



Notice of Meeting and Meeting Agenda Capital Region Housing Corporation Board

Wednesday, May 8, 2024

1:00 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

The Capital Regional District strives to be a place where inclusion is paramount and all people are treated with dignity. We pledge to make our meetings a place where all feel welcome and respected.

1. TERRITORIAL ACKNOWLEDGEMENT

2. APPROVAL OF THE AGENDA

3. ADOPTION OF MINUTES

3.1. [24-442](#) Minutes of the April 10, 2024 Capital Region Housing Corporation Board Meeting

Recommendation: That the minutes of the Capital Region Housing Corporation Board meeting of April 10, 2024 be adopted as circulated.

Attachments: [Minutes - April 10, 2024](#)

4. REPORT OF THE CHAIR

5. PRESENTATIONS/DELEGATIONS

The public are welcome to attend CRD Board meetings in-person.

Delegations will have the option to participate electronically. Please complete the online application at www.crd.bc.ca/address no later than 4:30 pm two days before the meeting and staff will respond with details.

Alternatively, you may email your comments on an agenda item to the CRD Board at crdboard@crd.bc.ca.

6. CONSENT AGENDA

6.1. [24-280](#) Capital Region Housing Corporation 2023 Audit Findings Report and Audited Financial Statements

Recommendation: The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:
That the Capital Region Housing Corporation 2023 Audited Financial Statements be approved.

Attachments: [Staff Report: CRHC 2023 Audit Findings Report and Financial Statements](#)
[Appendix A: Financial Statements](#)
[Appendix B: Audit Findings Report](#)
[Appendix C: Detailed Variance Analytics Fin Position](#)
[Appendix D: Detailed Variance Analytics Operations](#)
[Appendix E: Other Financial Statement Analysis](#)
[Appendix F: Financial Performance Measures](#)

7. ADMINISTRATION REPORTS

7.1. [24-451](#) Capital Region Housing Corporation 2023 Annual Report

Recommendation: There is no recommendation. This report is for information only.

Attachments: [Staff Report: Capital Region Housing Corp 2023 Annual Report](#)
[Appendix A: Capital Region Housing Corp 2023 Annual Report](#)

8. REPORTS OF COMMITTEES

9. NOTICE(S) OF MOTION

10. NEW BUSINESS

11. ADJOURNMENT

Meeting Minutes

Capital Region Housing Corporation Board

Wednesday, April 10, 2024

1:00 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

PRESENT

DIRECTORS: Z. de Vries (Chair), J. Caradonna (Vice Chair), P. Brent, S. Brice, J. Brownoff, C. Coleman, B. Desjardins, S. Goodmanson, G. Holman, P. Jones, S. Kim (for M. Alto), D. Kobayashi (EP), M. Little, C. McNeil-Smith, K. Murdoch, D. Murdock, C. Plant, L. Szpak, M. Tait, D. Thompson, S. Tobias (EP), A. Wickheim, K. Williams, R. Windsor

STAFF: T. Robbins, Chief Administrative Officer; N. Chan, Chief Financial Officer; A. Fraser, General Manager, Integrated Water Services; L. Hutcheson, Acting General Manager, Parks and Environmental Services; K. Lorette, General Manager, Planning and Protective Services; K. Morley, General Manager, Corporate Services; M. Barnes, Senior Manager, Health and Capital Planning Strategies; D. Elliott, Senior Manager, Regional Housing; M. Lagoa, Deputy Corporate Officer; S. Orr, Senior Committee Clerk (Recorder)

EP - Electronic Participation

Regrets: Director Alto

The meeting was called to order at 1:04 pm.

1. TERRITORIAL ACKNOWLEDGEMENT

Director Tait provided the Territorial Acknowledgement.

2. APPROVAL OF THE AGENDA

MOVED by Director Plant, **SECONDED** by Director Goodmanson,
That the agenda for the April 10, 2024 Session of the Capital Region Housing Corporation Board be approved.
CARRIED

3. ADOPTION OF MINUTES

3.1. [24-364](#) Minutes of the March 13, 2024 Capital Region Housing Corporation Board Meeting

MOVED by Director Plant, **SECONDED** by Director Murdoch,
That the minutes of the Capital Region Housing Corporation Board meeting of March 13, 2024 be adopted as circulated.
CARRIED

