

Consolidated Financial Statements of

**NON-PROFIT RETIREMENT RESIDENCES
OF ELLIOT LAKE INC.**

(OPERATING AS ELLIOT LAKE RETIREMENT LIVING)

And Independent Auditor's Report thereon

Year ended December 31, 2024



KPMG LLP

Times Square
1760 Regent Street, Unit 4
Sudbury, Ontario P3E 3Z8
Canada
Telephone (705) 675 8500
Fax (705) 675 7586

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Non-Profit Retirement Residences of Elliot Lake Inc.

Opinion

We have audited the consolidated financial statements of Non-Profit Retirement Residences of Elliot Lake Inc. (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets (deficiency) for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated 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 consolidated financial position of the Entity as at December 31, 2024 and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations

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.



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

In preparing the financial statements, management is responsible for assessing the 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 to 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.



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- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

May 21, 2025

NON-PROFIT RETIREMENT RESIDENCES OF ELLIOT LAKE INC.

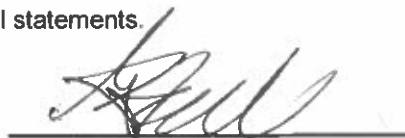
(OPERATING AS ELLIOT LAKE RETIREMENT LIVING)
Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	\$ 5,301,003	\$ 4,962,490
Accounts receivable	139,547	137,296
Short-term investments (note 2)	3,991,816	3,462,265
Inventories	187,321	162,285
Prepaid expenses and deposits	631,554	570,149
	<u>10,251,241</u>	<u>9,294,485</u>
Capital assets: (note 3)		
Cost	85,478,895	81,455,888
Less accumulated amortization	<u>56,551,238</u>	<u>54,092,890</u>
	28,927,657	27,362,998
Intangible assets (note 4)	11,464	14,006
Investments (note 2)	6,198,867	7,017,570
Golf course (note 5)	<u>151,631</u>	<u>154,222</u>
	6,361,962	7,185,798
	<u>\$ 45,540,860</u>	<u>\$ 43,843,281</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 1,754,496	\$ 1,684,580
Deposits payable	1,093,922	1,035,281
Deferred revenue	129,971	115,785
Current portion of long-term debt (note 7)	114,000	114,000
Current portion of mortgage payable (note 8)	<u>4,004,565</u>	<u>448,004</u>
	7,096,954	3,397,650
Mortgage payable (note 8)	11,301,807	15,306,372
Deferred capital contributions (note 10)	<u>3,993,766</u>	<u>4,481,636</u>
	22,392,527	23,185,658
Net assets:		
Investment in capital assets (note 9)	24,933,891	22,881,362
Unrestricted	<u>(1,785,558)</u>	<u>(2,223,739)</u>
	23,148,333	20,657,623
Contingency (note 12)		
	<u>\$ 45,540,860</u>	<u>\$ 43,843,281</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board:

NON-PROFIT RETIREMENT RESIDENCES OF ELLIOT LAKE INC.

(OPERATING AS ELLIOT LAKE RETIREMENT LIVING)

Consolidated Statement of Operations

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Rental income	\$ 15,985,502	\$ 14,988,995
Other income	129,877	113,810
Government grants	12,061	-
	16,127,440	15,102,805
Expenses:		
Taxes, utilities and insurance (note 11)	4,967,565	4,679,424
Salaries and benefits	3,267,342	3,129,398
Repairs and maintenance	648,885	580,595
Office and general	445,378	342,623
Ground maintenance	402,407	413,332
Preparation of units	382,132	396,442
Franchise	330,900	294,016
Service contracts	312,057	300,562
Advertising	184,936	178,942
Materials and supplies	182,251	180,005
Physical office	161,520	127,316
Professional fees	142,831	117,427
Tenant administration	104,463	89,607
Vehicles	64,902	72,996
Community grants and donations	64,754	44,760
Furnished units	24,845	24,883
Superintendent services	11,187	14,773
Customer services	4,822	3,345
Physician recruitment	-	5,722
	11,703,177	10,996,168
Earnings before the undernoted items	4,424,263	4,106,637
Other expenses (income):		
Amortization of capital assets and intangible assets	2,460,891	2,392,992
Interest on long-term debt	677,722	535,024
Golf course (note 5)	14,897	42,736
Loss on sale of capital assets	-	9,000
Amortization of deferred capital contributions	(487,870)	(487,870)
Investment income	(732,087)	(596,367)
	1,933,553	1,895,515
Excess of revenue over expenses	\$ 2,490,710	\$ 2,211,122

See accompanying notes to consolidated financial statements.

