RESCO Mortgage Investment Corporation

FINANCIAL STATEMENTS

FOR THE YEAR ENDED OCTOBER 31, 2023

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For the year ended October 31, 2023

Rosenswig McRae Rosso LLP
Chartered Professional Accountants
Associated with MGI Worldwide

Michael Rosenswig
Jeff McRae
Tony Rosso
Lorraine Varga
Michelle Koscec
Dustin Jainaraine

INDEPENDENT AUDITORS' REPORT

To the shareholders of RESCO Mortgage Investment Corporation,

Opinion
We have audited the financial statements of RESCO Mortgage Investment Corporation ("the Company") which comprise the statement of financial position as at October 31, 2023, and the statements of comprehensive income and changes in equity, 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 Company as at October 31, 2023 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 these financial statements in accordance with International Financial Reporting Standards, 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 these financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative to do so.

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

Auditors' 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.

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We also:

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

• 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 Company'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 Company'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 Company 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.

RMR Rosensweig McRae Rosso LLP

Toronto, Ontario
February 22, 2024

Chartered Professional Accountants
Licensed Public Accountants

RESCO Mortgage Investment Corporation

Statement of Financial Position

As at October 31, 2023

	2023	2022
	$	$
ASSETS		
Cash	-	340,695
Prepaid expenses	11,992	11,610
Accounts receivable (note 7)	120,000	837,467
Mortgages receivable (note 8)	79,916,379	84,181,972
	80,048,371	**85,371,744**
LIABILITIES		
Bank loan (note 9)	14,125,675	16,805,000
Accounts payable and accrued liabilities	458,629	415,629
Class B preferred shares (note 11)	64,990,850	67,681,483
	79,575,154	84,902,112
SHAREHOLDERS' EQUITY		
Common shares (note 11)	10,000	10,000
Retained earnings	463,217	459,632
	473,217	469,632
	80,048,371	**85,371,744**

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

Approved on behalf of the Board: -

Director

Director

RESCO Mortgage Investment Corporation

Statement of Comprehensive Income and Changes in Equity

For the year ended October 31, 2023

	2023	2022
	$	$
Revenues		
Mortgage interest	7,505,723	5,634,298
Other income	615,200	1,397,015
	8,120,923	7,031,313
Operating expenses		
Dividend on Class B preferred shares (note 10)	5,453,876	5,485,790
Redemption cost	485,908	280,722
Management fees (note 6)	872,611	821,283
Audit and accounting fees	45,397	40,589
Legal fees	15,553	17,163
Regulatory fees	6,444	9,482
Insurance	20,792	19,711
Interest on loan	888,562	272,907
Bank charges	11,109	8,742
Office expenses	14,628	31,335
Mortgage losses	302,458	21,338
	8,117,338	7,009,062
Net comprehensive income for the year	**3,585**	**22,251**
Opening retained earnings	459,632	437,381
Closing retained earnings	**463,217**	**459,632**

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

RESCO Mortgage Investment Corporation

Statement of Cash Flows

For the year ended October 31, 2023

	2023	2022
	$	$
Cash flows from operating activities		
Net comprehensive income for the year	3,585	22,251
Adjustments to reconcile net income to cash flows from operating activities:		
Increase in mortgage interest receivable	(212,247)	(244,413)
Increase in prepaid expenses	(382)	(2,676)
Increase (decrease) in accounts payable and accrued liabilities	43,001	(29,535)
Cash used in operating activities	(166,043)	(254,373)
Cash flows from investing activities		
Funding of mortgage investments	(59,199,656)	(131,725,632)
Discharge of mortgage investments	63,677,496	105,040,004
Cash provided by (used in) investing activities	4,477,840	(26,685,628)
Cash flows from financing activities		
Proceeds from issuance of Class B preferred shares	10,233,136	15,090,628
Decrease (increase) receivable from issuance of Class B preferred shares	717,467	(480,280)
Redemption of Class B preferred shares	(13,256,106)	(8,340,825)
Advances from (repayments to) bank loan	(2,679,325)	16,805,000
Share issuance costs	332,336	(102,809)
Cash (used in) provided by financing activities	(4,652,492)	22,971,714
Net decrease in cash	**(340,695)**	**(3,968,287)**
Cash , beginning of year	**340,695**	**4,308,982**
Cash , end of year	**-**	**340,695**

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

1. Corporate information

The financial statements of RESCO Mortgage Investment Corporation (the "Corporation") for the year ended October 31, 2023 were authorized for issue in accordance with a resolution of the directors on February 21, 2024. The Corporation was incorporated under the Canadian Business Corporation Act (Federal) on November 21, 2013. The financial year end of the Corporation is October 31.