4. REPORT OF THE CHAIR

The Province has announced the community housing fund and the Capital Regional Housing Corporation (CRHC) was successful in four out of six applications, which is a remarkable success. A large part of this success is owed to staff and their hard work and high-quality applications of what I think could be considered a historical investment in affordable housing. This is a reflection of the CRHC's track record throughout the Regional Housing First Program (RHFP). We demonstrated the sustainability and scalability of the CRHC through both new partnerships and projects and re-developments. Another key component to the success we need to recognize is the leadership and cooperation of local government where some of these sites exist, Saanich and Central Saanich are well into the work of rezoning the Nelly McClung and Verdier sites, and this greatly enhanced the competitiveness of the applications that were approved in their jurisdictions, we need all levels of government working together to see the benefits. Overall these four projects will deliver 593 needed affordable homes adding to our portfolio. Its worth noting that two other projects by other nonprofit organizations in the region have also been approved, and each of these projects will make a significant contribution to our region. The CRHC portfolio is already set to grow to 2,600 units by 2027, and now with these recent announcements, the portfolio will be more than 3,000 units by 2030. The projects approved complete the agreements made under the RHFP but also go beyond this obligation as we continue to explore new partnerships and new affordable housing supply programs. There still remains a bigger and bolder vision for the \$85 million we made available under the Land Banking bylaw that has yet to be realized. We have opportunities under other programs that will be a key part of our housing supply program going forward.

5. PRESENTATIONS/DELEGATIONS

There were no presentations or delegations.

6. CONSENT AGENDA

MOVED by Director Szpak, **SECONDED** by Director Plant,
That consent agenda items 6.1. through 6.3. be approved.
CARRIED

6.1. [24-337](#) Tillicum Station Mortgage Renewal

1. That the resolution required by BC Housing Management Commission to renew the mortgage for Tillicum Station through the Canada Mortgage and Housing Corporation Tendered Lending Program for a term not to exceed 10 years as required be approved; and

2. That Edward Robbins, Chief Administrative Officer or Nelson Chan, Chief Financial Officer, or their duly authorized delegates together or with any one officer or director of the Borrower for and on behalf of the Borrower be authorized to sign any documents related to the mortgage renewal.

CARRIED

- 6.2. [24-338](#) Capital Region Housing Corporation Operational Update, First Quarter 2024

This report was received for information.

- 6.3. [24-339](#) Capital Plan Status Report, First Quarter 2024

This report was received for information.

7. ADMINISTRATION REPORTS

There were no administration reports.

8. REPORTS OF COMMITTEES

There were no reports of committees.

9. NOTICE(S) OF MOTION

There were no notice(s) of motion.

10. NEW BUSINESS

There was no new business.

11. ADJOURNMENT

MOVED by Director Szpak, **SECONDED** by Director Plant,
That the April 10, 2024 Capital Region Housing Corporation Board meeting be
adjourned at 1:08 pm.
CARRIED

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER

**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, MAY 01, 2024**

SUBJECT **Capital Region Housing Corporation 2023 Audit Findings Report and Audited Financial Statements**

ISSUE SUMMARY

This report summarizes the Capital Region Housing Corporation (CRHC) 2023 Audit Findings Report and requests approval of the Audited Financial Statements.

BACKGROUND

The CRHC is incorporated under the laws of British Columbia (BC), its principal activity is the provision of rental accommodation. As a wholly owned subsidiary of the Capital Regional District (CRD), the CRHC financials are consolidated in the CRD financial statements. This consolidation is a requirement by Canadian Public Sector Accounting Standards (PSAS), which are governed by the Public Sector Accounting Board (PSAB).

Section 376 of the *Local Government Act* requires that annual audited financial statements be prepared for the CRHC and presented at a public Board meeting. The 2023 Financial Statements have been prepared by management in accordance with PSAB standards, including the 4200 series standards for government not-for-profit organizations. As per BC Housing Management Commission (BCHMC) operating agreements, the Board-approved financial statements must be submitted within six months of the fiscal year end (by June 30, 2024).

Under PSAB regulations, the CRHC is required to present four statements with explanatory notes:

1. Statement of Financial Position
2. Statement of Operations
3. Statement of Changes in Net Assets and Remeasurement Gains and Losses
4. Statement of Cash Flows

In addition to the required statements listed above, the 2023 Financial Statements include the following Schedules:

- A. Schedule of Changes in Replacement Reserve Fund
- B. Schedule of Changes in Portfolio Stabilization Reserves
- C. Schedule of Capital Assets
- D. Schedule of Capital Fund – Mortgages Payable
- E. Schedule of Operating Fund – Rental Operations

The CRHC 2023 Audited Financial Statements and schedules are attached as Appendix A.

