

OTTAWA SALUS CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2026

OTTAWA SALUS CORPORATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Ottawa Salus Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ottawa Salus Corporation (the Corporation), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, changes in fund balances 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 Corporation as at March 31, 2026, and the results of its operations and its cash flows for the year then ended in accordance with the financial reporting provisions of the agreements with Ontario Health, the Ministry of Health and the City of Ottawa.

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 Corporation 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 – Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Corporation to comply with the financial reporting provisions of the agreements referred above. Our report is intended solely for the Corporation and Ontario Health and the City of Ottawa and should not be distributed to or used by other parties.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the agreements with Ontario Health, the Ministry of Health and the City of Ottawa, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Marcil Lavallée

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An independent member
of Moore North America, Inc.

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 Corporation'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 Corporation'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 Corporation 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.

Report on Other Legal and Regulatory Requirements

As required by the Not-for-profit Corporations Act, 2010, we report that, in our opinion, the accounting policies described in Note 2 have been applied on a basis consistent with that of the preceding year.



Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
September 21, 2026

Marcil Lavallée

OTTAWA SALUS CORPORATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2026

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	Operating Fund	Replacement Reserve Fund	2026 Total	2025 Total
REVENUES				
Rent, room and board (Note 3)	\$ 1,665,483	\$ -	\$ 1,665,483	\$ 1,543,169
Amortization of deferred capital contributions (Note 18)	300,183	-	300,183	312,691
Donations and fundraising	345,577	-	345,577	248,347
Investment income	202,978	15,881	218,859	387,298
Proceeds from insurance	-	-	-	293,889
Contributions from the Operating Fund	-	88,400	88,400	92,303
	2,514,221	104,281	2,618,502	2,877,697
Ontario Health	6,214,168	-	6,214,168	5,866,252
Ontario Health – HART Hub SW	1,237,560	-	1,237,560	-
Ontario Health – HART Hub PQ	169,335	-	169,335	-
Ministry of Health – Housing (Note 4)	2,098,880	15,750	2,114,630	1,718,375
City of Ottawa (Note 5)	1,466,319	-	1,466,319	1,469,953
Multi-Faith Housing Initiative – Veteran's House	122,406	-	122,406	113,286
Miscellaneous grants and other	490,954	-	490,954	198,569
Ministry of Health – Community Infrastructure Renewal Fund	-	193,029	193,029	107,307
	11,799,622	208,779	12,008,401	9,473,742
	14,313,843	313,060	14,626,903	12,351,439
EXPENSES				
Ontario Health (Note 6)	6,293,137	-	6,293,137	5,894,570
Ontario Health – HART Hub SW	1,237,560	-	1,237,560	-
Ontario Health – HART Hub PQ	169,335	-	169,335	-
Ministry of Health – Housing (Note 7)	2,548,349	-	2,548,349	2,124,070
City of Ottawa (Note 8)	1,466,319	-	1,466,319	1,469,953
Multi-Faith Housing Initiative – Veteran's House	137,664	-	137,664	119,286
Operating	2,614,182	-	2,614,182	2,178,575
Flood related expenses	-	-	-	293,889
Capital and one-time capital expenses	-	679,120	679,120	149,021
Ministry of Health – Community Infrastructure Renewal Fund	-	193,029	193,029	107,307
	14,466,546	872,149	15,338,695	12,336,671
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (152,703)	\$ (559,089)	\$ (711,792)	\$ 14,768

OTTAWA SALUS CORPORATION

STATEMENT OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED MARCH 31, 2026

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	Unrestricted	Internal Restrictions by Board (Note 19)	External Restrictions – Replacement Reserve Fund (Note 20)	2026 Total	2025 Total
FUND BALANCES, BEGINNING OF YEAR	\$ 1,159,942	\$ 2,518,708	\$ 707,530	\$ 4,386,180	\$ 4,371,412
Excess (deficiency) of revenues over expenses	(152,703)	-	(559,089)	(711,792)	14,768
Interfund transfers	2,418,708	(2,418,708)	-	-	-
FUND BALANCES, END OF YEAR	\$ 3,425,947	\$ 100,000	\$ 148,441	\$ 3,674,388	\$ 4,386,180