The Corporation is a Canadian mortgage investment corporation (MIC) pursuant to the Income Tax Act (Canada) Section 130.1. The objective of the Corporation is to make prudent investments in mortgages against real property located in Canada in order to generate sustainable and stable income while preserving investment capital for shareholders.

The Corporation is subject to rules under the Income Tax Act (Canada) that permit the Corporation to flow-through its net income to its shareholders. The income of the Corporation for purposes of the Income Tax Act (Canada) includes interest earned and the taxable portion of any net realizable capital gains. The Corporation, in computing its taxable income, is generally entitled to deduct the full amount of all taxable dividends (other than capital gains dividends) which it pays during the year or within 90 days after the end of the year. Dividends other than capital gains dividends, which are paid by the Corporation to shareholders, will be included in shareholders' income as interest income.

The Corporation conducts its mortgage lending activities on properties located in Canada, primarily in the Province of Ontario, Manitoba and Alberta. The registered office of the Corporation is 360 Highway 7 East, Unit 28, Richmond Hill, Ontario L4B 3Y7.

2. Basis of presentation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The adoption of new and amended standards did not have any material impact on the disclosures or on the amounts reported in the financial statements. In addition, at the date of authorization of these financial statements, the Corporation has not applied any new or revised standards that have been issued but not yet effective.

Functional and presentation currency

The financial statements are presented in Canadian dollars, which is the functional currency of the Corporation.

Basis of measurement

The financial statements have been prepared on a historical cost basis, except for financial instruments that are measured at fair value. The methods used to measure fair values are discussed in note 4.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

2. Basis of presentation (continued)

Fair value of mortgages receivable

The Corporation is required to make estimates relating to the fair value determination of mortgage receivable. These estimates may include assumptions regarding local real estate market conditions, interest rates and the availability of credit, cost and terms of financing, the impact of present of future legislation or regulation, prior encumbrances and other factors affecting the investments and underlying security of the investments. These assumptions are limited by the availability of reliable comparable data, economic uncertainty, ongoing geopolitical concerns and the uncertainly of predictions concerning future events.

By their nature, estimates of fair value are subjective and do not necessarily result in precise determinations. Should the underlying assumptions change, the estimated fair value could vary by a material amount.

Expected credit losses on mortgage receivable

The Corporation assesses the impairment and extent of losses on mortgage at each reporting date, and books a provision for mortgage losses accordingly. Judgement by management is required in assessing where there had been a significant increase in credit risk of when a mortgage is impaired. Estimates are required to determine the amount and timing of future cash flows when determining losses.

In estimating future cash flows, the Corporation makes judgements about the borrower's financial situation and the net realizable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision.

3. Significant accounting policies

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized in accordance with IFRS 9.

Recognition and initial measurement

Financial instruments are recognized on the date of origination at the fair value of consideration exchanged. Except for financial instruments carried at fair value through profit or loss, the initial measurement includes transaction costs that are directly attributable to its issuance.

Classification and subsequent measurement

Under IFRS 9, classification of financial assets is determined based on:

(i) the business model under which the assets is held; and

(ii) the contractual cash flow characteristics of the instrument

The Corporation's financial assets are predominantly comprised of mortgages receivable. Mortgages are managed in order to generate cash flows from collection of contractual cash flows. Contractual cash flows are consistent with basic lending arrangements and represent cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Accordingly, mortgages receivable are classified as amortized cost instruments using the effective interest rate method.

All other financial assets and liabilities are classified as amortized cost instruments.

3. Significant accounting policies (continued)

Impairment of financial assets

The Corporation recognizes expected credit losses ("ECL") at an amount equal to 12 month, if the credit risk on a mortgage at the reporting date has not increased significantly since initial recognition (Stage 1). A lifetime ECL is recorded on performing mortgages which are considered to have experienced a significant increase in credit risk (Stage 2) and on credit impaired financial assets (Stage 3).