NON-PROFIT RETIREMENT RESIDENCES OF ELLIOT LAKE INC.

(OPERATING AS ELLIOT LAKE RETIREMENT LIVING)

Consolidated Statement of Changes in Net Assets (Deficiency)

Year ended December 31, 2024, with comparative information for 2023

		Invested in capital assets	Unrestricted	2024 Total	2023 Total
Net assets (deficiency), beginning of year	\$	22,881,362	\$ (2,223,739)	\$ 20,657,623	\$ 18,446,501
Excess of revenue over expenses		(1,970,479)	4,461,189	2,490,710	2,211,122
Capital contributions		4,023,008	(4,023,008)	-	-
Net assets (deficiency), end of year	\$	24,933,891	\$ (1,785,558)	\$ 23,148,333	\$ 20,657,623

See accompanying notes to consolidated financial statements.

NON-PROFIT RETIREMENT RESIDENCES OF ELLIOT LAKE INC.

(OPERATING AS ELLIOT LAKE RETIREMENT LIVING)

Consolidated Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 2,490,710	\$ 2,211,122
Items not involving cash:		
Amortization of capital assets and intangible assets	2,460,891	2,392,992
Amortization of deferred capital contributions	(487,870)	(487,870)
Loss on disposal of capital assets	-	9,000
	4,463,731	4,125,244
Change in non-cash operating working capital:		
(Increase) decrease in accounts receivable	(2,251)	214,267
Increase in inventories	(25,036)	(4,102)
Increase in prepaid expenses and deposits	(61,405)	(79,159)
Increase in accounts payable and accrued liabilities	69,916	68,631
Increase in deposits payable	58,641	54,985
Increase (decrease) in deferred revenue	14,186	(4,646)
	4,517,782	4,375,220
Financing:		
Repayment of mortgage payable	(448,004)	(397,288)
Proceeds of issuance of mortgage payable	-	8,139,155
	(448,004)	7,741,867
Investing:		
Purchase of capital assets	(4,023,008)	(2,960,713)
Decrease (increase) in investments	289,152	(7,479,835)
Contributions from golf course	2,591	29,116
	(3,731,265)	(10,411,432)
Increase in cash	338,513	1,705,655
Cash, beginning of year	4,962,490	3,256,835
Cash, end of year	\$ 5,301,003	\$ 4,962,490

See accompanying notes to consolidated financial statements.

NON-PROFIT RETIREMENT RESIDENCES OF ELLIOT LAKE INC.

(OPERATING AS ELLIOT LAKE RETIREMENT LIVING)
Notes to Consolidated Financial Statements

Year ended December 31, 2024

Nature of operations:

Non-Profit Retirement Residences of Elliot Lake Inc. operating as Elliot Lake Retirement Living (the "Organization") is incorporated without share capital under the laws of Ontario. Its mandate is to provide and operate affordable housing units, primarily for senior citizens, in a manner that provides quality of life that support the economic base of the City of Elliot Lake.

1. Significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements include the accounts of its wholly-owned subsidiary 1425164 Ontario Ltd. (operating as NorDev Group). The NorDev group follows the CPA Canada accounting standards for private enterprises. Their year end is December 31.

(b) Inventories:

Inventories were valued at the lower of cost and net realizable value, determined on a first-in, first-out basis. The Organization uses the same cost formula for all inventories having a similar nature and use to the Organization. When circumstances which previously caused inventories to be written down no longer exists the previous impairment is reversed.

(c) Capital assets:

Capital assets are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis at the following annual rates:

Asset	Rate
Revenue-producing properties	4% - 20%
Housing improvements	4% - 20%
Furniture and fixtures	7% - 20%
Vehicles	20%
Equipment	10% - 20%
Computer equipment	10% - 20%
Hotel development	3% - 10%
Leasehold improvements	5% - 20%

Assets under development are not amortized until they are put in use. Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and exceeds its fair value.

NON-PROFIT RETIREMENT RESIDENCES OF ELLIOT LAKE INC.

(OPERATING AS ELLIOT LAKE RETIREMENT LIVING)
Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policiesInvestment in capital assets (continued):

(c) Capital assetsInvestment in capital assets (continued):

The carrying amount of an item of property, plant and equipment is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

(d) Intangible assets:

Intangible assets are measured initially at cost and are amortized over their useful life. Franchise rights acquired for the hotel operations are being amortized over 20 years which is the length of the franchise agreement.