OTTAWA SALUS CORPORATION

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2026

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	Operating Fund	Replacement Reserve Fund	2026 Total	2025 Total
ASSETS				
CURRENT ASSETS				
Cash	\$ 2,221,166	\$ -	\$ 2,221,166	\$ 8,100,770
Short-term investments (Note 10)	79,975	610,415	690,390	651,036
Food account (Note 11)	12,102	-	12,102	21,263
Accounts receivable	1,055,774	-	1,055,774	967,326
Contributions receivable	453,033	-	453,033	182,400
Prepaid expenses	219,011	-	219,011	211,109
Asset held for sale (Note 25)	72,492	-	72,492	211,109
Interfund receivable (payable), without interest	526,693	(526,693)	-	-
	4,640,246	83,722	4,723,968	10,133,904
LONG-TERM INVESTMENTS (Note 12)	340,402	64,719	405,121	382,407
TANGIBLE CAPITAL ASSETS (Note 13)	44,104,747	-	44,104,747	30,559,823
	44,445,149	64,719	44,509,868	30,942,230
	\$ 49,085,395	\$ 148,441	\$ 49,233,836	\$ 41,076,134

ON BEHALF OF THE BOARD OF DIRECTORS

_____, Director

_____, Director

OTTAWA SALUS CORPORATION

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2026

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	Operating Fund	Replacement Reserve Fund	2026 Total	2025 Total
LIABILITIES				
CURRENT LIABILITIES				
Bank loan (Note 14)	\$ 1,500,000	\$ -	\$ 1,500,000	\$ -
Accounts payable and accrued liabilities	5,750,239	-	5,750,239	4,029,676
Food account (Note 11)	12,102	-	12,102	21,263
Rent received in advance	70,127	-	70,127	70,011
Deferred contributions (Note 16)	566,970	-	566,970	392,003
Current portion of long-term debt (Note 15)	117,278	-	117,278	113,928
	8,016,716	-	8,016,716	4,626,881
LONG-TERM DEBT (Note 15)	2,250,140	-	2,250,140	2,369,041
DEFERRED INSURANCE PROCEEDS (Note 17)	-	-	-	2,777,120
DEFERRED CAPITAL CONTRIBUTIONS (Note 18)	35,292,592	-	35,292,592	26,916,912
	37,542,732	-	37,542,732	32,063,073
	45,559,448	-	45,559,448	36,689,954
FUND BALANCES				
Unrestricted	3,425,947	-	3,425,947	1,159,942
Internal Restrictions by Board (Note 19)	100,000	-	100,000	2,518,708
External Restrictions – Replacement Reserve Fund (Note 20)	-	148,441	148,441	707,530
	3,525,947	148,441	3,674,388	4,386,180
	\$ 49,085,395	\$ 148,441	\$ 49,233,836	\$ 41,076,134

OTTAWA SALUS CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2026

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	2026	2025
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (711,792)	\$ 14,768
Adjustments for:		
Amortization of tangible capital assets	643,743	665,539
Amortization of deferred capital contributions	(300,183)	(312,691)
	(368,232)	367,616
Changes in non-cash items related to operating activities:		
Accounts receivable	(88,448)	(538,595)
Contributions receivable	(270,633)	124,850
Prepaid expenses	(7,902)	(64,814)
Accounts payable and accrued liabilities	1,720,563	2,121,376
Rent received in advance	116	6,561
Deferred contributions	174,967	(17,728)
Deferred insurance proceeds	(2,777,120)	(428,292)
	(1,248,457)	1,203,358
	(1,616,689)	1,570,974
INVESTING ACTIVITIES		
Net change in investments	(62,068)	(81,726)
Acquisition of capital assets	(14,261,159)	(12,820,870)
	(14,323,227)	(12,902,596)
FINANCING ACTIVITIES		
Net change in bank loan	1,500,000	-
Repayment of long-term debt	(115,551)	(110,685)
Proceeds from capital contributions	8,675,863	12,439,089
	10,060,312	12,328,404
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,879,604)	996,782
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,100,770	7,103,988
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,221,166	\$ 8,100,770

Cash and cash equivalents consist of cash.