The main factors considered in determining a significant increase in credit risk include relative changes in probability of default since origination and certain other criteria such loan delinquency.

Evidence of a significant increase in credit risk include factors such as:

- significant financial difficulty of the borrower;
- default or delinquency in interest or principal payments;
- high probability of the borrower entering a phase of bankruptcy or a financial reorganization; and/or
- measurable decrease in the estimated future cash flows from the loan or underlying assets that back the mortgage.

Generally, mortgages overdue for 60 days are considered Stage 2 mortgages and those overdue by 90 days are considered impaired (Stage 3). However, a mortgage overdue by 90 days or more may be considered Stage 2 if the liquidation value of the collateralized assets is sufficient to prevent mortgage losses. All other performing assets are considered Stage 1.

Credit loss calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events over the expected life of a financial instrument.

The probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD") inputs used to estimate expected credit losses are modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio. The measurement of expected credit losses considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

Presentation of allowance for ECL

Mortgages receivable are presented on a net basis, where the loss allowances for ECL (the "provision for mortgage losses") are deducted from the gross carrying amount of the assets.

Write-offs

Mortgages are written off when there is no realistic prospect of recovery. This is generally the case when the Corporation determines that the borrower does not have assets or a source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities.

Revenue recognition

Mortgage interest is recognized in the statement of comprehensive income using the effective interest method. Other income is recognized as earned.

3. Significant accounting policies (continued)

Preferred shares

Class B preferred shares are classified as a liability. Costs directly related to the issuance of the preferred shares are recognized as a deduction from the liability.

Income taxes

The Corporation qualifies as a MIC under the Income Tax Act, and as such is not taxed on income provided that its taxable income is distributed to its shareholders in the form of dividends within 90 days after October 31 each year. Accordingly, no provision for current or future income taxes is required unless the Corporation elects to retain income.

Provisions and contingent liabilities

Provisions and contingent liabilities are recognized when there is a present legal or constructive obligation arising as a result of a past event for which it is probable that an outflow of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation. Provisions and contingent liabilities are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefit is remote. Possible obligations whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Related party transactions

All related party transactions must be disclosed in the financial statements which include the amount of the transactions, the amount of outstanding balances, including terms, provisions for doubtful debts related to outstanding balances and the expense recognized during the year in respect to bad or doubtful debts from related parties.

4. Determination of fair values

The Corporation's financial instruments are recorded at fair value or at amounts that approximate fair value in the financial statements. The Corporation classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchies are:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgement or estimation.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Cash is classified as level 1. Mortgage receivable is classified as level 3.

4. Determination of fair values (continued)

For mortgages receivable, there are no quoted prices in an active market. Management makes its fair value determination by discounting future cash flows at the effective interest rate of the mortgage receivable. The discounted cash flow analysis assumed that all mortgages will be held until maturity. Given the short-term nature of the Corporation's mortgage receivables, generally the fair values approximate their carrying values.

5. Financial risk management

Overview

The Corporation's planned operations will expose it to a variety of financial risks that arise as a result of its operating and financing activities:

i. credit risk;
ii. liquidity risk;
iii. market risk;
iv. operational risk;
v. interest rate risk; and
vi. capital risk.

This note presents information about the Corporation's exposure, objectives, policies and processes for measuring and managing each of the above risks.

The Corporation employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Corporation's business objectives and risk tolerance levels. While the Directors have the overall responsibility for the establishment and oversight of the Corporation's risk management framework, management has the responsibility to administer and monitor these risks.

Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's mortgage receivables.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2023	2022
Cash	$ -	$ 340,695
Accounts receivable	120,000	837,467
Mortgages receivable	79,916,379	84,181,972
	$ 80,036,379	$ 85,360,134

Cash consists of bank deposits. The Corporation manages the credit exposure related to cash by selecting financial institutions with high credit ratings. Mortgages receivable are issued to borrowers who must pass a credit check. Credit risk is reduced by ensuring that appraisals are completed and loan to value are maintained in accordance with the Corporation's policies.

5. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they are due. Liquidity risk is managed by ensuring that the projected repayments under the existing investment portfolio exceeds projected needs.

The obligations for future advances under the Corporation's investment portfolio are anticipated to be funded from existing cash, mortgage interest, borrower repayments and future issuance of preferred shares.

As at October 31, 2023, management considers that the Corporation does not have significant exposure to liquidity risk.

Market risk

Market risk is the risk that changes in market prices, such as real estate prices, will affect the Corporation's net income or the value of financial instruments. The objective of the Corporation is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Corporation's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. The Corporation manages its operational risk by setting appropriate policies related to human resources, IT, regulatory compliance, and other factors.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Corporation is exposed to interest rate risk on balance, if any, drawn from its credit facility.

The Corporation had no interest rate swaps or financial contracts in place as at or during the year ended October 31, 2023.

Capital risk management

The Corporation's capital management policy is to maintain a strong capital base that optimizes the Corporation's ability to grow, maintain investor and creditor confidence and to provide a platform to create value for its shareholder. The Corporation intends to maintain a flexible capital structure to maximize its ability to pursue additional investment opportunities, which considers the requirement to sustain future development of the business.

6. Related party transactions

Radiance Mortgage Brokerage Inc. (Radiance), a related party by virtue of common management, acts as the mortgage broker to the Corporation. 5C Capital Inc. (5C Capital), a related party by virtue of common management, acts as the mortgage administrator to the Corporation. The directors of the related parties are the same individuals as the directors of the Corporation.

The Corporation entered into a Management Services Agreement with Radiance effective November 21, 2013. The agreement provides for Radiance to provide a wide range of services including, but not limited to, overseeing and managing the Corporation's investment portfolio. Radiance receives a fee from the Corporation equal to 1.0% per annum of the book value of the total assets of the Corporation.

The Corporation entered into an Administration Agreement with 5C Capital effective November 21, 2013. The agreement provides for 5C Capital to provide mortgage administrative services including but not limited to the administration of mortgage loans and collecting all amounts due from borrowers of the Corporation. The terms of that agreement provide that 5C Capital will collect a fee of 0.33% of the mortgages under administration. The agreement is structured such that the fee flows through Radiance to 5C Capital.

During the year, the Corporation paid fees of $872,611 (2022 - $821,283) to Radiance. Included in accounts payable is an amount due to Radiance of $75,740 (2022 - $81,957). These transactions were conducted by the Corporation in the normal course of business.

7. Accounts receivable

Accounts receivable consists of funds receivable from new shareholders whose Class B share subscriptions closed on October 31, 2023. These funds are held in trust by a third party and becomes due to the Corporation upon the closing of the new subscriptions. The funds were disbursed to the Corporation in November 2023.

8. Mortgages receivable

The following is a breakdown of the mortgages receivable as at October 31:

	2023	2022
First mortgages	$ 43,670,592	$ 50,269,754
Non-first mortgages	35,345,847	33,252,742
	79,016,439	83,522,496
Interest receivable	1,053,362	687,693
Provision for mortgage losses	(153,422)	(28,217)
Total mortgages receivable	$ 79,916,379	$ 84,181,972

The following is a continuity of the provision for mortgage losses as at October 31:

The Corporation recognizes expected credit losses (ECL) at an amount equal to 12 month ECL, if the credit risk on a mortgage at the reporting date has not increased significantly since initial recognition (Stage 1).

Generally, mortgages overdue for 60 days are considered Stage 2 mortgages and those overdue by 90 days are considered impaired (Stage 3). However, a mortgage overdue by 90 days or more may be considered Stage 2 if the liquidation value of the collateralized assets is sufficient to prevent mortgage losses. All other performing assets are considered Stage 1.

8. Mortgages receivable (continued)

Non-first mortgages are loans with mortgage charges not registered in first priority with estimated loan-to-value ratios not exceeding 85% at inception of the mortgage. All mortgages are secured by residential properties in Canada. Of the total mortgages, $5,221,500, or 6.6% of the total, are in arrears more than 90 days. Based on the expected realizable value of the collateral, the Corporation expects to recover the principal amounts fully or substantially. A provision for mortgage losses of $67,000 has been recorded.