(e) Revenue recognition:

The Organization follows the deferral method of accounting for contributions such as grants and government contributions. Grants and contributions are recorded as revenue in the period to which they relate. Grants for future periods are deferred and recognized in the subsequent period when the related activity occurs.

Revenue from rental properties includes rent from tenants under lease agreement, property taxes, operating costs, recoveries and incidental income. These amounts are recorded as the services are performed and collection is reasonably determinable.

Contributions for capital assets and the golf course are deferred and amortized into revenue on the same basis and rate as the related capital asset. The contributions for the golf course joint venture have been offset against the cost of the golf course assets.

Other revenues are recognized as the services are provided and collection is reasonably determinable.

(f) Government assistance:

Government assistance related to current expenses and revenue is included in the determination of income for the period. Amounts not received as of the year-end date but for which the expenses have been incurred are included as a receivable.

NON-PROFIT RETIREMENT RESIDENCES OF ELLIOT LAKE INC.

(OPERATING AS ELLIOT LAKE RETIREMENT LIVING)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policiesInvestment in capital assets (continued):

(g) Financial instruments:

Financial instruments are classified into three categories: fair value, amortized cost or cost. The following chart shows the remeasurement method for each type of financial instrument:

Financial instrument	Measurement Method
Cash	Cost
Accounts receivable	Amortized cost
Investments	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Mortgage payable	Amortized cost

Amortized cost

Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category and is now the method that must be used to calculate amortized cost.

Cost

Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

Fair value

The Organization manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets and realized gains and losses are recognized in the Statement of Operations.

NON-PROFIT RETIREMENT RESIDENCES OF ELLIOT LAKE INC.

(OPERATING AS ELLIOT LAKE RETIREMENT LIVING)
Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policiesInvestment in capital assets (continued):

(g) Financial instrumentsInvestment in capital assets (continued):

Establishing fair value

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

Impairment

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

NON-PROFIT RETIREMENT RESIDENCES OF ELLIOT LAKE INC.

(OPERATING AS ELLIOT LAKE RETIREMENT LIVING)
Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

2. Investments:

The Organization's investments are comprised of fixed income securities with maturities that range between February 2025 and March 2028. Short-term investments are comprised of those investments with maturities of one year or less from the reporting date.

	2024	2023
Term deposits	\$ -	\$ 1,012,693
Fixed income securities	10,190,683	9,467,142
	10,190,683	10,479,835
Less: short-term investments	(3,991,816)	(3,462,265)
Long-term investments	\$ 6,198,867	\$ 7,017,570

3. Capital assets:

	2024		
	Cost	Accumulated amortization	Net book value
Elliot Lake Retirement Living:			
Revenue-producing properties	\$ 14,346,924	\$ 11,943,111	\$ 2,403,813
Housing improvements	46,564,037	31,158,411	15,405,626
Furniture and fixtures	2,725,346	2,378,678	346,668
Equipment	4,262,167	2,274,906	1,987,261
Vehicles	813,288	716,580	96,708
Leasehold improvements	297,602	297,602	-
Computer equipment	725,602	701,563	24,039
Hotel development	12,918,127	6,092,903	6,825,224
Assets under development:			
Condominium development	1,493,197	-	1,493,197
NorDev Group:			
Leasehold improvements	146,172	46,499	99,673
Equipment	393,245	273,854	119,391
Furniture and fixtures	793,188	667,131	126,057
	\$ 85,478,895	\$ 56,551,238	\$ 28,927,657

NON-PROFIT RETIREMENT RESIDENCES OF ELLIOT LAKE INC.

(OPERATING AS ELLIOT LAKE RETIREMENT LIVING)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

3. Capital assetsInvestment in capital assets (continued):

			2023
	Cost	Accumulated amortization	Net book value
Elliot Lake Retirement Living:			
Revenue-producing properties	\$ 14,346,925	\$ 11,519,431	\$ 2,827,494
Housing improvements	42,795,616	29,970,069	12,825,547
Furniture and fixtures	2,620,399	2,248,087	372,312
Equipment	4,242,520	2,063,894	2,178,626
Vehicles	763,288	687,337	75,951
Leasehold improvements	297,602	297,602	-
Computer equipment	721,306	690,558	30,748
Hotel development	12,918,129	5,675,681	7,242,448
Assets under development:			
Condominium development	1,493,197	-	1,493,197
NorDev Group:			
Leasehold improvements	130,123	40,611	89,512
Equipment	343,881	256,277	87,604
Furniture and fixtures	782,902	643,343	139,559
	\$ 81,455,888	\$ 54,092,890	\$ 27,362,998

The condominium project is considered an asset under development and amortization will commence upon completion of project.

