements and rights.	1,296,996	1,336,474
	<b>1,353,855</b>	1,344,619
Less current portion	<b>(55,796)</b>	<b>(37,618)</b>
	<b>\$ 1,298,059</b>	<b>\$ 1,307,001</b>

Principal repayment terms are approximately:

2025	\$ 55,796
2026	1,267,760
2027	13,016
2028	13,680
2029	3,603
	<u>          </u>
	<b>\$ 1,353,855</b>

**REDWOOD PARK COMMUNITIES INC.**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2024**

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**10. ONTARIO RENOVATES PROGRAM LOAN**

Ontario Renovates Program Loan issued on October 30, 2015 (\$22,483) and January 13, 2022 (\$25,000) - are non-interest bearing loan with no terms of repayment. As long as specific requirements of the Ontario Renovates Program are met, then the loan will be forgiven at an equal rate each year over a 15-year period. The loans may be repaid at anytime in while without notice or penalty and for value received less the forgiven amount.

Security for the loans is a mortgage/charge against the land at 259 King Street, Midland, owned by the Group.

These loans are considered deferred capital contributions in the year of acquisition and are recognized into revenue on the same basis as the related capital asset amortization. As of March 31, 2024, \$8,231 has been recognized as revenue with a remaining deferral of \$41,474.

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**11. SIMCOE COUNTY FUNDING**

During the year the Organization received grant income from the County of Simcoe. All of these funds were fully expended within the funding period.

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**12. FINANCIAL INSTRUMENTS**

The Groups main financial instrument risk exposure is detailed as follows.

Credit risk

The Group is exposed to credit risk primarily with respect to its accounts receivable. It is management's opinion that the Group is not exposed to significant credit risk due to the nature of its accounts receivable and policies implemented by management to reduce the risk of non-collection. As at March 31, 2024, the Group has recorded an allowance for bad debts of \$Nil (2023 - \$3,281). There has been no significant change in exposure from the prior year.

Interest rate risk

The Group's financial instruments expose it to interest rate risk due to its bank indebtedness, promissory notes payable, long-term debt, mortgages payable, and other debt. The Group does not use derivative instruments to mitigate its interest rate risk.

The Group is exposed to interest rate cash flow exposure on its bank indebtedness, which is variable based on the bank's prime rates. This exposure may have an effect on cash flow in future periods. The Group reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates which have been relatively stable over the period presented. In the opinion of management, the interest rate risk exposure to the Group is low. There has been no significant change in exposure from the prior year.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities. The Group is therefore exposed to liquidity risk with respect to its accounts payable, promissory notes payable, bank indebtedness, long-term debt, mortgages payable, tenant security deposits, and other debt. The Group reduces its exposure to liquidity risk by ensuring that it documents when authorized payments are due and maintaining adequate cash reserves to pay advances. There has been no significant change in exposure from the prior year.

The Group is not exposed to significant market or currency risk.

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**REDWOOD PARK COMMUNITIES INC.**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2024**

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**13. COMMITMENTS**

In January 2018, the Group entered into a lease agreement with the County of Simcoe for a term of 25 years to lease the lots located at 28, 29 and 30 Essa Road in the City of Barrie. The Group will pay an amount of \$1 per annum. During the lease term, the ownership of the buildings located or constructed on the lots will be retained by the Group. At the end of the lease term in January 2043, the ownership of all buildings located and constructed on the lots will revert to the landlord.

In July 2018, the Group entered into a lease agreement with The Governing Council of The Salvation Army in Canada for a term of 23 years and two months to lease the land at 151 Lillian Crescent in the City of Barrie. The Group will pay a base rent of \$312,616 over the term of the lease, beginning with monthly payments of \$1,371 starting on the earlier of the occupancy date, or August 31, 2022, whichever comes first. During the lease term, the ownership of the buildings located or constructed on the lots will be retained by the Group. At the end of the lease term in August 2041, the ownership of all buildings located and constructed on the lots will revert to the landlord.

In May 2021, the Group entered into a lease agreement with Marquee Davidson LP and Marquee Davidson Corp for a term of 5 years to lease the land and building at 92 Davidson Street in the City of Barrie, commencing on May 1, 2021.

The estimated future minimum lease payments for the next five years as at March 31, 2024 are as follows:

2025	\$ 432,604
2026	451,390
2027	118,599
2028	87,958
2029	89,388
	<u>\$ 1,179,939</u>

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