MILTON HEIGHTS INC.

Financial Statements

Year Ended March 31, 2025

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Milton Heights Inc. have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Milton Heights Inc.'s reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit and Finance Committee. The Committee is appointed by the Board and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by MWC Chartered Professional Accountants LLP, in accordance with Canadian generally accepted auditing standards.

Chief Executive Officer

Chair

Regina, SK
September 30, 2025

Chartered Professional Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of Milton Heights Inc.

Opinion

We have audited the financial statements of Milton Heights Inc. (the Corporation), which comprise the statement of financial position as at March 31, 2025, and the statements of operations, changes in net assets and cash flows for the year 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 March 31, 2025, 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 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 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 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.

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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.

MWC LLP

Chartered Professional Accountants

Regina, Saskatchewan
September 30, 2025

MILTON HEIGHTS INC.

Statement of Financial Position

March 31, 2025

		2025		2024
ASSETS				
CURRENT				
Cash	$	188,877	$	252,773
Accounts receivable		26,967		18,766
Goods and services tax recoverable		35,664		31,606
Prepaid expenses		24,145		33,518
		275,653		336,663
RESTRICTED CASH *(Note 3)*		647,006		580,910
PROPERTY AND EQUIPMENT *(Note 4)*		14,146,868		14,778,829
DUE FROM RELATED PARTIES *(Note 5)*		1,004,093		1,101,185
	$	16,073,620	$	16,797,587
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable	$	136,715	$	98,305
Security deposits		76,105		73,162
Current portion of long term debt *(Note 6)*		223,569		214,444
Current portion of forgivable loan *(Note 7)*		1,350,000		1,350,000
Wages payable		9,499		8,567
Employee deductions payable		2,340		5,397
Prepaid rent		25,255		22,421
		1,823,483		1,772,296
LONG TERM DEBT *(Note 6)*		4,148,807		4,374,309
FORGIVABLE LOAN *(Note 7)*		3,719,576		5,069,576
		9,691,866		11,216,181
NET ASSETS				
General fund		5,734,748		5,000,496
Restricted fund *(Note 3)*		647,006		580,910
		6,381,754		5,581,406
	$	16,073,620	$	16,797,587

GUARANTEE *(Note 8)*

ON BEHALF OF THE BOARD

______________________________ *Director*

______________________________ *Director*

See accompanying notes to financial statements

MILTON HEIGHTS INC.

Statement of Operations

Year Ended March 31, 2025

	2025	2024
REVENUES		
Rent	$ **1,364,585**	$ 1,321,087
Forgivable loan funding	**1,350,000**	1,350,000
Parking fees	**31,991**	22,894
Expense recoveries	**28,081**	26,895
Laundry	**24,869**	24,293
Interest and other	**17,014**	15,156
	2,816,540	2,760,325
EXPENSES		
Amortization of property and equipment	**631,961**	634,212
Repairs and maintenance	**324,837**	233,742
Interest on long term debt	**195,853**	154,963
Utilities	**194,108**	203,247
Property taxes	**159,905**	152,317
Wages and benefits	**112,259**	111,124
General and office	**44,763**	21,638
Insurance	**39,033**	35,606
Supplies	**10,021**	28,506
Professional fees	**8,597**	20,793
	1,721,337	1,596,148
EXCESS OF REVENUES (EXPENSES) FROM OPERATIONS	**1,095,203**	1,164,177
OTHER INCOME	**(294,855)**	(124,037)
EXCESS OF REVENUES (EXPENSES)	$ **800,348**	$ 1,040,140

Statement of Changes in Net Assets

Year Ended March 31, 2025

	General Fund	Restricted Fund	2025	2024
NET ASSETS - BEGINNING OF YEAR	$ 5,000,496	$ 580,910	$ **5,581,406**	$ 4,541,266
EXCESS OF REVENUES (EXPENSES)	784,864	15,484	**800,348**	1,040,140
TRANSFERS *(Note 3)*	(50,612)	50,612	**-**	-
NET ASSETS - END OF YEAR	$ 5,734,748	$ 647,006	$ **6,381,754**	$ 5,581,406

See accompanying notes to financial statements

MILTON HEIGHTS INC.