OTTAWA SALUS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2026

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1. STATUTE AND NATURE OF OPERATIONS

Ottawa Salus Corporation is incorporated without share capital under the Not-for-profit Corporations Act, 2010. The Ottawa Salus Corporation was created in 1977, out of a community need for housing and support services for adults with severe and persistent mental illnesses. The Corporation's mission is to promote individual growth and well-being in the community for individuals with mental health problems by providing quality housing and support services in both official languages. The purpose of the support services is to prepare clients for independent living by offering stability, community development, ongoing case management, recreation, occupational therapy and life skill training. As a registered charity, the Corporation is exempt from income tax.

The Corporation operates the following types of housing:

- Shared living homes at 622 Cooper Street (7 units), 72 Crichton Street (8 units)
- Transitional rehabilitation programs at 1006 Fisher Avenue (15 units) and 111 Grove Avenue (4 units)
- Single family home at 34 Larkspur Avenue (1 unit)
- Apartment buildings at 225 Lebreton Street (13 units), 709 Churchill Avenue (11 units), 31-33 Rosemount Avenue (45 units), 930 Gladstone Avenue (19 units), 1243 Dorchester Avenue (6 units), 313 Athlone Avenue (40 units), 1490 Clementine Boulevard (42 units), 718 Churchill Avenue (7 units) and 56 Capilano Drive (54 units)
- Condominium units at 1025 Grenon Avenue (3 units)

The properties are operated under agreements with the Ministry of Health, the Ministry of Municipal Affairs and Housing and the City of Ottawa. The Corporation funds maintenance expenses related to all properties.

The Corporation also manages referral agreements for access to 72 apartments from other social housing providers, 42 rent supplements with private sector landlords and 37 housing subsidies through agreements with the City of Ottawa.

2. SIGNIFICANT ACCOUNTING POLICIES

The Corporation's significant accounting policies are as follows:

Basis of accounting

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the financial reporting requirements of the agreements with Ontario Health, the Ministry of Health and the City of Ottawa.

The basis of accounting used in these financial statements materially differs from Canadian accounting standards for not-for-profit organizations (ASNFPPO) as described below:

OTTAWA SALUS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2026

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Five of the Corporation's buildings (Irene Despard Residence (622 Cooper Street), 72 Crichton Street, 1006 Fisher Avenue, 34 Larkspur Avenue and 111 Grove Avenue) are recorded at cost and used to be amortized at the same rate as the principal reduction on the mortgage, rather than being amortized over their estimated useful life in a rational and systematic manner consistent with the use of the asset. Since the mortgages were fully repaid, the remaining costs (if any) are being amortized using the straight-line method at an annual rate of 4%.

The other buildings of the Corporation (225 Lebreton Street, 930 Gladstone Avenue, 709 Churchill Avenue, 31-33 Rosemount Avenue, 1243 Dorchester Avenue, 313 Athlone Avenue, 1490 Clementine, 718 Churchill, and 224, 407 & 413 at 1025 Grenon Avenue) are recorded at cost and are amortized using the straight-line method at an annual rate of 4%.

Certain replacements of capital nature or for maintenance items are charged to the Replacement Reserve Fund in the year of expenditure rather than being capitalized and amortized over their estimated useful life in a rational and systematic manner consistent with the use of the asset.

Contributions to the Replacement Reserve Fund

Contributions from the Operating Fund to the Replacement Reserve Fund are recorded in the statement of operations rather than being treated as an interfund transfer.

The following accounting policies are in accordance with the ASNFPO:

Fund accounting

The Replacement Reserve Fund reports contributions received from the Operating Fund, revenues earned on investments and expenses incurred for the replacement or repair of worn-out capital assets (major repairs).

The Operating Fund reports all other revenues as well as all other operating expenses and the contribution to the Replacement Reserve Fund.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. The main estimates relate to the collectability of accounts receivable, the useful life of capital assets, accruals for certain liabilities and the basis of allocation used to classify certain common costs.

OTTAWA SALUS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2026

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Corporation follows the deferral method of accounting for revenues. Contributions and grants officially approved by the funding agency but not received at the end of the period are recorded as amounts receivable. When a contribution, grant or donation relates to future periods, the amount is deferred and recognized in the period in which the related expenses are incurred and services provided.

Rent, room and board, unrestricted donations, fundraising, investment revenues and proceeds from insurance are recognized as revenues in the period earned if the amount is fixed or determinable and collection is reasonably assured. Other revenues are recorded as revenues in the period in which they relate.

Allocation of common costs

The Corporation allocates some of its costs per program: Ontario Health, Ministry of Health – Housing and City of Ottawa.

Common costs are allocated in accordance with the following apportionment formula:

- Administrative wages and benefits: on a prorata basis for time spent on each program;
- Operating costs: on a prorata basis of the number of units attributed to each property on the total number of units.

Financial instruments

Initial measurement

The Corporation initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Corporation is in the capacity of management, are initially measured at cost.

Subsequent measurement

The Corporation subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in the statement of operations in the period incurred.

Financial assets measured at amortized cost include cash, accounts receivable and contributions receivable.

Financial assets measured at fair value include all investments.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments (continued)***Impairment*

For financial assets measured at cost or amortized cost, the Corporation determines whether there are indications of possible impairment. When there are, and the Corporation determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in operations. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in operations in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in operations over the life of the instrument using the straight-line method.

Translation of foreign currency transactions and items

The Corporation uses the temporal method to translate its foreign currency transactions. Monetary assets and liabilities are translated at the exchange rate in effect at the statement of financial position date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenues and expenses are translated at the average rate for the year. Exchange gains and losses are included in the statement of operations.

Capital assets

Capital assets are recorded at cost. Buildings and building renovations are amortized using the straight-line method at an annual rate of 4%. Furniture and equipment are amortized using the straight-line method at an annual rate of 20%.

During the year of purchase, half of the amortization is taken on the capital asset.

Buildings under construction are not amortized until construction is completed and they are ready to be put into use.

OTTAWA SALUS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2026

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of long-lived assets

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Deferred capital contributions

Contributions received for capital assets are deferred and amortized over the same term and on the same basis as the related capital asset or in accordance with capital contribution agreements. Deferred capital contributions represent the unamortized amount of donations, grants and loans received for the purchase of capital assets.

3. RENT, ROOM AND BOARD REVENUE

	2026	2025
Geared-to-income rental income	\$ 127,502	\$ 111,270
Rental income from mortgage subsidy properties	149,528	138,564
Rental income from homelessness subsidy properties	590,876	576,428
Rental income from other properties	797,577	716,907
	\$ 1,665,483	\$ 1,543,169

4. MINISTRY OF HEALTH – HOUSING REVENUE

	Operating Fund	Replacement Reserve Fund	2026	2025
Rent supplement – housing	\$ 1,758,359	\$ -	\$ 1,758,359	\$ 1,702,625
Rent supplement – HART Hub	340,521	-	340,521	-
Homelessness subsidy	-	15,750	15,750	15,750
	\$ 2,098,880	\$ 15,750	\$ 2,114,630	\$ 1,718,375

OTTAWA SALUS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2026

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5. CITY OF OTTAWA REVENUE

	2026	2025
Supports in Social Housing	\$ 300,261	\$ 340,509
Shelters to Homes	849,223	800,720
Assertive Community Engagement	316,835	328,724
Total for contract #24-H-16	\$ 1,466,319	\$ 1,469,953

6. ONTARIO HEALTH – EXPENSES

	2026	2025
Salaries	\$ 3,563,380	\$ 3,293,612
Benefits	760,257	750,959
Operating expenses		
Supplies	48,031	22,037
Travel	29,396	28,057
General	488,599	522,475
Equipment	52,965	36,989
Administration costs	1,204,245	1,073,753
Buildings and grounds	146,264	166,688
	\$ 6,293,137	\$ 5,894,570

7. MINISTRY OF HEALTH – HOUSING EXPENSES

	2026	2025
Rent supplement subsidy properties	\$ 1,096,815	\$ 1,246,756
Homelessness subsidy properties	1,111,013	877,314
HART Hub implementation	340,521	-
	\$ 2,548,349	\$ 2,124,070

8. CITY OF OTTAWA EXPENSES

	2026	2025
Supports in Social Housing	\$ 300,261	\$ 340,509
Shelters to Homes	849,223	800,720
Assertive Community Engagement	316,835	328,724
Total for contract #24-H-16	\$ 1,466,319	\$ 1,469,953

OTTAWA SALUS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2026

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9. ALLOCATION OF COMMON COSTS

Total common costs of \$2,185,691 (2025: \$1,998,853) including administrative wages and benefits amounting to \$1,162,222 (2025: \$985,051) and operating costs amounting to \$1,023,469 (2025: \$1,013,802) have been allocated to the following programs. Operating costs include interest paid on long-term debt of \$67,523 (2025: \$72,391) and total depreciation expense \$643,743 (2025: \$665,539).

	Administrative wages and benefits		Operating costs	
	2026	2025	2026	2025
PROGRAMS				
Ontario Health	\$ 673,935	\$ 622,317	\$ 668,056	\$ 756,988
City of Ottawa – SSH	29,887	22,084	32,738	37,573
City of Ottawa – Shelters to Homes	59,774	76,569	151,697	130,403
City of Ottawa – Assertive Community Engagement	-	-	101,187	55,408
MHI Veteran's House	9,968	5,333	16,644	5,585
Ministry of Health – Housing				
- Homelessness subsidy properties	210,090	139,834	28,729	15,048
- Rent supplement subsidy properties	178,568	118,914	24,418	12,797
	\$ 1,162,222	\$ 985,051	\$ 1,023,469	\$ 1,013,802

10. SHORT-TERM INVESTMENTS

Short-term investments are invested with an investment broker and a chartered bank and consist of guaranteed investment certificates and investment notes totalling \$114,186 (2025: \$232,259), bearing interest from 1.60% to 4.47% (2025: 1.10% to 3.40%) per annum and maturing between June 2026 and January 2027 and mutual funds of \$576,204 (2025: \$418,777).

11. FOOD ACCOUNT

The Corporation administers funds on behalf of the tenants of the residences for the purchase of groceries. These funds are legally the property of the tenants.

OTTAWA SALUS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2026

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12. LONG-TERM INVESTMENTS

	Operating Fund	Replacement Reserve Fund	2026 Total	2025 Total
Fixed income securities, bearing interest from 1.75% to 4.13% (2025: 1.60% to 4.47%) per annum and maturing between April 2027 to January 2033	\$ 52,392	\$ 64,719	\$ 117,111	\$ 173,744
Shares of publicly traded companies	288,010	-	288,010	208,663
	\$ 340,402	\$ 64,719	\$ 405,121	\$ 382,407

Long-term investments include \$82,341 (2025: \$92,809) denominated in U.S. dollars.

13. CAPITAL ASSETS

	Cost	Accumulated amortization	2026	2025
622 Cooper Street (Irene Despard Residence)				
Land	\$ -	\$ -	\$ -	\$ 10,000
Building	-	-	-	44,257
Building renovations	-	-	-	22,220
72 Crichton Street				
Land	30,000	-	30,000	30,000
Building	325,632	(325,632)	-	-
1006 Fisher Avenue				
Land	149,383	-	149,383	149,383
Building	663,904	(663,904)	-	-
Building renovations	45,209	(37,775)	7,434	9,241
34 Larkspur Avenue				
Land	1	-	1	1
Building	139,402	(139,402)	-	-
111 Grove Avenue				
Building	144,043	(137,221)	6,822	12,584
1025 Grenon Avenue				
Building	1,006,695	(148,307)	858,388	898,656
225 Lebreton Street				
Land	120,000	-	120,000	120,000
Building	689,140	(689,140)	-	6,340
709 Churchill Avenue				
Land	100,000	-	100,000	100,000
Building	553,030	(534,720)	18,310	40,431
31-33 Rosemount Avenue				
Land	300,000	-	300,000	300,000
Building	2,031,247	(1,948,125)	83,122	164,372
Building renovations	10,964	(5,922)	5,042	5,481
930 Gladstone Avenue				
Land	1	-	1	1
Building	1,657,776	(1,293,065)	364,711	431,022
Total to carry forward	7,966,427	(5,923,213)	2,043,214	2,343,989

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13. CAPITAL ASSETS (continued)

	Cost	Accumulated amortization	2026	2025
Total carried forward	7,966,427	(5,923,213)	2,043,214	2,343,989
1243 Dorchester Avenue				
Land	124,987	-	124,987	124,987
Building	312,116	(294,012)	18,104	30,589
313 Athlone Avenue / 2000 Scott Street				
Land	1,021,998	-	1,021,998	1,021,998
Building	12,732,281	(3,540,855)	9,191,426	4,402,663
1486, 1490, 1494 Clementine Boulevard				
Land	654,108	-	654,108	654,108
Building	8,914,071	(3,384,505)	5,529,566	5,886,129
56 Capilano Drive				
Land	1,475,311	-	1,475,311	1,475,311
Building	21,930,869	-	21,930,869	12,854,890
58 Capilano Drive				
Land	491,767	-	491,767	491,767
Building under construction	185,197	-	185,197	122,178
718 Churchill Avenue				
Land	246,200	-	246,200	246,200
Building	1,160,274	(301,671)	858,603	905,014
Furniture and equipment	594,921	(261,524)	333,397	-
	\$ 57,810,527	\$ (13,705,780)	\$ 44,104,747	\$ 30,559,823

