

Consolidated Financial Statements of

**WOOD'S HOMES SOCIETY**

And Independent Auditor's Report thereon

Year ended March 31, 2025



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Wood's Homes Society

### ***Opinion***

We have audited the consolidated financial statements of Wood's Homes Society (the Entity), which comprise:

- the consolidated statement of financial position as at March 31, 2025;
- the consolidated statement of operations and changes in fund balances 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 March 31, 2025, 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.



- 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.

*KPMG LLP*

Chartered Professional Accountants

Calgary, Canada

May 29, 2025

# WOOD'S HOMES SOCIETY

## Consolidated Statement of Financial Position

As at March 31, 2025, with comparative information for 2024

	Operating Fund	Capital Fund	2025 Total	2024 Total
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 4,606,006	\$ 3,209,210	\$ 7,815,216	\$ 11,358,038
Accounts receivable	1,184,080	65,019	1,249,099	1,269,601
Prepaid expenses	313,073	4,679	317,752	377,646
Due from (to) funds	3,557,119	(3,557,119)	–	–
Due from The Wood's Homes Foundation (note 4)	–	327,110	327,110	–
	9,660,278	48,899	9,709,177	13,005,285
Capital assets (note 5)	–	32,507,042	32,507,042	27,214,526
	\$ 9,660,278	\$ 32,555,941	\$ 42,216,219	\$ 40,219,811

## Liabilities and Fund balances

### Current liabilities:

Accounts payable and accrued liabilities (notes 6, 11)	\$ 6,438,156	\$ 189,031	\$ 6,627,187	\$ 7,471,418
Deferred revenue	928,527	–	928,527	950,046
Construction loan (note 9)	–	1,275,837	1,275,837	–
Due to The Wood's Homes Foundation (note 4)	410,642	–	410,642	173,446
Current portion of long-term debt (notes 8, 12)	–	107,712	107,712	79,372
	7,777,325	1,572,580	9,349,905	8,674,282
Long-term debt (notes 8, 12)	–	3,755,757	3,755,757	3,076,942
Deferred contributions (note 10)	84,082	17,271,419	17,355,501	17,615,376
	7,861,407	22,599,756	30,461,163	29,366,600
Fund balances:				
Unrestricted	1,798,871	9,956,185	11,755,056	10,853,211
Commitments and contingencies (note 14)				
	\$ 9,660,278	\$ 32,555,941	\$ 42,216,219	\$ 40,219,811

See accompanying notes to the consolidated financial statements.



Director



Director

## WOOD'S HOMES SOCIETY

### Consolidated Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2025, with comparative information for 2024

	Operating Fund	Capital Fund	2025 Total	2024 Total
<b>Revenue:</b>				
Contract (note 11)	\$ 39,729,545	\$ 1,089,053	\$ 40,818,598	\$ 37,941,312
Operating grants	3,754,707	–	3,754,707	2,319,595
Fee for service	423,087	–	423,087	1,112,491
Amortization of deferred contributions (note 10)	69,228	706,960	776,188	758,771
The Wood's Homes Foundation (note 12)	626,563	–	626,563	796,051
Other income	382,052	205,770	587,822	939,056
	<u>44,985,182</u>	<u>2,001,783</u>	<u>46,986,965</u>	<u>43,867,276</u>
<b>Expenses:</b>				
Salaries and benefits	35,142,227	–	35,142,227	33,013,468
Direct client	4,411,308	–	4,411,308	3,727,566
Facility	2,721,067	9,000	2,730,067	2,620,982
Administrative	2,649,434	696	2,650,130	2,626,884
Interest on long-term debt	–	223,935	223,935	162,807
Amortization of capital assets	–	963,253	963,253	849,270
	<u>44,924,036</u>	<u>1,196,884</u>	<u>46,120,920</u>	<u>43,000,977</u>
Excess of revenue over expenses before other items	61,146	804,899	866,045	866,299
Gain on disposition on capital assets	–	35,800	35,800	–
Excess of revenue over expenses	61,146	840,699	901,845	866,299
Fund balances, beginning of year	1,737,725	9,115,486	10,853,211	9,986,912
Fund balances, end of year	<u>\$ 1,798,871</u>	<u>\$ 9,956,185</u>	<u>\$ 11,755,056</u>	<u>\$ 10,853,211</u>

See accompanying notes to the consolidated financial statements.

# WOOD'S HOMES SOCIETY

## Consolidated Statement of Cash Flows

For the year ended March 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating:		
Excess of revenue over expenses	\$ 901,845	\$ 866,299
Items not affecting cash:		
Gain on disposition of capital assets	(35,800)	—
Amortization of capital assets	963,253	849,270
Amortization of deferred contributions	(776,188)	(758,771)
	<u>1,053,110</u>	<u>956,798</u>
Net changes in non-cash working capital affecting operations (note 13)	<u>367,906</u>	<u>1,992,724</u>
	1,421,016	2,949,522
Investing:		
Proceeds on disposition of capital assets	35,800	—
Purchase of capital assets	(6,255,769)	(3,794,746)
Net changes in non-cash working capital related to capital assets (note 13)	<u>(1,243,174)</u>	<u>1,048,962</u>
	(7,463,143)	(2,745,784)
Financing:		
Deferred contributions received (note 10)	516,313	3,852,925
Proceeds from issuance of long-term debt	800,000	—
Payments on long-term debt	(92,845)	(428,887)
Proceeds from issuance of construction loan	<u>1,275,837</u>	<u>—</u>
	2,499,305	3,424,038
(Decrease) increase in cash and cash equivalents	(3,542,822)	3,627,776
Cash and cash equivalents – beginning of year	11,358,038	7,730,262
Cash and cash equivalents – end of year	<u>\$ 7,815,216</u>	<u>\$ 11,358,038</u>

See accompanying notes to the consolidated financial statements.

# WOOD'S HOMES SOCIETY

Notes to Consolidated Financial Statements

March 31, 2025, with comparative information for 2024

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## 1. Nature of operations:

Wood's Homes Society (the "Society") is incorporated under the Societies Act (Alberta) and is registered as a charity under the Canadian Income Tax Act and accordingly is exempt from income tax.

On December 30, 2011 the Society established a wholly-owned subsidiary, Wood's Homes, under the Alberta Companies Act through the issuance of shares. On April 1, 2012 Wood's Homes was granted status as a registered charity under the Canadian Income Tax Act and accordingly is exempt from income tax.

These consolidated financial statements include the accounts of Wood's Homes Society and Wood's Homes (collectively "Wood's"). The mission of Wood's is to promote and assist the development and well-being of children, youth and families within the community. Various government ministries and other funders have contracted with Wood's to deliver such services. Additional revenues are provided by the Wood's Homes Foundation (notes 3 and 12), charitable activities and donations.

## 2. Significant accounting policies:

### (a) Basis of accounting:

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

### (b) Principles of consolidation:

The consolidated financial statements include the accounts of Wood's Homes Society and its wholly-owned subsidiary, Wood's Homes. Intercompany balances and transactions are eliminated on consolidation. The Wood's Homes Foundation is also wholly-owned and controlled by the Society, but has not been consolidated in these consolidated financial statements (note 3).

### (c) Fund accounting:

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

The Capital Fund reports the assets, liabilities, revenues and expenses related to Wood's capital assets, including rental income related to its capital assets.

Amounts due to/from funds are non-interest bearing with no repayment terms.

# WOOD'S HOMES SOCIETY

Notes to Consolidated Financial Statements, page 2

March 31, 2025, with comparative information for 2024

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## 2. Significant accounting policies (continued):

### (d) Revenue recognition:

Wood's follows the deferral method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. Restricted contributions related to capital assets are recognized as revenue in the Capital Fund as the related capital assets are amortized.

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

Contract, operating grants and fee for service revenues are recognized when the related service is provided.

Other income consists of rent income, interest income and investment income and is recognized in the appropriate fund when earned or as related services are provided.

### (e) Cash and cash equivalents:

Cash consists of cash on hand and balances with banks. Cash equivalents consist of short-term deposits with original maturities of less than three months. Cash and cash equivalents may include balances that are intended for specific purposes, including capital expansions, either as directed by the donor or funder or as directed by the Board of Directors of the Society.

### (f) Use of estimates:

The consolidated financial statements of Wood's have been prepared in accordance with ASNPO which require management to make assumptions and estimates that affect the reported amount of assets, liabilities, revenues and expenses. Actual amounts could differ from those estimates (note 11).

### (g) Donated materials and services:

Donated materials and services, including volunteer services, are not recognized in the consolidated financial statements.

### (h) Government assistance:

Government assistance related to current expenses and revenues is included in the determination of excess of revenue over expenses for the year. Government assistance related to capital assets is included in deferred contributions when received and is recognized as revenue in the Capital Fund as the related assets are amortized.

# WOOD'S HOMES SOCIETY

Notes to Consolidated Financial Statements, page 3

March 31, 2025, with comparative information for 2024

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## 2. Significant accounting policies (continued):

(i) Capital assets:

Capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of contribution to the extent that fair value can be reasonably estimated. Amortization is recorded using the straight-line method over the following estimated useful lives:

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Buildings	40 years
Paving and concrete	20 years
Equipment	10 years
Computers and audio visual equipment	3 years
Vehicles	3 years

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Leasehold improvements are amortized over the life of the lease. Construction in progress assets are not amortized until construction is complete. Capital assets are assessed for indicators of impairment on an annual basis. Capital assets may be impaired when conditions indicate that an asset no longer contributes to Wood's ability to provide services, or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. The net carrying amount of the capital asset shall be written down to its fair value or replacement cost and the write-downs of capital assets shall be accounted for as expenses in the consolidated statement of operations.

(j) Pension plan:

Wood's maintains a voluntary defined contribution pension plan for its employees. Wood's matches union employees' contributions up to 4% of their gross salary and contributes 5% to 10% of non-union employees' gross salary depending on their term of service. Pension contributions are expensed in period the employee worked and are included in salaries and benefits.

(k) Financial instruments:

Wood's initially measures financial assets and financial liabilities at their fair value. It subsequently measures its financial assets and financial liabilities at amortized cost. The financial assets include cash, cash equivalents including externally and internally restricted cash, accounts receivable, and amounts due from The Wood's Homes Foundation. The financial liabilities include accounts payable and accrued liabilities, amounts due to (from) The Wood's Homes Foundation, construction loan and long-term debt.

# WOOD'S HOMES SOCIETY

Notes to Consolidated Financial Statements, page 4

March 31, 2025, with comparative information for 2024

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## 2. Significant accounting policies (continued):

### (k) Financial instruments (continued):

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 are any indicators of impairment, Wood's determines if there is a significant adverse change in the expected amount of the timing of future cash flows from the financial asset. If there is a significant adverse change in the timing of the future 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 Wood's expects to realize by exercising its right to any collateral. If events and circumstances reverse in a current period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

## 3. The Wood's Homes Foundation:

The Wood's Homes Foundation (the "Foundation") is a public foundation, the purpose of which is to advance the mission, goals and objectives of Wood's. The Foundation is a registered charity under the Canadian Income Tax Act.

The Foundation is a wholly-owned subsidiary of Wood's Homes Society but has not been consolidated in these consolidated financial statements. Financial statements for the Foundation are available upon request. A financial summary for the Foundation as at December 31, 2024 and 2023 and for the years then ended are as follows:

Statement of Financial Position, as at December 31,	2024	2023
Total assets	\$ 12,214,815	\$ 12,335,103
Total liabilities	2,425,681	2,376,404
Fund balances:		
Unrestricted	2,555,640	2,676,555
Internally restricted	4,354,038	3,791,070
Externally restricted	2,756,623	3,368,241
Restricted for endowment	122,833	122,833
Total fund balances	9,789,134	9,958,699
	<u>\$ 12,214,815</u>	<u>\$ 12,335,103</u>

# WOOD'S HOMES SOCIETY

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March 31, 2025, with comparative information for 2024

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### 3. The Wood's Homes Foundation (continued):

Statement of Operations, for the year ended December 31,	2024	2023
Total revenues	\$ 2,898,275	\$ 3,212,985
Total expenses	(3,236,867)	(1,876,557)
Total increase in value of investments	1,600,957	1,500,326
Total distributions to Wood's	(1,281,930)	(911,860)
<u>(Deficiency) excess of revenue over expense</u>	<u>\$ (19,565)</u>	<u>\$ 1,924,894</u>

Statement of Cash Flows, for the year ended December 31,	2024	2023
Cash (used in) from operations	\$ (1,186,438)	\$ 1,136,871
Cash used in financing and investing activities	(413,962)	(258,627)
<u>(Decrease) increase in cash</u>	<u>\$ (1,600,400)</u>	<u>\$ 878,244</u>

### 4. Due from (to) The Wood's Homes Foundation:

Amounts due from (to) the Foundation are unsecured, non-interest bearing and due on demand.

## WOOD'S HOMES SOCIETY

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March 31, 2025, with comparative information for 2024

### 5. Capital assets:

	Cost	Accumulated amortization	2025 Net Book value	2024 Net Book value
Land	\$ 5,964,983	\$ –	\$ 5,964,983	\$ 5,664,983
Construction in progress	8,853,842	–	8,853,842	4,323,071
Buildings	29,030,785	12,190,083	16,840,702	16,588,576
Paving and concrete	637,970	312,651	325,319	357,217
Leasehold improvements	1,170,533	1,170,424	109	137
Equipment	1,381,332	1,293,083	88,249	78,569
Computers and audio visual	1,619,310	1,416,634	202,676	72,823
Vehicles	549,577	318,415	231,162	129,151
	<u>\$ 49,208,332</u>	<u>\$ 16,701,290</u>	<u>\$ 32,507,042</u>	<u>\$ 27,214,526</u>

### 6. Government remittances payable:

Accounts payable and accrued liabilities include government remittances consisting of payroll remittance amounts to be paid to government authorities of \$286,308 at March 31, 2025 (2024 – \$270,227).

### 7. Line of credit:

Wood's has an operating demand revolving credit facility of \$1,500,000 (2024 – \$1,500,000) of which \$nil was drawn at March 31, 2025 (2024 – \$nil). The facility bears interest at the bank's prime rate plus 0.5% per annum and is collateralized by a general security agreement over all property and assets. This credit facility has a reporting requirement to provide at a minimum a review engagement on the consolidated financial statements within 120 days of the fiscal year-end.

## WOOD'S HOMES SOCIETY

Notes to Consolidated Financial Statements, page 7

March 31, 2025, with comparative information for 2024

### 8. Long-term debt:

	2025	2024
Long-term debt	\$ 3,863,469	\$ 3,156,314
Less: current portion	(107,712)	(79,372)
Non-current portion	\$ 3,755,757	\$ 3,076,942

Wood's has the following long-term debt:

- (a) A mortgage payable of \$1,716,652 (2024 – \$1,765,399) due to the Toronto-Dominion Bank was renewed on December 30, 2024. The mortgage bears interest at 4.68% per annum (2024 – 6.50%) and is repayable in monthly blended payments of principal and interest of \$11,432 (2024 – \$13,260). During the year, \$105,349 (2024 – \$88,997) of interest expense was included in interest on long-term debt in the Capital Fund. The mortgage is collateralized by a general security agreement over all property and assets. Wood's has also pledged the Inglewood property as collateral which has a carrying value of \$4,154,730 (2024 – \$4,165,857).
- (b) A mortgage payable of \$975,579 (2024 – \$999,864) due to the Toronto-Dominion Bank. The mortgage has a fixed rate of interest rate of 5.043% per annum (2024 – 5.043%). The required monthly blended payments of principal and interest are \$6,179 (2024 – \$6,179). The terms of the mortgage are scheduled to renew on July 1, 2025, and the contractual term of the mortgage is scheduled to renew on June 1, 2026. During the year, \$49,867 (2024 – \$51,059) of interest expense was included in interest on long-term debt in the Capital Fund. The mortgage is collateralized by a general security agreement over all property and assets. Wood's has also pledged a property in Calgary as collateral which has a carrying value of \$1,539,793 (2024 – \$1,534,639).
- (c) A note payable of \$380,199 (2024 – \$391,051) due to the Wood's Homes Foundation. Effective July 2024, the note payable was renewed for a second five-year term. The note bears interest at 5.31% per annum (2024 – 5.34%) and is repayable in monthly blended payments of \$2,615 (2024 – \$2,615). During the year, \$20,533 (2024 – \$21,709) of interest expense was included in interest on long-term debt in the Capital Fund. The note is unsecured.