Statement of Cash Flows

Year Ended March 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Excess of revenues (expenses)	$ 800,348	$ 1,040,140
Items not affecting cash:		
Amortization of property and equipment	631,961	634,212
Forgivable loan funding	(1,350,000)	(1,350,000)
	82,309	324,352
Changes in non-cash working capital:		
Accounts receivable	(8,201)	3,971
Accounts payable	38,411	(127,736)
Prepaid expenses	9,373	(9,289)
Goods and services tax payable	(4,058)	(17,929)
Wages payable	932	1,704
Employee deductions payable	(3,057)	(431)
Security deposits	2,943	(4,826)
Prepaid rent	2,834	(5,219)
	39,177	(159,755)
Cash flow from operating activities	121,486	164,597
INVESTING ACTIVITY		
Restricted cash	(66,096)	(61,561)
Cash flow used by investing activity	(66,096)	(61,561)
FINANCING ACTIVITIES		
Advances from (to) related parties	97,092	(1,062,889)
Proceeds from long term financing	-	1,250,000
Repayment of long term debt	(216,378)	(189,050)
Cash flow used by financing activities	(119,286)	(1,939)
INCREASE (DECREASE) IN CASH FLOW	(63,896)	101,097
CASH - BEGINNING OF YEAR	252,773	151,676
CASH - END OF YEAR	$ 188,877	$ 252,773

See accompanying notes to financial statements

1. PURPOSE OF THE ORGANIZATION

Milton Heights Inc. (the "Corporation") was originally incorporated under the Non-Profit Corporations Act of Saskatchewan and became a registered charity in September 2016.

The purpose of the Corporation is to relieve poverty by providing residential accommodation in Regina, Saskatchewan below market rate to individuals and families who are in need; an to undertake activities incidental and ancillary to the attainment of the above purpose.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund accounting

The Corporation uses fund accounting and reports using the following funds:

The General fund reports the day-to-day operations of the Corporation.

The Restricted fund is restricted to provide for future capital asset repairs and additions and is required under a condition the Corporation's loan agreement.

Revenue recognition

Milton Heights Inc. follows the restricted fund method of accounting for contributions. Unrestricted contributions are recognized as revenue of the Unrestricted Fund in the year in which the related expenses are incurred. Restricted contributions are recognized as revenue of the Restricted Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rent, fees, and expense recovery revenue is recognized in the period the service is provided and collection is reasonably assured. Laundry revenue is recognized on deposit. Interest and other are recognized when earned.

Forgivable loan amounts are recognized based on the loan agreement set forth by Saskatchewan Housing Corporation.

Property and equipment

Property and equipment are recorded at cost. Amortization on property and equipment is calculated at rates designed to charge operations with the cost of property and equipment, over their estimated useful lives, as follows:

Buildings	33.33 years	straight-line method
Equipment	10 years	straight-line method
Paving	10 years	straight-line method

In the year of acquisition one half years amortization is taken.

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

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets including cash and accounts receivable are reported at amortized cost.

Financial liabilities including accounts payable, accrued liabilities, long term debt and forgivable loan from Saskatchewan Housing Corp. are measured at amortized cost.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Significant estimates include the allowance for uncollectible accounts receivable of $11,052 (2024 - $8,982) and the estimate of the allocation of ECM employees utilized for in the Corporation's operations.

3. RESTRICTED CASH

The Corporation is required, under their current loan agreement with Royal Bank of Canada, to maintain a cash reserve for future repairs and replacements on the property. An annual amount of $57,612 is required to be transferred to the reserve and use of the reserve is subject to prior approval by the lending institution.

