Digby & Area Housing Coalition Society
Financial Statements
December 31, 2025

Contents

Sanford & Associates
CHARTERED PROFESSIONAL ACCOUNTANTS
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Independent Practitioner's Review Engagement Report

To the shareholders of
Digby & Area Housing Coalition Society

We have reviewed the accompanying financial statements of Digby & Area Housing Coalition Society that comprise the statement of financial position as at December 31, 2025, and the statement of operations and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Digby & Area Housing Coalition Society as at December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Sanford + Associates

Digby, Nova Scotia
June 25, 2026

Chartered Professional Accountants

Digby & Area Housing Coalition Society
Statement of Operations
For the Year Ended December 31, 2025

	2025	2024
Revenues		
Provincial government grants	$ **45,901**	$ 23,541
Fundraising and other	**10,632**	7,114
	56,533	30,655
Expenditures		
Insurance	**3,352**	3,135
Interest and bank charges	**596**	938
Interest on long-term debt	**27,609**	33,193
Office	**1,274**	3,743
Professional fees	**13,054**	10,383
Property tax	**5,242**	5,339
Salaries and wages	**-**	35,342
Utilities	**1,727**	3,784
	52,854	95,857
Excess of revenues over expenditures (excess of expenditures over revenues)	$ **3,679**	$ (65,202)

Net deficiency, beginning of year	$ **(93,670)**	$ (28,468)
Excess of revenues over expenditures (excess of expenditures over revenues)	**3,679**	(65,202)
Net deficiency, end of year	$ **(89,991)**	$ (93,670)

See Accompanying Notes

Digby & Area Housing Coalition Society
Statement of Financial Position
As at December 31, 2025

	2025	2024
Assets		
Current		
Cash	$ 4,926	$ 199,541
HST receivable	38,243	10,310
Prepaid expenses	827	2,919
	43,996	212,770
Property and equipment (Note 3)	692,503	484,323
	$ 736,499	$ 697,093
Liabilities		
Current		
Accounts payable	$ 88,067	$ 8,837
Current portion of long-term debt (Note 4)	4,344	11,986
	92,411	20,823
Long-term debt (Note 4)	326,500	328,461
Unearned revenue (Note 5) (Note 6)	407,579	441,479
	826,490	790,763
Net Deficiency		
Net deficiency	(89,991)	(93,670)
	$ 736,499	$ 697,093

See Accompanying Notes

On behalf of the Board

______________________________ Director

Digby & Area Housing Coalition Society
Statement of Cash Flows
December 31, 2025

Increase (decrease) in cash and cash equivalents (bank indebtedness)

	2025	2024
Operating		
Excess of revenues over expenditures (excess of expenditures over revenues)	**$ 3,679**	$ (65,202)
Changes in non-cash working capital:		
HST receivable	**(27,933)**	(7,260)
Unearned revenue	**(33,900)**	296,555
Prepaid expenses	**2,092**	(217)
Accounts payable	**79,230**	(8,532)
	23,168	215,344
Financing		
Repayment of long-term debt	**(9,603)**	(6,072)
Investing		
Purchase of property and equipment	**(208,180)**	(43,500)
Net (decrease) increase in cash and cash equivalents	**(194,615)**	165,772
Cash, beginning of year	**199,541**	33,769
Cash, end of year	**$ 4,926**	$ 199,541

See Accompanying Notes

1. Nature of operations

The Digby & Area Housing Coalition Society is a not-for-profit organization in Digby, Nova Scotia whose mission is to provide affortable, energy efficient, and sustainable housing projects in the Town of Digby and Municipality of the District of Digby.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) **Revenue recognition**

The Digby & Area Housing Coalition Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets in the year.

(b) **Cash and cash equivalents (bank indebtedness)**
Cash and cash equivalents includes cash on hand and balances with banks, net of bank overdraft. Bank borrowings are considered financing activities.

(c) **Property and equipment**
Property and equipment additions are stated at cost. Amortization is calculated using a declining balance method at the following annual rates:

Buildings	4 %
Equipment	20 %

Amortization in the year of purchase is recorded at one-half the normal rate.

(d) **Government assistance**
Capital asset grants are accounted for as deferred government assistance and amortized on the same basis as the related capital assets. Operating grants received by the Company are accounted for as deferred government assistance and recognized as grant income as operating expenses are incurred.

(e) **Use of estimates**
The preparation of the financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts may differ from those estimates.

2. Summary of significant accounting policies (continued)

(f) **Financial instruments**

Measurement of financial instruments

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

The entity subsequently measures all of its financial assets and liabilities at 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 are recognized in net income.

Financial assets measured at amortized cost include cash, accounts receivable, deposits on purchase of assets and amounts due from related parties.

Financial liabilities measured at amortized cost include bank indebtedness, accounts payable, lines of credit, long term debt, obligations under capital lease and amounts due to related parties.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The entity recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transactions costs that are directly attributable to their organization, issuance or assumption.

3. Property and equipment

	Cost	Accumulated Amortization	**2025 Net Book Value**	2024 Net Book Value
Land	$ 100,000	$ -	**$ 100,000**	$ 100,000
Building	588,040	-	**588,040**	379,860
Equipment	4,463	-	**4,463**	4,463
	$ 692,503	$ -	**$ 692,503**	$ 484,323

Property and equipment have not been amortized as the assets are under construction and are not yet available for use.

4. Long-term debt

	2025	2024
CBDC loan at a rate of prime plus 3.3% interest, payable in interest-only monthly payments until 2026, thereafter blended monthly payments of $3,026, maturing in 2039. For security see below.	**$ 291,799**	$ 297,705
Credit Union demand loan with a fixed rate of 7.45%, payable in monthly blended payments of $592 maturing in 2032. For security see below.	**39,045**	42,742
	330,844	340,447
Current portion of long-term debt	**4,344**	11,986
	$ 326,500	$ 328,461

Expected principal repayments in each of the next five years are:

2026	$ 4,344
2027	$ 20,358
2028	$ 21,892
2029	$ 23,546
2030	$ 25,323

As security for the CBDC loan, the Society has provided a first claim mortgage on the lands and buildings located at 81 Montague Row, Digby, Nova Scotia, a director has provided a first claim mortgage on the lands and buildings located at 940 Riverview Road, Bear River, Nova Scotia, and a personal guarantee.

As security for the Credit Union demand loan, the Society has provided a first security interest on receivables and equipment, and a demand note from the borrower in favour of the Credit Union. This loan is also secured under the Nova Scotia Loan Guarantee program at a rate of 90%.

For the Credit Union demand loan, the terms of the agreement provide for repayment over ten years but also give the lender the right to demand repayment at any time. As at December 31, 2025, the Society believes the lender will not demand repayment before the end of the ten-year term.

For the CBDC loan, the terms of the agreement provide for repayment over twenty years but also give the lender the right to demand repayment at any time if conditions set out in the agreement are not met. As at December 31, 2025, management believes that all conditions relating to the loan have been met and the Society believes the lender will not demand repayment before the end of the twenty-year term.

As at December 31, 2025, the Society renegotiated the terms of the CBDC loan to require interest-only payments for the next 12 months. No principal repayments are due within the next fiscal year.

5. Unearned revenue

	2025	2024
Society of Our Lady Saint Mary	$ 100,000	$ 100,000
Government agencies	307,579	341,479
	$ 407,579	$ 441,479

Unearned revenue represents unspent resources externally restricted for the development and construction of the new three-storey, 34-unit building at 81 Montague Row.

6. Prior period adjustment

During our engagement, we discovered that provincial government grants were overstated by $43,035, and unearned revenue was understated by $43,035 at December 31, 2024. To correct for this error, unearned revenue has been increased by $43,035 and net deficiency has been increased by $43,035 at December 31, 2024.

7. Contingent event

In 2025, the Society entered into an agreement to receive $4,737,848 from Canada Mortgage and Housing Corporation under the Affordable Housing Fund (AHF) program for the construction of the new three-storey, 34-unit building at 81 Montague Row. Included in this amount is $3,008,977 of forgivable contribution if certain criteria and targets are met, and $1,578,871 that is repayable in accordance with the terms of the funding agreement. Advances are authorized on a cost-in-place basis.

8. Financial instruments

Risks and concentrations
The entity is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the balance sheet date.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The entity is exposed to this risk mainly in respect of its accounts payable, long term debt and obligations under capital lease.

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 entity is exposed to interest rate risk on its fixed and floating interest rate financial instruments.