The Audit Findings Report from KPMG (Appendix B) summarizes the responsibilities of the audit firm, scope of investigations and the audit results. The report confirms there were no significant changes in the audit approach previously presented to the Board on January 10, 2024 and that the audit did not identify any uncorrected differences or significant control deficiencies. The audit findings confirm the financial statements present fairly, in all material respects, the financial position of the CRHC as at December 31, 2023.

ALTERNATIVES

Alternative 1

The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:

That the Capital Region Housing Corporation 2023 Audited Financial Statements be approved.

Alternative 2

The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:

That the Capital Region Housing Corporation 2023 Audited Financial Statements be referred back to staff for additional information.

IMPLICATIONS

Financial Implications

NEW ACCOUNTING STANDARDS

Asset Retirement Obligations

As identified on page 7 of the Audit Findings Report (Appendix B) a new accounting standard, PS 3280 Asset Retirement Obligations (AROs), came into effect December 31, 2023. This standard required the recognition, measurement, presentation, and disclosure of any legal obligations associated with the retirement of tangible capital assets in a future period. PS 3280 was implemented in 2023 through the recognition of ARO's on December 31, 2023, and retroactive application through the restatement of the 2022 Audited Financial Statements.

HIGHLIGHTS

1. Statement of Financial Position

The Statement of Financial Position presents the financial position of an entity at a given date. It is comprised of three main components: assets, liabilities and equity (net assets). Table 1 summarizes total asset values for 2023 and 2022.

Table 1 – Change in Assets Year over Year

Statement of Financial Position (\$ millions)	2023	2022 Restated	\$ Change	% Change
Current Assets				
Cash & Cash Equivalents	14.9	10.3	4.6	44.5%
Accounts Receivable	6.0	2.9	3.1	106.9%
Prepaid Expenses	0.9	0.7	0.2	28.6%
Investments	-	6.5	(6.5)	(100.0%)
Total Current Assets	\$21.8	\$20.4	\$1.4	6.9%

Non-Current Assets				
Cash & Cash Equivalents (Restricted)	8.5	8.2	0.3	3.7%
Capital Assets	262.4	217.8	44.6	20.5%
Total Non-Current Assets	\$270.9	\$226.0	\$44.9	19.8%
Total Assets	\$292.7	\$246.4	\$46.3	18.8%

The total assets of \$292.7 million consist of current and non-current assets. Current assets of \$21.8 million reflect the organization’s ability to meet short-term payment obligations.

The increase in current assets of \$1.4 million or 6.9% is due to a combined increase of \$7.9 million in cash, accounts receivable and prepaid expenses, offset by investment maturities amounting to \$6.5 million. These fluctuations are in line with increased capital construction activity in 2023.

Non-current assets of \$270.9 million consist of \$8.5 million in restricted cash and cash equivalents and \$262.4 million in capital assets. These assets increased by \$44.9 million, primarily due to the acquisition of Prosser Place, the construction at Caledonia, Michigan Square and the Carey Lane Building Envelope Remediation.

Table 2 summarizes total liabilities and the change year over year.

Table 2 – Change in Liabilities Year over Year

Statement of Financial Position (\$ millions)	2023	2022 Restated	\$ Change	% Change
Current Liabilities				
Accounts Payable	7.2	4.0	3.2	80.0%
Short-Term Capital Financing	27.5	21.2	6.3	29.7%
Mortgage Payable – Current	14.3	6.8	7.5	110.3%
Other Liabilities	2.7	2.5	0.2	8.0%
Total Current Liabilities	51.7	34.5	17.2	49.9%
Non-Current Liabilities				
Mortgage Payable – Non-Current	161.1	151.8	9.3	6.1%
Asset Retirement Obligation	9.5	8.3	1.2	14.5%
Total Liabilities	\$222.3	\$194.6	\$27.7	14.2%

Total current liabilities of \$51.7 million is an increase of \$17.2 million or 49.9% over 2022. Notable changes over 2022 are:

- Accounts payable increased by \$3.2 million due to the increase in construction activity.
- Short-term capital financing increased by \$6.3 million related to new financing of \$20.2 million for the Michigan and Caledonia properties. This is offset by the conversion of \$13.9 million interim borrowing to a mortgage for the Twenty-Seven Eighty-Two property in January 2023.
- The increase of \$7.5 million in current mortgage payable and \$9.3 million in non-current mortgage payable is primarily driven by \$23.4 million in new mortgages for Twenty-Seven

Eighty-Two and Prosser Place properties. The new debt was offset by \$6.5 million in repayments in all other mortgages.

