Veterans' House Canada / Maison du vétéran Canada

Financial Statements

For the 61 days ended December 31, 2025

bakertilly

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Contents

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Independent Auditor's Report

To the Directors of
Veterans' House Canada / Maison du vétéran Canada

Opinion

We have audited the financial statements of Veterans' House Canada / Maison du vétéran Canada (the "organization"), which comprise the statement of financial position as at December 31, 2025, and the statement of operations, statement of changes in net assets and statement of cash flows for the 61 days then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2025, and its results of operations and its cash flows for the 61 days then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 15 of the financial statements, which describes that the organization has changed its financial year-end from October 31, 2025 to December 31, 2025. As a result, the current period covers 2 months. Our opinion is not modified in respect of 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 ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Baker Tilly Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
May 6, 2026
Ottawa, Ontario

Veterans' House Canada / Maison du vétéran Canada
Statement of Financial Position

	December 31, 2025	October 31, 2025
Assets		
Current		
Cash (Note 2)	**$ 1,638,681**	$ 2,769,224
Accounts receivable (Note 3)	**513,243**	493,606
Prepaid expenses	**845**	2,402
Short term investment (Note 4)	**102,171**	102,171
	2,254,940	3,367,403
Restricted cash (Note 6)	**172,809**	162,087
Investment (Note 4)	**254,861**	253,797
Tangible capital assets (Note 5)	**18,392,666**	16,246,637
	$ 21,075,276	$ 20,029,924
Liabilities and Net assets		
Current		
Accounts payable and accrued liabilities (Notes 7 & 8)	**$ 1,646,240**	$ 1,124,794
Current portion of mortgage payable (Note 9)	**29,312**	29,276
Deferred contributions (Note 10)	**150,805**	297,698
	1,826,357	1,451,768
Mortgage payable (Note 9)	**1,619,555**	1,624,453
Deferred capital contributions (Note 11)	**15,900,319**	15,694,167
	19,346,231	18,770,388
Net assets		
Unrestricted	**794,573**	317,497
Internally restricted (Note 6)	**544,432**	533,710
Restricted for Andy Carswell	**924,203**	904,233
Restricted for Edmonton	**(534,163)**	(495,904)
	1,729,045	1,259,536
	$ 21,075,276	$ 20,029,924

On behalf of the board

Member

Member

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

Veterans' House Canada / Maison du vétéran Canada
Statement of Changes in Net Assets

For the 61 days ended	Unrestricted	Internally Restricted (Note 6)	Restricted Andy Carswell	Restricted Edmonton	December 31, 2025 Total	October 31, 2025 Total
Balance, beginning of period	**$ 317,497**	**$ 533,710**	**$ 904,233**	**$ (495,904)**	**$ 1,259,536**	$ 1,076,925
Excess (deficiency) of revenue over expenditures for the period	**487,798**	**-**	**19,970**	**(38,259)**	**469,509**	182,611
Interfund transfers (Note 6)	**(10,722)**	**10,722**	**-**	**-**	**-**	-
Balance, end of period	**$ 794,573**	**$ 544,432**	**$ 924,203**	**$ (534,163)**	**$ 1,729,045**	$ 1,259,536