4. Intangible assets:

	2024	2023
Franchise rights	\$ 50,830	\$ 50,830
Accumulated amortization	(39,366)	(36,824)
	\$ 11,464	\$ 14,006

NON-PROFIT RETIREMENT RESIDENCES OF ELLIOT LAKE INC.

(OPERATING AS ELLIOT LAKE RETIREMENT LIVING)
Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

5. Stone Ridge Golf Course:

In 2003, an agreement was entered into between the City of Elliot Lake (the "City") and the Organization to create the Stone Ridge Golf Course. Capital asset purchases for the course have been funded by the City, the Organization, Human Resources and Skills Development Canada ("HRSDC") and private contributions. The course opened in the summer of 2005.

In 2016, the agreement was amended to attribute the profit or loss from the operation of the golf course and to fund capital purchases to the Organization and the City evenly at 50% each. This agreement reflects a contribution agreement with the City as discussions related to operating, financing and investing activities are made by the Organization.

The following amounts represent the financial results of the Golf Course for the year ended December 31, 2024.

	2024	2023
Inventories and prepaid expenses	\$ 40,516	\$ 27,401
Capital assets	111,115	126,821
	\$ 151,631	\$ 154,222
Revenues	\$ 1,442,957	\$ 1,294,012
Expenses	(1,457,854)	(1,336,748)
Deficiency of revenue over expenses	\$ (14,897)	\$ (42,736)

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$51,066 (2023 - \$36,435), which includes amounts payable for HST.

NON-PROFIT RETIREMENT RESIDENCES OF ELLIOT LAKE INC.

(OPERATING AS ELLIOT LAKE RETIREMENT LIVING)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

7. Long-term debt:

The Canada Mortgage and Housing Corporation ("CMHC") long-term debt is secured by granting a priority mortgage to the CMHC over the real property. The Organization received a contribution of \$57,000 and a loan of \$114,000 towards the Spine Road Housing project to finance eligible activity costs as detailed in the CMHC agreement dated January 27, 2020. The contribution was utilized for the purchase of capital assets and was recorded as an increase to deferred capital contributions in 2020.

The long-term debt shall be repaid on the third year anniversary of the effective date of the CMHC agreement which was January 27, 2023. Interest on the repayable amount will commence thirty days following the maturity date at an amount equal to the Canada Prime rate plus 2%. In the event that the Spine Road project is discontinued, CMHC determines that the Organization has failed to meet its project objectives or determines the Organization is not in compliance with the CMHC agreement, the CMHC may demand immediate repayment of the full \$114,000 loan and \$57,000 grant.

Subsequent to year-end on March 14, 2025 the \$114,000 loan from CMHC was repaid in full. No interest was charged on the outstanding balance.

8. Mortgage payable:

i) Credit facility agreement:

The Organization's bank borrowing facilities provide an unsecured line of credit in the amount of \$250,000 with an interest rate of prime plus 0.5%. As of December 31, 2024, there are no amounts drawn on this facility (2023 - \$Nil).

ii) Mortgages payable:

	2024	2023
Mortgage payable #1	\$ 11,586,911	\$ 11,859,473
Mortgage payable #2	3,719,461	3,894,903
	15,306,372	15,754,376
Less current portion	(4,004,565)	(448,004)
	\$ 11,301,807	\$ 15,306,372

NON-PROFIT RETIREMENT RESIDENCES OF ELLIOT LAKE INC.

(OPERATING AS ELLIOT LAKE RETIREMENT LIVING)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

8. Mortgage payableInvestment in capital assets (continued):

Mortgage payable #1 bears interest at 4.557% and is secured by a blanket first mortgage on specified properties with a carrying value of \$3,493,177 as at December 31, 2024, a first priority general assignment of rents and leases of the specified properties, a second priority general security agreement over all appliances and other personal property owned by the Organization and used in connection with the operation of the properties. The term of the mortgage is a ten year term ending April 2033 and is amortized over 25 years.

Mortgage payable #2 bears interest at 3.91% and is secured by a first charge mortgage of land over specified property in the amount of \$6.5 million with a carrying value of \$6,115,729 as at December 31, 2024, a first priority general assignment of rents and leases of the specified properties, a first priority general security agreement for all appliances and other personal property located at or used in the operation of the specified properties, an assignment of insurance for any policies affecting the specified properties, and an unlimited guarantee from 1425164 Ontario Ltd. supported by a general security agreement. The term of the mortgage is a five year term ending March 2025 and is amortized over 25 years.

The mortgage payable #2 is subject to certain financial and non-financial restrictive covenants. At December 31, 2024, the Organization is in compliance with these covenants.

Principal repayments are due as follows:

2025	\$ 4,004,565
2026	298,244
2027	311,990
2028	326,369
2029	341,411
Thereafter	10,023,793
	<u>\$ 15,306,372</u>

Subsequent to the year-end, mortgage payable #2 is in the process of being refinanced. The initial proposal for the refinanced mortgage is in the amount of \$6,167,100 bears interest up to a maximum of 4.80% and is subject to the same security detailed in note 7 ii). The proposed term of the mortgage is 10 years and is being amortized over 25 years. As of the date of the financial statements, the refinancing has not been finalized.

NON-PROFIT RETIREMENT RESIDENCES OF ELLIOT LAKE INC.

(OPERATING AS ELLIOT LAKE RETIREMENT LIVING)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

9. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

	2024	2023
Capital assets	\$ 28,927,657	\$ 27,362,998
Amounts financed by:		
Deferred capital contributions	(3,993,766)	(4,481,636)
	\$ 24,933,891	\$ 22,881,362

(b) Details of amortization and purchase of capital assets are as follows:

	2024	2023
Purchase of capital assets:		
Elliot Lake Retirement Living	\$ 3,947,309	\$ 2,832,316
NorDev Group	75,699	128,397
	\$ 4,023,008	\$ 2,960,713

NON-PROFIT RETIREMENT RESIDENCES OF ELLIOT LAKE INC.

(OPERATING AS ELLIOT LAKE RETIREMENT LIVING)
Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

9. Investment in capital assets (continued):

(b) Details of amortization and purchase of capital assets are as follows:

	2024	2023
Excess of revenue over expenses		
Elliot Lake Retirement Living:		
Amortization of deferred capital contributions	\$ 487,870	\$ 487,870
Amortization of capital assets	(2,411,096)	(2,343,292)
Loss on disposal	-	(9,000)
	(1,923,226)	(1,864,422)
Nordev Group:		
Amortization of capital assets	(47,253)	(47,159)
	\$ (1,970,479)	\$ (1,911,581)

10. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets.

	2024	2023
Balance, beginning of year	\$ 4,481,636	\$ 4,969,506
Amounts amortized to income	(487,870)	(487,870)
Balance, end of year	\$ 3,993,766	\$ 4,481,636

NON-PROFIT RETIREMENT RESIDENCES OF ELLIOT LAKE INC.

(OPERATING AS ELLIOT LAKE RETIREMENT LIVING)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

11. Taxes, utilities and insurance:

Elliot Lake Retirement Living:

	2024	2023
Property taxes and insurance	\$ 2,918,709	\$ 2,645,287
Gas	221,323	288,206
Water	1,356,913	1,270,059
Hydro	238,966	245,355
	<u>\$ 4,735,911</u>	<u>\$ 4,448,907</u>

NorDev Group:

	2024	2023
Property taxes and insurance	\$ 135,574	\$ 128,935
Heating	68,950	70,750
Water	16,150	20,800
Hydro	10,980	10,032
	<u>\$ 231,654</u>	<u>\$ 230,517</u>
	<u>\$ 4,967,565</u>	<u>\$ 4,679,424</u>

12. Contingency:

In 2014, the Organization was named in several legal actions related to the collapse of the Algo Centre Mall. Management is unable to determine at this time what liability, if any, exists related to these actions, and consequently, no provision has been recorded in the books of the Organization.

13. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

NON-PROFIT RETIREMENT RESIDENCES OF ELLIOT LAKE INC.

(OPERATING AS ELLIOT LAKE RETIREMENT LIVING)
Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

14. Financial risks and concentration of risk:

(a) Market risk:

The Organization's revenue is derived from the rental of properties in the City of Elliot Lake and guest room and meeting room rentals. The introduction of new rental properties or an additional hotel in the community could have an impact on future gross margins and net earnings.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. The Organization monitors the credit risk of customers through credit rating reviews.

(c) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2023.