14. BANK LOAN

The Corporation has two authorized lines of credit, \$500,000 and \$2,500,000 respectively, renewable annually, at prime lending rate plus 1% and prime lending rate plus 0.5% respectively. The lines of credit are secured by a general security agreement and a first priority fixed charged in the amount of \$2,800,000 over the 930 Gladstone Avenue property. The balance of the line of credit is \$1,500,000 as at March 31, 2026 (2025: Nil)

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15. LONG-TERM DEBT

	2026	2025
Mortgage payable on land and building, secured by the 313 Athlone Avenue / 2000 Scott Street property and assignment of rents with a net book value of \$7,639,572 – 3.05%, maturing in August 2027, payable in monthly instalments of \$7,510, principal and interest	\$ 868,747	\$ 932,887
Mortgage payable on land and building, secured by the 1490 Clementine Boulevard property with a net book value of \$6,183,674 – 2.72%, maturing in May 2027, payable in monthly instalments of \$7,746, principal and interest	1,498,671	1,550,082
	2,367,418	2,482,969
Current portion of long-term debt	117,278	113,928
	\$ 2,250,140	\$ 2,369,041

Long-term debt principal repayments and renewable balance over the next two years are as follows:

	Payable	Renewable
2027	\$ 117,278	\$ -
2028	\$ 36,384	\$ 2,213,756

16. DEFERRED CONTRIBUTIONS

Deferred contributions are comprised of restricted amounts to be spent in the next fiscal year. The changes in the deferred contributions balance are as follows:

	2026	2025
Balance, beginning of year	\$ 392,003	\$ 409,731
Amount received during the year	12,528,945	9,704,361
Amount recognized to revenue during the year	(12,353,978)	(9,722,089)
Balance, end of year	\$ 566,970	\$ 392,003

The balance at year-end is comprised of the following contributions:

	2026	2025
City of Ottawa	\$ 289,803	\$ 134,833
Other	277,167	257,170
	\$ 566,970	\$ 392,003

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16. DEFERRED CONTRIBUTIONS (continued)

Unspent restricted amounts that are not eligible to be deferred are transferred to accounts payable and accrued liabilities. The total unspent restricted amounts that are repayable to Ontario Health and the Ministry of Health and are included in accounts payable and accrued liabilities are \$72,572 and \$197,106 respectively (2025: \$72,572 and \$355,468).

17. DEFERRED INSURANCE PROCEEDS

In February 2023, the property located on Athlone Avenue was affected by an important flood due to a pipe burst in the sparkling system. Under its insurance policy, the Corporation submitted claims to the insurance company to obtain compensation for eligible costs and losses. The changes in the deferred insurance proceeds balance are as follows:

	2026	2025
Balance, beginning of year	\$ 2,777,120	\$ 3,205,412
Amount recorded as a reduction of the reconstruction's costs for Athlone	(2,777,120)	-
Adjustment to previously recognized insurance proceeds	-	(134,403)
Amount recognized to revenue during the year	-	(293,889)
Balance, end of year	\$ -	\$ 2,777,120

18. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of donations, grants and loans received for the purchase of capital assets. The amortization of the deferred capital contributions is recorded as revenue in the statement of operations. The changes in the deferred capital contributions balance are as follows:

	2026	2025
Balance, beginning of year	\$ 26,916,912	\$ 14,790,514
Proceeds from capital contributions	8,675,863	12,439,089
Amortization of deferred capital contributions	(300,183)	(312,691)
Balance, end of year	\$ 35,292,592	\$ 26,916,912

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19. INTERNAL RESTRICTIONS BY BOARD