	2025	2024
Balance, beginning of year	**$ 580,910**	$ 519,349
Transfer in	**57,612**	48,010
Interest revenue	**15,484**	13,551
Transfer out	**(7,000)**	-
Balance, end of year	**$ 647,006**	$ 580,910

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	**2025 Net book value**	2024 Net book value
Land	$ 1,943,810	$ -	**$ 1,943,810**	$ 1,943,810
Buildings	21,065,368	8,862,310	**12,203,058**	12,835,019
Equipment	265,352	265,352	**-**	-
Paving	370,768	370,768	**-**	-
	$ 23,645,298	$ 9,498,430	**$ 14,146,868**	$ 14,778,829

5. RELATED PARTIES

The Corporation is part of the Eden Care Group of Companies which are all under common governance and management through Eden Care Communities Management Inc. (ECM). The Group includes Eden Care Communities Management Inc., Broadway Terrace Inc., Milton Heights Inc., Eden Care Health Inc., Eden Care Village Inc., and Eden Care Communities Foundation Inc. The Regina Lutheran Housing Corporation and Eden Care Suites Inc. discontinued operations and were dissolved in the year.

	2025	2024
Due (from) to related party		
Eden Care Communities Management Inc.	**$ (1,004,093)**	$ (1,101,185)

Transactions with related parties

Related party revenues (expenses) are recorded on the following basis: Payroll and administrative services are based on management's estimate of the Corporation's utilization of ECM employees and are recorded at cost, all administrative service costs incurred by ECM are allocated based on managements best estimate of services rendered and other service are recorded at the fair exchange value.

	2025	2024
Eden Care Communities Management Inc.		
Payroll and administrative service expense	**$ (294,920)**	$ (124,037)
Broadway Terrace Inc.		
Parking fees revenue	**$ 21,120**	$ 13,482
Eden Care Health Inc.		
Supplies	**$ (7,569)**	$ (25,715)
Rent revenue	**12,390**	12,800

6. LONG TERM DEBT

	2025	2024
RBC loan bearing interest at 3.99% per annum, repayable in monthly blended payments of $26,792. The loan matures on August 1, 2037.	**$ 3,149,877**	$ 3,342,572
RBC loan bearing interest at 5.71% per annum, repayable in monthly blended payments of $7,783. The loan matures on December 27, 2027.	**1,222,499**	1,246,181
	4,372,376	4,588,753
Amounts payable within one year	**(223,569)**	(214,444)
	$ 4,148,807	$ 4,374,309

Principal repayment terms are approximately:

2026	$ 223,569
2027	233,089
2028	243,022
2029	253,385
2030	264,197

The RBC loans are secured by property with a first charge on the property which has a carrying value of $14,146,877 (2024 - $14,778,829). Included in yearend trade payables is accrued interest of $16,603 (2024 - $17,044).

7. FORGIVABLE LOAN

The Corporation has entered into a forgivable loan agreement with Saskatchewan Housing Corporation. The loan is non-interest bearing and was advanced to cover a portion of the costs of capital asset construction. A condition of the advances is that the housing unit must be substantially used to provide long-term accommodation to qualifying persons and families over a specified term (amortization period of the loan). If these conditions are not met, the unamortized portion must be repaid. The forgiven portion annually is taken into income over the amortization period outlined in the contract, which is reasonable approximation of the life of the underlying asset.

Forgiveness of the loan commenced on July 1, 2012, the total amount of the loan forgiven in the year was $1,350,000 (2024 - $1,350,000).

	2025	2024
Loan payable to Saskatchewan Housing Corporation forgivable in 120 monthly installments of $56,250, followed by 77 monthly installments of $112,500 and one final installment of $87,500	**$ 5,069,576**	$ 6,419,576
Less: current portion of forgivable loan	**(1,350,000)**	(1,350,000)
	$ 3,719,576	$ 5,069,576

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7. FORGIVABLE LOAN *(continued)*

Principal repayment terms are approximately:

2026	$ 1,350,000
2027	1,350,000
2028	1,350,000
2029	1,019,576

8. GUARANTEE

The Corporation, along with Eden Care Communities Management Inc., and Broadway Terrace Inc. has guaranteed the line of credit of of Broadway Terrace Inc. for up to $600,000. As of year end $Nil (2024 - $257,461) has been drawn on this facility.

9. FINANCIAL INSTRUMENTS

The Corporation is exposed to various risks through its financial instruments. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2025.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from residents. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts. The Corporation has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the Corporation not being able to liquidate assets in a timely manner at a reasonable price.

The Corporation meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flow from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities.