
Financial statements of
March of Dimes Canada
Non-Profit Housing Corporation

March 31, 2023

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Independent Auditor's Report

To the Board of Directors of
March of Dimes Canada Non-Profit Housing Corporation

Opinion

We have audited the financial statements of March of Dimes Canada Non-Profit Housing Corporation ("NPHC"), which comprise the statement of financial position as at March 31, 2023, and the statements of revenue and expenses, 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NPHC as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting described in Note 2 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 NPHC 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

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist NPHC to comply with Section 80(2) of the *Housing Services Act*, and guidance in its application, issued by Housing and Residential Services Division of the Regional Municipality of Halton. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting described in Note 2 to the financial statements, 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 NPHC'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 NPHC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing NPHC'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 GAAS 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 GAAS, 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 NPHC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, 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 NPHC'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 NPHC 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.

Deloitte LLP

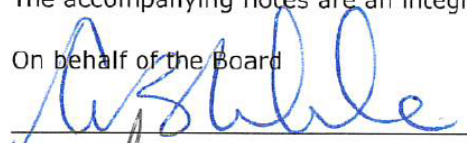
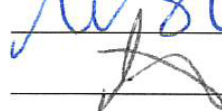
Chartered Professional Accountants
Licensed Public Accountants
July 25, 2023

March of Dimes Canada Non-Profit Housing Corporation
Statement of financial position
As at March 31, 2023

	Notes	2023 \$	2022 \$
Assets			
Current assets			
Cash		81,521	—
Restricted cash and investments	3	788,180	941,585
Accounts receivable	8	113,423	98,002
Prepaid expenses		50,480	49,492
		1,033,604	1,089,079
Capital assets			
	4	11,509,183	12,008,872
		12,542,787	13,097,951
Liabilities			
Current liabilities			
Bank indebtedness		—	61,401
Accounts payable and accrued liabilities	8	177,261	219,588
Amount due to March of Dimes Canada ("MODC")	5(b)	188,554	208,318
Current portion of mortgage payable	6	350,642	357,077
		716,457	846,384
Long-term mortgage payable	6	2,457,504	2,808,147
Deferred capital contributions	7	8,448,534	8,670,275
		11,622,495	12,324,806
Commitments			
	9		
Fund balances (deficiency)			
Invested in capital assets		351,919	366,525
Unrestricted funds		25,006	(172,697)
Externally restricted fund		20,361	20,361
Internally restricted funds – Halton Region		(29,717)	(43,960)
Capital reserve funds	2(a(i))	552,723	602,916
		920,292	773,145
		12,542,787	13,097,951

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

On behalf of the Board

 _____, Director
 _____, Director

March of Dimes Canada Non-Profit Housing Corporation
Statement of revenue and expenses
Year ended March 31, 2023

	Notes	Jean and Howard Caine Apartments \$	Jason's House \$	Standing Oaks \$	Wade Hampton House \$	Bishop Alexander Carter House \$	2023 Total \$	2022 Total \$
Revenue								
Grant subsidy	8	678,983	25,384	52,816	—	20,820	778,003	763,094
Rent	5(a)(ii)	344,005	4,451	16,031	83,127	65,332	512,946	498,810
Parking and laundry		27,701	—	—	—	—	27,701	26,460
Utilities		—	6,150	—	—	—	6,150	6,150
Miscellaneous		20,210	158,019	2,689	—	284	181,202	36,742
Capital contributions related to expenses not capitalized	7	13,388	94,924	16,073	—	—	124,385	59,254
Amortization of deferred capital contributions	7	5,955	—	43,343	107,547	147,405	304,250	298,096
		1,090,242	288,928	130,952	190,674	233,841	1,934,637	1,688,606
Expenses								
Mortgage interest		85,397	—	—	—	—	85,397	95,521
Building materials, services and rent	4	91,388	15,650	31,803	51,990	47,874	238,705	230,629
Utilities		131,256	6,682	13,790	40,021	45,777	237,526	216,353
Property taxes		119,987	—	—	—	—	119,987	118,091
Labour-related		11,792	—	—	—	—	11,792	12,018
Other operating		17,494	74,064	16,073	—	—	107,631	62,689
Property management, administration and audit	5(a)(i)	192,758	5,902	10,152	6,661	4,675	220,148	248,190
Insurance		19,327	458	4,135	6,169	7,586	37,675	34,781
Interest		—	—	2,117	4,666	—	6,783	7,234
Bad debt expense		—	—	—	—	—	—	5,803
		669,399	102,756	78,070	109,507	105,912	1,065,644	1,031,309
Grant subsidies designated for capital reserve		43,236	5,400	8,760	—	3,390	60,786	59,209
		712,635	108,156	86,830	109,507	109,302	1,126,430	1,090,518
Excess of revenue over expenses before the undernoted		377,607	180,772	44,122	81,167	124,539	808,207	598,088
Amortization of capital assets		363,364	275	43,343	56,480	147,405	610,867	610,797
Excess (deficiency) of revenue over expenses		14,243	180,497	779	24,687	(22,866)	197,340	(12,709)

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

March of Dimes Canada Non-Profit Housing Corporation
Statement of changes in fund balances
Year ended March 31, 2023

	Invested in capital assets	Unrestricted funds	Externally restricted fund (Note 2b)	Internally restricted funds- Halton Region	Capital reserve			2023 Total	2022 Total
					Jean and Howard Caine Apartments	Bishop Alexander Carter House	Pooled Capital Fund		
Notes	\$	\$	\$	\$	\$	\$	\$	\$	
Fund balances, beginning of year	366,525	(172,697)	20,361	(43,960)	437,947	6,607	158,362	773,145	810,992
Excess (deficiency) of revenue over expenses	(182,232)	379,572	—	—	—	—	—	197,340	(12,709)
Contribution from Operations to capital reserve	—	—	—	—	43,236	3,390	14,160	60,786	59,209
Unrealized (loss) gain on capital reserve investments	—	—	—	—	(3,814)	16	—	(3,798)	(20,172)
Withdrawals from capital reserve	—	—	—	—	(66,382)	(1,816)	(38,983)	(107,181)	(64,175)
Inter-fund transfers									
Purchase of capital assets	111,178	(111,178)	—	—	—	—	—	—	—
Deferred capital contributions spent	(313,690)	313,690	—	—	—	—	—	—	—
Mortgage payable	357,078	(357,078)	—	—	—	—	—	—	—
Due to MODC on account of capital loan	13,060	(13,060)	—	—	—	—	—	—	—
Transfer from Unrestricted to Internally restricted	—	(14,243)	—	14,243	—	—	—	—	—
Fund balances, end of year	351,919	25,006	20,361	(29,717)	410,987	8,197	133,539	920,292	773,145

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

March of Dimes Canada Non-Profit Housing Corporation**Statement of cash flows**

Year ended March 31, 2023

	2023	2022
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses	197,340	(12,709)
Items not involving cash		
Amortization	610,867	610,797
Loss on disposal of capital assets	–	10,491
Amortization of deferred capital contributions	(304,250)	(298,096)
Amortization of deferred capital contributions related to disposal of capital assets	–	(9,719)
Capital contributions related to expenses not capitalized	(124,385)	(59,254)
Unrealized loss on capital reserve investments	(3,798)	(20,172)
Changes in non-cash operating working capital		
Accounts receivable	(15,421)	114,821
Prepaid expenses	(988)	1,525
Amount due to MODC	(19,764)	(141,294)
Accounts payable and accrued liabilities	(42,327)	5,629
	297,274	202,019
Financing activities		
Deferred capital contributions	206,894	192,583
Mortgage principal repayments	(357,078)	(346,977)
	(150,184)	(154,394)
Investing activities		
Capital reserve contributions	60,786	59,209
Withdrawals from capital reserve	(107,181)	(64,175)
Purchase of capital assets	(111,178)	(88,081)
	(157,573)	(93,047)
Decrease in cash and restricted cash and investments	(10,483)	(45,422)
Cash and restricted cash and investments, beginning of year	880,184	925,606
Cash and restricted cash and investments, end of year	869,701	880,184
Consisting of		
Cash (bank indebtedness)	81,521	(61,401)
Restricted cash and investments	788,180	941,585
	869,701	880,184
Supplemental cash flow information		
Interest received	17,483	3,743
Interest paid	92,180	102,755

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

March of Dimes Canada Non-Profit Housing Corporation

Notes to the financial statements

March 31, 2023

1. Nature of Organization

Ontario March of Dimes Non-Profit Housing Corporation (the "Corporation") was incorporated without share capital on June 2, 1992. The Corporation was formed to provide and operate housing accommodation, with or without any public space, recreational facilities, and commercial space or buildings appropriate thereto primarily to accommodate persons with physical disabilities. In 2013, the Corporation applied for continuance under the Canada Not-for-profit Corporations Act. The application was approved in May 2013 and the Corporation is now known as March of Dimes Canada Non-Profit Housing Corporation ("NPHC"). NPHC is classified as a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

NPHC owns and operates five properties in the Province of Ontario: Jean and Howard Caine Apartments, located in Oakville; Jason's House, located in Hamilton; Standing Oaks, located in Sarnia; and Wade Hampton House and Bishop Alexander Carter House, located in Sudbury.

2. Summary of significant accounting policies

(a) Basis of presentation

These financial statements have been prepared in accordance with the prescribed accounting policies to comply with Section 80(2) of the *Housing Services Act* and guidance in its application issued by the Housing and Residential Services Division of the Regional Municipality of Halton (the "Halton Region"). The basis of accounting used in these financial statements materially differs from Canadian accounting standards for not-for-profit organizations ("ASNPOs") as follows:

(i) Capital reserve funds

Under the terms of the operating agreement with Halton Region, NPHC is required to establish capital reserve funds for the purpose of funding major asset repairs and replacement. Grant subsidies designated for the Capital reserve funds are initially recorded in the Statement of revenue and expenses and then transferred to the Capital reserve fund. Additions to the capital reserve funds represent grants received from Halton Region for specific capital projects and are recorded directly in the capital reserve funds and not on the Statement of revenue and expenses. Expenses made from capital reserve funds are reported within these funds and not on the Statement of revenue and expenses.

Interest income earned and unrealized losses and gains on capital reserve funds are recorded directly to the capital reserve funds and are not reported on the Statement of revenue and expenses.

The cash and investments of the capital reserve fund for the Jean and Howard Caine Apartments that are funded under the Housing Services Act are restricted and can only be used for capital expenses, as defined in the Halton Region's Guide to the Annual Information Return.

Additional capital reserve funds have been established for the other properties by the Board of Directors. These Pooled capital reserve funds are restricted in that they may only be used for capital expenses, but no specific amounts are designated for individual properties, except for the Bishop Alexander Carter House, located in Sudbury, Ontario, which is contributing to the capital reserve fund separately based on Canada Mortgage and Housing Corporation ("CMHC") requirements.

March of Dimes Canada Non-Profit Housing Corporation

Notes to the financial statements

March 31, 2023

2. Summary of significant accounting policies (continued)

(a) Basis of presentation (continued)

(ii) Amortization

Amortization on the Jean and Howard Caine Apartments is recognized in an amount equal to the principal repayment on the mortgage (which is financing both the land and the building).

(b) Externally restricted fund

This fund was established during 2016 to account for any future claims related to a special investigation, as instructed by the Halton Region.

(c) Capital assets

Buildings are stated at cost less accumulated amortization.

Amortization on Jason's House, Wade Hampton House, Standing Oaks and Bishop Alexander Carter House building is recognized over a period of 40 years using the straight-line method.

Furniture and equipment are being amortized over a period of 5 to 10 years using the straight-line method.

(d) Revenue recognition

NPHC follows the deferral method of recognizing rental revenue and grant subsidies.

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

Capital contributions are deferred and amortized over the life of the related capital asset. Capital contributions that relate to expenses not capitalized are recognized as revenue when the expense is incurred.

Contributed services are not recognized in the financial statements.

Investment income is recognized on the accrual basis.

(e) Financial instruments

Cash and restricted cash and investments are measured at fair value. Changes in fair value of restricted cash and investments held for capital reserve funds are recorded directly in the capital reserve funds and not on the Statement of revenue and expenses, as described in Note 2 (a)(i). Accounts receivable, accounts payable and accrued liabilities, due to MODC, and mortgage payable are measured at amortized cost.

Investments are detailed in Note 3.

It is management's opinion that NPHC is not exposed to significant interest, currency, market or credit risks arising from financial instruments.

March of Dimes Canada Non-Profit Housing Corporation

Notes to the financial statements

March 31, 2023

2. Summary of significant accounting policies (continued)

(f) 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 disclosure of contingent assets and liabilities at the Statement of financial position date and the reported amounts of revenue and expenses during the year. Future actual results may differ from such estimates. Balances which require some degree of estimation include investments, accrued liabilities, amortization of capital assets and deferred capital contributions.

3. Restricted cash and investments

	2023 \$	2022 \$
Capital reserve funds	552,723	602,916
Tenant deposits	22,634	19,050
Deferred capital contributions, unspent (Note 7)	212,823	319,619
	788,180	941,585

The above balance is comprised of:

	2023 \$	2022 \$
Restricted cash	346,332	495,836
Restricted investments		
Pooled investments funds		
Social Housing Canadian Short-Term Bond Fund Series	327,407	327,694
Social Housing Canadian Bond Fund Series A	114,441	118,055
Total pool investments funds	441,848	445,749
	788,180	941,585

The pooled investment funds with a fair value of \$441,848 (\$445,749 in 2022) are held with Worldsource Financial Management In. and have a cost of \$485,708 (\$485,811 in 2022).

March of Dimes Canada Non-Profit Housing Corporation

Notes to the financial statements

March 31, 2023

4. Capital assets

	Cost \$	Accumulated amortization \$	2023 Net book value \$	2022 Net book value \$
Jean Howard Caine Apartments				
Land	1,790,603	—	1,790,603	1,790,603
Building	6,402,615	5,380,303	1,022,312	1,379,389
Furniture and equipment	368,940	174,477	194,463	1,491
Construction in progress	—	—	—	88,081
	8,562,158	5,554,780	3,007,378	3,259,564
Jason's House				
Building	26,332	21,277	5,055	5,330
Furniture and equipment	3,812	3,812	—	—
	30,144	25,089	5,055	5,330
Standing Oaks				
Building	782,443	374,921	407,522	427,083
Building expansion	944,257	101,997	842,260	866,042
Furniture and equipment	1,071	1,071	—	—
	1,727,771	477,989	1,249,782	1,293,125
Wade Hampton House				
Land	200,631	—	200,631	200,631
Building	2,247,634	655,398	1,592,236	1,648,428
Furniture and equipment	377,949	377,829	120	407
	2,826,214	1,033,227	1,792,987	1,849,466
Bishop Alexander Carter House				
Building	5,820,714	366,733	5,453,981	5,601,387
	18,967,001	7,457,818	11,509,183	12,008,872

March of Dimes Canada Non-Profit Housing Corporation

Notes to the financial statements

March 31, 2023

5. March of Dimes Canada

MODC is a national registered charity committed to championing equity, empowering ability, and creating real change that will help the more than six million people living with disabilities across the country unlock the richness of their lives. MODC is a registered charity under the *Income Tax Act (Canada)* and, as such, is exempt from income taxes.

MODC appoints all members of the Board of Directors of NPHC and, as such, exercises control over NPHC. MODC provides NPHC with financial and administrative services, including governance support. Additionally, MODC's oversight is provided on property management, tenant relations, direct community and public relations, and coordination of legal, audit and insurance.

(a) *Transactions during the year include the following*

- (i) Included in property management, administration and audit expenses are fees of \$8,736 (\$8,736 in 2022) paid to MODC for services provided in connection with properties other than the Jean and Howard Caine Apartments. MODC is not reimbursed for the value of the services provided for the Jean and Howard Caine Apartments.
- (ii) MODC rents a portion of NPHC premises and pays rent to NPHC. The total charges were \$29,590 (\$29,248 in 2022).

(b) *Amount due to MODC consists of the following:*

	2023 \$	2022 \$
In 2018, NPHC signed a promissory note with MODC for a loan in the amount of \$75,000 to support the expansion of the Standing Oaks building in Sarnia. The loan is repayable on demand and bears interest at the prime rate plus 1% per annum, the principal and accrued interest are due no later than March 31, 2025	59,750	62,750
In 2010, NPHC signed a promissory note with MODC for a loan in the amount of \$251,000 to acquire the land and building in Sudbury, Ontario. The loan is repayable on demand and bears interest at the prime rate plus 1% per annum, the loan is payable no later than March 31, 2025	115,843	125,902
Interest payable on the above promissory note.	13,955	13,955
Amounts (receivable) payable to MODC for miscellaneous expenses	(994)	5,711
	188,554	208,318

6. Mortgage payable

The mortgage payable is secured by the land and building of the Jean and Howard Caine Apartments and is guaranteed by CMHC. The mortgage balance of \$2,808,146 (\$3,165,224 in 2022) is being repaid over a 22-year amortization period, with a 5-year term. The interest rate for the 5-year term ending March 1, 2028 is 4.41% calculated semi-annually. Monthly blended repayments of principal and interest are \$38,862 (\$36,944 in 2022).

March of Dimes Canada Non-Profit Housing Corporation

Notes to the financial statements

March 31, 2023

6. Mortgage payable (continued)

Principal repayments until the maturity date of March 1, 2028 are as follows:

	\$
2024	350,642
2025	366,269
2026	382,592
2027	399,643
2028	417,453
Thereafter	891,547
	<u>2,808,146</u>

7. Deferred capital contributions

Deferred capital contributions represent contributions received for capital purposes. The changes in the deferred capital contributions balance for the year are as follows:

	2023 \$	2022 \$
Balance, beginning of year	8,670,275	8,844,761
Received during the year	206,894	192,583
	<u>8,877,169</u>	<u>9,037,344</u>
Less amounts amortized to revenue		
Capital contributions related to expenses not capitalized	(124,385)	(59,254)
Amortization of deferred capital contributions	(304,250)	(298,096)
Amortization of deferred capital contributions related to disposal of capital assets	—	(9,719)
Balance, end of year	<u>8,448,534</u>	<u>8,670,275</u>

As at March 31, 2023, \$212,823 of deferred capital contributions have been received but not spent (\$319,619 in 2022). Therefore, the amount of deferred capital contributions spent during the year is \$313,690 (\$59,254 in 2022).

Forgivable loan

On August 22, 2017, NPHC entered into a Service Manager Contribution Agreement (the "SMCA") and received a forgivable loan of \$1,750,000 from the City of Greater Sudbury through the Rental Housing Component of the 2016 Social Infrastructure Fund Investment in Affordable Housing in Ontario program. The forgivable loan of \$1,750,000 was recognized as a deferred capital contribution. The loan was used to partially finance the purchase of the Bishop Alexander Carter House located in Sudbury, Ontario.

The terms of the forgivable loan are detailed in the SMCA. The term of the loan is 20 years. The loan is secured by a charge/mortgage of land, assignment of rents, and a security agreement (chattels). Interest is payable on an annual basis to the City calculated at the higher of a) the average posted rate offered by major Canadian lending institutions for a commercial first mortgage having a five term, plus 2%, or b) the interest rate applicable to the first mortgage registered against title to the property, plus 2%.

March of Dimes Canada Non-Profit Housing Corporation

Notes to the financial statements

March 31, 2023

7. Deferred capital contributions (continued)

Forgivable loan (continued)

At each anniversary date, the City will forgive 1/20th (5% per year) of the loan until it is fully forgiven. Annual interest is also fully forgivable provided NPHC has fulfilled all of the requirements of the SMCA. During the term of the loan, if NPHC violates any condition in the SMCA, the City has the right to demand repayment of the unforgivable portion of the loan from NPHC.

As at March 31, 2023, the outstanding forgivable loan is \$1,458,333 (\$1,545,833 in 2022), which is included in deferred capital contributions. The interest forgiven related to the year ended March 31, 2023 is \$124,440 (\$110,903 in 2022).

8. Grant subsidy

During the year, NPHC paid \$5,994 (\$14,039 in 2022) to the Halton Region relating to the prior year grant subsidy and, based on the Annual Information Return, recorded a payable of \$15,772 (receivable of \$306 in 2022) for the current year subsidy adjustment. This amount has been included in accounts payable and accrued liabilities on the Statement of financial position (included in accounts receivable in 2022).

9. Commitments

NPHC has a contract with a property management firm for property management services that requires payments of \$158,892 (\$158,892 in 2022) per year. This contract includes an additional amount of \$4,158 per month for a live-in Superintendent. The contract is renewable on month-by-month basis.

10. Capital Repair Funding – Canada-Ontario Community Housing Initiative (“COCHI”)

The COCHI supported a capital project for the Jean and Howard Caine Apartments property which started on April 1, 2022 and was completed by March 31, 2023. NPHC received from the COCHI total funding of \$71,000 towards this capital project on the signing of the related letter of agreement. Of this amount, \$56,000 was received during the year (\$14,000 in 2022). This funding is included in deferred capital contributions and the expenses related to this capital project are included in capital assets.