	Balance, beginning of year	Transfer from (to) Unrestricted Funds	Balance, end of year
Contingency Fund	\$ 100,000	\$ -	\$ 100,000
New building Fund	1,118,825	(1,118,825)	-
Global Replacement Reserve	1,299,883	(1,299,883)	-
Total 2026	\$ 2,518,708	\$ (2,418,708)	\$ 100,000
Total 2025	\$ 2,623,229	\$ (104,521)	\$ 2,518,708

20. EXTERNAL RESTRICTIONS – REPLACEMENT RESERVE FUND

The Corporation is required to set aside certain funds annually as a replacement reserve which is to be accumulated at amounts prescribed by CMHC for the Irene Despard Residence (622 Cooper Street), 72 Crichton Street and 111 Grove Avenue and by the Ministry of Health (Housing) for 1006 Fisher Avenue and 34 Larkspur Avenue. The Reserve is to be used only for replacements of capital nature or for maintenance items approved by CMHC or the Ministry of Health (Housing). The reserves for 930 Gladstone Avenue, 313 Athlone and 1490 Clementine are determined at the discretion of the Executive Director. The reserves for 225 Lebreton Street, 709 Churchill Avenue, 31-33 Rosemount Avenue and 1243 Dorchester are set at \$210 per unit (minimum) by the Ministry of Health, which provides these funds annually in its budget allocation.

	Homelessness properties	Other properties	2026	2025
Opening balance	\$ 239,262	\$ 468,268	\$ 707,530	\$ 727,859
Revenue for the year	21,160	203,500	224,660	143,696
Contributions from the Operating Fund	30,000	58,400	88,400	92,303
Capital and one-time capital expenses	(583,076)	(289,073)	(872,149)	(256,328)
Closing balance	\$ (292,654)	\$ 441,095	\$ 148,441	\$ 707,530

21. DEFINED CONTRIBUTION PENSION PLAN

Defined contribution plan accounting is applied to multi-employer plans, whereby contributions are expensed when due as the Corporation has insufficient information to apply defined benefit plan accounting. The amount of the plans' surpluses or deficits are not included in the Corporation's statements. There were no significant changes to the contractual elements of the plans during the year. The Corporation's employer contributions to the pension plans for the year were approximately \$633,679 (2025: \$529,857).

22. FINANCIAL INSTRUMENTS**Credit risk**

Credit risk is the risk that one party to a financial asset will cause a financial loss for the Corporation by failing to discharge an obligation. The Corporation's credit risk is mainly related to accounts receivable.

The Corporation provides credit to various third parties in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent credit losses which, once they materialize, are consistent with management's forecasts. There is no existing account receivable that represents a substantial risk for the Corporation.

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 Corporation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed interest rate instruments subject the Corporation to a fair value risk, since fair value fluctuates inversely to changes in market rates. Floating interest rate instruments subject the Corporation to related cash flow risk.

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of its accounts payable and long-term debt.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Corporation has investments in US dollars and, consequently, it is exposed to fluctuations of this currency. As at March 31, 2026, assets include cash and investments of \$903 and \$82,341 respectively (2025: \$2,881 and \$64,558) which have been converted into Canadian dollars.

23. CONTINGENCIES**Other indemnification agreements**

In the normal course of operations, the Corporation signs agreements whereby funds are provided for the execution of projects which are subject to restrictions as to the use of the funds. The sponsors of these projects can execute an audit of the financial records of the Corporation to ensure compliance with the project requirements. In the event that amounts to be reimbursed to the sponsor of a project are identified, the necessary adjustments will be recognized in the year they are identified.

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24. CONTRACTUAL OBLIGATIONS

The Corporation has entered into contractual agreements for the construction of townhomes located at 58 Capilano Street. The contracts total approximately \$4,600,000 and the construction is expected to be completed in the 2027-2028 fiscal year.

The Corporation is expected to receive funding to cover the construction costs. The final funding amount is still pending as of the date of approval of the financial statements.

25. SUBSEQUENT EVENT

Subsequent to year-end, the Corporation completed the sale of the property located at 622 Cooper Street (Irene Despard Residence). The sale was completed on July 17, 2026 for net proceeds of approximately \$890,000.

As the transaction occurred after year-end, the net book value of the property (\$72,492) has been removed from capital assets and presented as an asset held for sale as at March 31, 2026.

26. COMPARATIVE FIGURES

Certain figures for 2025 have been reclassified to conform to the presentation adopted in 2026.