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

Veterans' House Canada / Maison du vétéran Canada
Statement of Operations

For the 61 days ended				December 31, 2025	October 31, 2025
(With comparative figures for the year ended October 31, 2025)					
	Unrestricted	**Restricted Andy Carswell**	**Restricted Edmonton**	**Total**	Total
Revenue					
Donations	**$ 624,771**	**$ 15,157**	**$ -**	**$ 639,928**	$ 926,145
Housing charges	**-**	**52,656**	**-**	**52,656**	309,059
Grant revenue	**51,954**	**82,546**	**55,667**	**190,167**	658,142
Interest income	**1,785**	**-**	**-**	**1,785**	13,128
Amortization of deferred contributions	**-**	**76,745**	**-**	**76,745**	460,470
Other	**416**	**-**	**-**	**416**	1,425
	678,926	**227,104**	**55,667**	**961,697**	2,368,369
Expenses					
Amortization	**1,833**	**33,712**	**-**	**35,545**	213,598
Audit and accounting	**54,956**	**-**	**-**	**54,956**	87,187
Bad debt expense	**-**	**(15,572)**	**-**	**(15,572)**	2,907
Bank charges	**648**	**-**	**-**	**648**	4,989
Donation expenses	**393**	**358**	**511**	**1,262**	5,040
Fundraising consultant	**-**	**-**	**32,064**	**32,064**	178,828
Fundraising expenses	**8,092**	**-**	**-**	**8,092**	22,380
Insurance	**135**	**3,214**	**699**	**4,048**	23,071
Legal	**976**	**-**	**-**	**976**	4,515
Maintenance and repairs	**-**	**42,850**	**-**	**42,850**	122,465
Marketing	**25,338**	**-**	**27,841**	**53,179**	159,940
Office	**8,928**	**2,931**	**1,294**	**13,153**	166,979
Property management fee	**-**	**19,389**	**-**	**19,389**	93,437
Program expenses	**-**	**79,722**	**-**	**79,722**	316,146
Rent	**4,656**	**-**	**-**	**4,656**	21,281
Salaries and benefits	**82,555**	**25,948**	**28,989**	**137,492**	659,593
Travel	**2,618**	**-**	**2,528**	**5,146**	34,422
Utilities	**-**	**14,582**	**-**	**14,582**	68,980
	191,128	**207,134**	**93,926**	**492,188**	2,185,758
Excess (deficiency) of revenue over expenditures for the period	**$ 487,798**	**$ 19,970**	**$ (38,259)**	**$ 469,509**	$ 182,611

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

Veterans' House Canada / Maison du vétéran Canada
Statement of Cash Flows

For the 61 days ended	December 31, 2025	October 31, 2025
(With comparative figures for the year ended October 31, 2025)		
Cash flows from operating activities		
Excess of revenue over expenditures for the period	**$ 469,509**	$ 182,611
Amortization of tangible capital assets	**35,545**	213,598
Amortization of deferred contributions	**(76,745)**	(460,470)
	428,309	(64,261)
Changes in non-cash working capital items		
Accounts receivable	**(19,636)**	(225,618)
Prepaid expenses	**1,557**	15,723
Accounts payable and accrued liabilities	**521,447**	773,011
Deferred contributions	**(146,893)**	(178,171)
	784,784	320,684
Cash flows from investing activities		
Increase in investments net of redemptions	**(1,064)**	(339,760)
Additions to tangible capital assets	**(2,181,575)**	(5,355,301)
	(2,182,639)	(5,695,061)
Cash flows from financing activities		
Repayment towards mortgages	**(4,862)**	(29,088)
Deferred capital contributions received	**282,896**	7,335,439
	278,034	7,306,351
Increase (decrease) in cash during the period	**(1,119,821)**	1,931,974
Cash, beginning of period	**2,931,311**	999,337
Cash, end of period	**$ 1,811,490**	$ 2,931,311
Cash consists of:		
Cash	**$ 1,638,681**	$ 2,769,224
Restricted cash	**172,809**	162,087
	$ 1,811,490	$ 2,931,311

December 31, 2025
(With comparative figures for the year ended October 31, 2025)

Nature Of Operations

Veterans' House Canada / Maison du vétéran Canada (the "organization") is a not-for-profit organization incorporated on December 23, 2020 without share capital under the laws of Canada and is dedicated to helping homeless veterans build a better future by providing permanent, affordable and supportive housing. The organization is a registered charity and as such, is exempt from income tax and may issue income tax receipts to donors.

1. Significant Accounting Policies

Basis of Presentation

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.

Management Responsibility and Use of Estimates

The preparation of the consolidated financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates and assumptions as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known.

Significant estimates include assumptions used in estimating the collectability of accounts receivable, the useful lives and related amortization of tangible capital assets, provisions for certain accrued liabilities, and the amount of revenue earned and related deferred contributions.

Fund Accounting

The organization uses fund accounting and follows the deferral method of accounting for contributions.

The General Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Andy Carswell Fund reports the revenues and expenses related to the operations of the Andy Carswell building.

The Edmonton Fund reports the revenues and expenses related to the Edmonton building.

1. Significant Accounting Policies (continued)

Financial Instruments

Measurement of arm's length financial instruments

Financial instruments are financial assets or liabilities of the organization where, in general, the organization has the right to receive cash or another financial asset from another party or the organization has the obligation to pay another party cash or other financial asset.

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm’s length transactions.

The organization subsequently measures investments in actively traded securities at fair value. All other financial assets and financial liabilities are measured at amortized cost.

Financial assets and financial liabilities measured at amortized cost include cash, accounts receivable, investments, accounts payable and accrued liabilities, and mortgages payable.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down, if any, is recognized in excess of revenue over expenditures. The previously recognized impairment loss may be reversed, to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater that the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in excess of revenue over expenditures.