Broken down into the three-stages per the impairment model, mortgages receivable and provision for mortgage losses are as follows:

	Stage 1	Stage 2	Stage 3	Total
Gross mortgages receivable, at amortized cost	$ 73,794,939	$ 4,221,500	$ 1,000,000	$ 79,016,439
Provision for mortgage losses	-	-	(67,000)	(67,000)
	$ 73,794,939	$ 4,221,500	$ 933,000	$ 78,949,439

The loans in the investment portfolio bear interest at the weighted average rate of 10.22%. Approximately 99.83% of the portfolio's mortgages are secured by properties in Ontario, Canada, and 0.17% in Manitoba, Canada when measured by loan amount. There are no further commitment to fund additional mortgages as at October 31, 2023.

Principal repayments based on contractual maturity dates are as follows:

	2023
2024	77,964,439
2025	1,052,000
	$ 79,016,439

During 2023, no transaction costs were incurred by the Corporation in the mortgage transactions.

9. Bank loan

The Corporation has a revolving credit facility with Bank of Montreal with an authorized limit of $50,000,000. The facility is repayable on demand and is secured by a general security agreement and an unlimited blanket assignment of mortgages signed by the Corporation in favour of the bank. External counsel has issued an opinion letter confirming that the Corporation's Preferred Shares are ranked behind bank debt.

As a condition of maintaining the revolving credit facility, the Corporation has to meet certain covenants under its agreements with Bank of Montreal. As at year-end, Corporation was in compliance with these covenants.

The facility can be drawn down as a revolving Prime Rate Loan at variable interest rate of Prime + 0.75%, and/or as one or more CDOR loans at fixed interest rates with 30 to 90-day terms. The facility was drawn upon and repaid at various times throughout the reporting period.

The Corporation's previous revolving credit facility with Royal Bank of Canada was fully repaid and discharged.

10. Dividends

The Corporation intends to make dividend payments to the shareholders on a monthly basis on or about the 15th day of each month. The Corporation has the discretion to distribute to shareholders, within 90 days after the year end, the net income of the Corporation determined in accordance with the Income Tax Act (Canada), subject to certain adjustments.

In fiscal year 2023, the Corporation declared dividends of $5,453,876 (2022 - $5,485,790) to its shareholders.

11. Share capital

As at October 31, 2023, the Corporation was authorized to issue the following:

Unlimited number of Class A Common Shares

Unlimited number of Class B Preferred Shares

The Corporation has an optional dividend reinvestment plan (DRIP) for preferred shareholders, whereby participants may reinvest cash dividends in additional preferred shares of the Corporation at the current share price as at the date of conversion. Class B Preferred Shares issued under the DRIP are issued by the Corporation from its treasury.

The following Class A Common Shares were issued and outstanding as at October 31, 2023:

	# Shares	Amount
Balance, beginning of year	1,000	$ 10,000
New shares issued during the year	-	-
Balance, end of year	1,000	$ 10,000

The following Class B Preferred Shares were issued and outstanding as at October 31, 2023:

	# Shares	Amount
Balance, beginning of year	7,075,562	$ 70,755,624
New shares issued	808,701	8,279,390
Dividend Reinvestment Plan	214,613	2,146,126
Redemption of shares	(1,325,611)	(13,448,486)
Balance, end of year	6,773,265	$ 67,732,654

Class B preferred shares consists of:

	2023	2022
Class B Preferred Shares	$ 67,732,654	$ 70,755,624
Share issuance costs	(2,741,804)	(3,074,140)
	$ 64,990,850	$ 67,681,483

The Class B Preferred Shares are recorded as liabilities as the shares provide the holders with redemption privileges. Each share is redeemable for the lesser of $10 and the net asset value per share. Most Preferred Shares are also subject to early redemption charges if redeemed within four years of issuance.

Related Parties, including directors and common shareholders of the Corporation and related corporations held 263,287 Class B preferred shares as at October 31, 2023 (2022 - 356,790).

12. Future accounting changes

Various pronouncements have been issued by IASB or IFRS Interpretations Committee (IFRIC) that will be effective for future accounting periods. IAS 1 provides guidelines for the overall requirements for the presentation of the financial statements, guidelines for their structure and minimum requirements for their content. The standards that are applicable to the Company are summarized as follows:

These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures.

These amendments are effective for reporting periods beginning on or after January 1, 2023. These amendments are expected to reduce the disclosure of accounting policies for the Corporation.