# WOOD'S HOMES SOCIETY

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March 31, 2025, with comparative information for 2024

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## 8. Long-term debt (continued):

(d) A note payable of \$791,039 (2024 – \$nil) due to the Wood's Homes Foundation. The note was issued at \$800,000 on June 2024 to finance the purchase of property in Lethbridge with an initial five-year term. The note bears interest at 6.79% per annum (2024 – \$nil) and is repayable in monthly blended payments of \$5,500 (2024 – \$nil). During the year, \$40,539 of interest expense (2024 – \$nil) was included in interest on long-term debt in the Capital Fund. The note payable is unsecured.

The mortgage payables outlined above have a reporting requirement to provide at a minimum a review engagement on the consolidated financial statements and The Wood's Homes Foundation financial statements within 120 days of the end of these entities' respective fiscal years. The mortgage payables also require Wood's to maintain a debt service coverage ratio of not less than 1.1:1 at all times. As at March 31, 2025, Wood's was in compliance with these covenants.

The minimum amounts of principal which are scheduled be repaid on the long-term debt, assuming renewal under similar terms, are as follows:

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2026	\$	107,714
2027		113,320
2028		119,224
2029		125,441
2030		133,873
Thereafter		3,263,897

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## 9. Construction loan:

On March 19, 2025, Wood's obtained a construction facility loan to provide financing for the development of a Parkdale property. As at March 31, 2025, the balance outstanding on the loan was \$1,275,837 (2024 – \$nil). The loan is repayable on demand and bears interest at prime rate, which equals to 4.95% per annum as at March 31, 2025 (2024 – \$nil), payable monthly. In the absence of a demand request, the loan is to be repaid via a draw of a mortgage. The draw of the mortgage is to occur either upon completion of the construction or at a minimum no later than 24 months after the initial drawdown on the construction loan. The loan is collateralized by a general security agreement over all property and assets. As at March 31, 2025, construction of the Parkdale property had not been completed.

# WOOD'S HOMES SOCIETY

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March 31, 2025, with comparative information for 2024

## 10. Deferred contributions:

### (a) Operating fund:

Deferred contributions in the operating fund represent externally restricted amounts received that have not been spent, including amounts restricted for the rent expense of a specific program.

	2025	2024
Balance – beginning of year	\$ 29,296	\$ 91,275
Contributions received	124,014	16,702
Recognized as contribution revenue	(69,228)	(78,681)
Balance – end of year	\$ 84,082	\$ 29,296

### (b) Capital fund:

Deferred contributions in the Capital Fund represent the unamortized portion of restricted contributions which have been expended on Wood's capital assets.

Changes in deferred contributions in the Capital Fund are as follows:

	2025	2024
Balance – beginning of year	\$ 17,586,080	\$ 14,429,947
Contributions received	392,299	3,836,223
Recognized as contribution revenue	(706,960)	(680,090)
Balance – end of year	\$ 17,271,419	\$ 17,586,080

Contributions received include amounts which have been spent or which are intended to be spent on Wood's capital assets.

# WOOD'S HOMES SOCIETY

Notes to Consolidated Financial Statements, page 10

March 31, 2025, with comparative information for 2024

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## 11. Contract revenues:

Under the terms of certain contracts with various funding agencies, excess funds received over specific operating expenditures as budgeted in Wood's funding applications may be repayable in the current or following year. Management estimates the amount that is likely to be repaid to the funding agencies and records this in accrued liabilities and as a reduction to contract revenue. The funding agencies may approve the retention of these funds for specified purposes or may request the amount to be repaid. The actual amount retained or required to be repaid to funding agencies may differ from management's estimate as the calculation of excess funds is carried out by the funding agencies subsequent to year-end.

Any differences in the amounts recovered or paid from the amounts accrued are recorded in the year recovered as contract revenues or a reduction of contract revenues. As at March 31, 2025, \$2,402,668 (2024 – \$2,354,971) was recorded as the estimated amount repayable to funders.

## 12. Related party transactions:

Transactions between the Foundation and Wood's occur in the normal course of operations and are recorded at the exchange amount.

During the year, Wood's recorded the following transactions with the Foundation:

- (a) Recorded as revenue \$626,563 (2024 – \$796,051) from the Foundation to advance the mission, goals and objectives of Wood's; and
- (b) Recorded principal and interest payments to the Foundation totaling \$80,878 (2024 – \$31,378) in respect of payment obligations on a long-term debt of \$435,000 issued in 2020 and \$800,000 issued in 2024 (note 8(c) and 8(d)).

During the year, the Society provided executive support services and office rent to the Foundation for which no amount has been recorded in the consolidated financial statements (2024 – \$nil).

# WOOD'S HOMES SOCIETY

Notes to Consolidated Financial Statements, page 11

March 31, 2025, with comparative information for 2024

## 13. Net change in non-cash working capital:

The net change in non-cash working capital balances consists of the following:

### (a) Operating Fund:

	2025	2024
Decrease in accounts receivable	\$ 15,519	\$ 556,989
Decrease (increase) in prepaid expenses	59,894	(69,890)
Increase in due (to) from Wood's Homes Foundation	333,488	320,885
(Decrease) increase in accounts payable and accrued liabilities	(19,476)	970,496
(Decrease) increase in deferred revenue	(21,519)	214,244
	<u>\$ 367,906</u>	<u>\$ 1,992,724</u>

### (b) Capital Fund:

	2025	2024
Decrease (increase) in accounts receivable	\$ 4,983	\$ (54,348)
Decrease in prepaid expenses	–	6,827
(Decrease) increase in due to (from) Wood's Homes Foundation	(423,402)	96,292
(Decrease) increase in accounts payable and accrued liabilities	(824,755)	1,000,191
	<u>\$ (1,243,174)</u>	<u>\$ 1,048,962</u>

## 14. Commitments and contingencies:

The Society is committed to the following future payments under lease agreements:

2026	\$ 390,526
2027	77,282
2028	43,469
2029	18,218
2030	8,060

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## 14. Commitments and contingencies (continued):

From time to time, the Society is subject to claims that arise in the ordinary course of operations. Liability for these claims, if any, is recorded to the extent that the probability of a loss is likely and is estimable.

## 15. Financial instruments:

Wood's exposure to risks arising from financial instruments are outlined as follows:

### Credit and interest rate 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. Interest rate risk is the risk of increased interest rates on long-term debt on floating rates.

Wood's credit risk exposure relates to cash, cash equivalents and accounts receivable. Cash and cash equivalents are held with Canadian financial institutions, and accounts receivable is due from reputable funders and donors with no history of non-payment. 100% of Wood's long-term debt (including the construction loan) bears interest at fixed rates. Accordingly, management believes that Wood's exposure to credit risk and interest rate risk is not significant.

During the year, \$264,735 of interest income (2024 – \$373,025) in the Operating Fund and \$205,770 (2024 – \$223,086) in the Capital Fund was recorded in Other Income on the consolidated statement of operations and changes in fund balances.

### Liquidity risk

Liquidity risk is the risk that Wood's will encounter difficulty in meeting obligations associated with financial liabilities. Wood's mitigates its liquidity risk by keeping adequate cash resources on hand to meet all of its payment requirements. In addition, Wood's has arranged a line of credit to allow it to maintain its liquidity in unusual circumstances (note 7).

There have been no significant changes to Wood's risk exposure from 2024, other than the additional long-term debt and construction loan facilities advanced during the year.

## 16. Fundraising expenses:

Section 7(2) of the Charitable Fund-raising Act of Alberta requires Wood's to disclose the expenses incurred for the purpose of soliciting contributions.

During the year, Wood's did not incur remuneration to employees whose principal duties involve fund-raising: \$nil (2024 – \$nil); or incur direct expenses for the purpose of soliciting contributions: \$nil (2024 – \$nil).