Transaction costs

The organization recognizes its transaction costs in excess of revenue over expenditures in the period incurred. However, arm's length financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Internally Restricted Net Assets

Internally restricted reserve has been restricted in accordance with specific directives as approved by the organization's board of directors and is to be used at the discretion of the board of directors.

1. Significant Accounting Policies (continued)

Revenue Recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Gross rents and other revenues are recognized in the period which it pertains to.

Interest revenue is recognized when received or receivable if the amounts can be estimated and collection is reasonably assured.

Tangible Capital Assets

Tangible capital assets are recorded at cost. Buildings are amortized over the estimated useful life of the assets of 40 years on a straight-line basis.

Office equipment is amortized over the estimated useful life of 5 years on a straight-line basis.

Leasehold improvements are amortized over the term of the lease.

The half-rate rule is used in the year of acquisition.

Deferred Contributions

Deferred contributions are restricted amounts for use towards the operating activities of the funds. Restricted amounts are recognized as revenue in the year in which the related expenses are incurred.

Deferred Contributions Related to Tangible Capital Assets

Contributions received for capital assets are deferred and amortized over the same term and on the same basis as the related capital assets, unless those assets are not amortized, in which case the contributions are recognized as a direct increase to the organization's net assets. Deferred capital contributions represent the unamortized amount of contributions and grants received for capital assets. Deferred contributions towards assets under construction are not amortized until the related assets are put into service.

1. Significant Accounting Policies (continued)

Impairment of Long-lived Assets The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

Government Contribution The organization records government contributions in the year the applicable expenditures are incurred provided there is reasonable assurance of realization. Government contributions are presented as revenue and may be subject to audit under the terms and conditions of the program. Should an audit reveal that any of the qualifying criteria or expenses incurred are not in accordance with program guidelines, the federal government may require the organization to reimburse a portion of the contribution.

2. Cash

Cash consists of funds held in operating bank accounts at a chartered bank.

3. Accounts Receivable

	December 31, 2025	October 31, 2025
Accounts receivable	**$ 19,182**	$ 17,017
Tenant receivable	**28,095**	8,004
HST receivable	**465,966**	468,585
	$ 513,243	$ 493,606

Tenant receivables is net of $nil (October 2025 - $15,572) of an allowance for doubtful accounts.

4. Investment

Investments consist of term deposits with interest rates of prime less 2.70% and 3.45%, and mature by October 2026 and December 2029 respectively.

December 31, 2025
(With comparative figures for the year ended October 31, 2025)

5. Tangible Capital Assets

	Cost	Accumulated Amortization	December 31, 2025 Net Book Value	October 31, 2025 Net Book Value
Land	**$ 2,750,001**	**$ -**	**$ 2,750,001**	$ 2,750,001
Building	**8,089,266**	**636,237**	**7,453,029**	7,486,741
Office equipment	**32,054**	**9,514**	**22,540**	21,736
Leasehold improvements	**23,205**	**7,735**	**15,470**	16,244
Edmonton development costs	**8,151,626**	**-**	**8,151,626**	5,971,915
	$ 19,046,152	**$ 653,486**	**$ 18,392,666**	$ 16,246,637

The Edmonton development costs relate to a new project to build housing in Edmonton. Given the construction is not complete as of period-end, amortization for the asset has not yet begun.

$1 of the land cost relates to the parcel on which the Edmonton building is being developed. The land was acquired from the City of Edmonton for nominal consideration and is subject to an agreement with conditions requiring that it be used to provide affordable housing.

6. Internally Restricted

	Replacement Reserve	Operating Reserve	Mortgage Lump-sum Reserve	Cenotaph Reserve	Total
Balance, beginning of period	$ 162,087	$121,931	$245,827	$ 3,865	$533,710
Transfer from unrestricted	10,722	-	-	-	10,722
Balance, end of period	$ 172,809	$121,931	$245,827	$ 3,865	$544,432

During the period, the board of directors approved the transfer of $10,722 from unrestricted net assets to internally restricted net assets.

Restricted cash is internally restricted to cover the balance of the replacement reserve and is held at a chartered bank and earns interest at a nominal rate.

December 31, 2025
(With comparative figures for the year ended October 31, 2025)

7. Accounts Payable and Accrued Liabilities

	December 31, 2025	October 31, 2025
Accounts payable and accrued liabilities	**$ 1,622,696**	$ 1,100,602
Last month Rent Deposit	**23,544**	24,192
	$ 1,646,240	$ 1,124,794

8. Credit Facilities

The organization has credit card facilities in the form of corporate credit cards with a combined limit of $100,000, of which $15,900 (October 31, 2025 – $10,866) has been used as at period-end and is included in the balance of accounts payable and accrued liabilities.

9. Mortgage Payable

	December 31, 2025	October 31, 2024
Canadian Mortgage Housing Corporation, 0.74%, repayable in blended monthly payments of $3,451. Secured by building and land with a current net book value of $10,236,741, matures January 2030.	**$ 1,648,867**	$ 1,653,729
Less: Current portion	**(29,312)**	(29,276)
	$ 1,619,555	$ 1,624,453

Principal payments required on mortgages payable for the next five years are as follows:

2026	$ 29,312
2027	29,530
2028	29,749
2029	29,970
2030	1,530,306
	$ 1,648,867

December 31, 2025
(With comparative figures for the year ended October 31, 2025)

9. Mortgage Payable (continued)

The organization is required to maintain certain covenants with Canada Mortgage and Housing Corporation. These covenants require the organization to maintain a minimum Debt Service Coverage Ratio of 1.04 and maintain 4% of Effective Gross Income in the Replacement Reserve Fund Account. As of December 31, 2025, the organization has met these financial covenants.

Under the terms of the mortgage agreement, the organization is required to provide affordable social housing for 20 years after the date first occupancy is permitted, which was February 1, 2021.

The organization also has available to it a repayable loan for the Edmonton building in the amount of $1,506,017. The loan bears interest at 4.45%, will be amortized over 50 years, and has a term of 10 years. The loan is secured by a freehold mortgage and by a general security agreement over substantially all present and after-acquired property of the organization. Additional security includes assignments of rents, leases, contracts, insurance policies, project bank accounts and reserves, guarantees (if applicable), and all related proceeds. As of December 31, 2025, no amount has been drawn down on the repayable loan.

10. Deferred Contributions

	Balance, beginning of period	Received	Recognized	Balance, end of period
Veteran Homelessness Program	$ 224,683	$ -	$ (112,077)	$ 112,606
Other	73,015	683,202	(718,018)	38,199
	$ 297,698	$ 683,202	$ (830,095)	$ 150,805

The above amounts represent contributions received that are not restricted for capital assets which have not yet been used as of period-end. The Veteran Homelessness Program represents contributions received from the Government of Canada.

11. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent restricted contributions for buildings and building contents such as furniture. The changes in the deferred contributions related to capital assets balance for the period are as follows:

11. Deferred Contributions Related to Capital Assets (continued)

	Beginning balance	Contributions related to capital assets	Amounts amortized to revenue	Ending balance
Andy Carswell Building	$ 7,712,184	$ -	$ (76,745)	$ 7,635,439
Edmonton Development	7,981,983	282,897	-	8,264,880
	$ 15,694,167	$ 282,897	$ (76,745)	$ 15,900,319

The organization has entered into various contribution agreements for the development and operation of supportive housing units. Under the terms of these agreements, should the organization default on its obligation, the contributions and remaining amount of forgivable loans would become due and payable to the contributors. As at period end, the estimated contingent liabilities resulting from these agreements is $10,387,253. For the Edmonton Development, one contributor has the option to purchase the land if the organization defaults on its obligation.

12. Financial Commitments

Edmonton Development Management and Construction

The organization has entered into a development management agreement and construction contract as part of the Edmonton project. The outstanding cost on these agreements are estimated to be $231,829 and $5,975,215 respectively.

Lease

The organization has leased office space under an agreement which expires on March 31, 2029. Future minimum payments under this lease are:

2026	$ 21,412
2027	21,412
2028	21,412
2029	5,353

13. Risks and Concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations as at December 31, 2025.

13. Risks and Concentrations (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to this risk in respect of its accounts receivable.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and mortgage payable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk. The organization is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to fair value risk on its mortgage and term deposit with fixed interest rates. The organization is exposed to future cash flows risk on its term deposit with a variable interest rate.

Changes in risk

There have been no significant changes in the organization's risk exposures from the prior year.

14. Comparative Amounts

The financial statements have been reclassified, where applicable, to conform with the presentation used in the current period.

15. Change in Year End

The organization has changed its financial year-end from October 31 to December 31. Consequently, the current financial period covers 2 months. Comparative information is presented for the 12-month period ended October 31, 2025.