Appendix C provides a detailed summary of variances year-over-year greater than \$0.15 million and 10% on the Statement of Financial Position. The threshold is relative to the size and operations of the entity.

2. Statement of Operations

The Statement of Operations reports annual financial activities by fund, summarizing revenues less expenses. Table 3 details revenue by source with a year-over-year comparison.

Table 3 – Change in Revenue Year over Year

Statement of Operations (\$ millions)	2023	2022 Restated	\$ Change	% Change
Revenue				
Tenant Rent Contributions	23.0	21.2	1.8	8.5%
Government Capital Contributions	16.1	18.3	(2.2)	(12.0%)
Other Revenue	5.0	4.0	1.0	25.0%
Total Revenue	\$44.1	\$43.5	\$0.6	1.4%

Revenue from all sources totaled \$44.1 million in 2023, an increase of \$0.6 million or 1.4%. The increase is driven by increased rent contributions of \$1.8 million to new properties.

Government capital contributions decreased by \$2.2 million due to construction progress at Caledonia and Michigan Square and forgivable loans have been exhausted for these projects.

Other revenue increased by \$1.0 million primarily due to increased government subsidy received of \$0.5 million, related to the new property (Twenty-Seven Eighty-Two), and increased interest earnings of \$0.6 million resulting from higher interest rates.

Table 4 – Change in Expenses Year over Year

Statement of Operations (\$ millions)	2023	2022 Restated	\$ Change	% Change
Expenses				
Building Operating & Administrative Expenses	11.2	9.6	1.6	16.7%
Insurance	1.5	1.3	0.2	15.4%
Amortization & Accretion	8.6	7.8	0.8	10.3%
Interest Expense	4.2	3.6	0.6	16.7%
Total Expenses	\$25.5	\$22.3	\$3.2	14.3%

Expenses totaled \$25.5 million in 2023, an increase of \$3.2 million or 14.3%. Expense changes were driven by:

- \$1.6 million increase in building operating and administrative expenses consistent with the volume of new units at Prosser Place and annualization of costs related to Twenty-Seven Eighty-Two, which was completed at the end of 2022.
- \$0.2 million increase in insurance costs due to higher policy premiums.
- \$0.8 million increase in amortization due to newly acquired assets.
- \$0.6 million increase in interest expense primarily due to mortgages for new properties.

Appendix D provides a detailed summary of the variances year-over-year greater than \$0.15 million and 10% on the Statement of Operations.

3. Other Financial Statement Analysis

Appendix E provides summaries and analysis of the remaining statements and schedules:

- Statement of Changes in Net Assets and Remeasurement Gains and Losses
- Statement of Cash Flows
- Schedules (A to E)

Appendix F contains the financial indicators relevant to CRHC performance and financial sustainability.

Board-approved financial statements are required to be consolidated with the CRD financial statements and filed with BCHMC.

CONCLUSION

Board approval of the CRHC 2023 Audited Financial Statements is required under the *Local Government Act*, *BC Business Corporations Act*, BCHMC operating agreements and mortgage agreements. As noted in the Auditors' Report, it is the Auditors' opinion that these Financial Statements present fairly the consolidated financial position of the CRHC as of December 31, 2023, and the results of financial activities for the year then ended in accordance with Canadian PSAS.

RECOMMENDATION

The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:

That the Capital Region Housing Corporation 2023 Audited Financial Statements be approved.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Sr. Mgr., Financial Services / Deputy CFO
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS:

Appendix A: CRHC 2023 Financial Statements

Appendix B: CRHC Audit Findings Report [for the year ended December 31, 2023 (KPMG)]

Appendix C: CRHC Detailed Variance Analytics (Statement of Financial Position)

Appendix D: CRHC Detailed Variance Analytics (Statement of Operations)

Appendix E: CRHC Other Financial Statement Analysis

Appendix F: CRHC Financial Performance Measures

Capital Region Housing Corporation 2023 Financial Statements

British Columbia, Canada
Fiscal year ended December 31, 2023

CRHC
Capital Region Housing Corporation

Capital Region Housing Corporation

Financial Statements

December 31, 2023

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December 31, 2023

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KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of the Capital Region Housing Corporation

Opinion

We have audited the financial statements of the Capital Region Housing Corporation (the Corporation), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets and remeasurement gains and losses for the year then ended
- the statement of cash flows for the year then ended
- and notes to the 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 financial position of the Corporation as at December 31, 2023, and its results of operations, its changes in net assets and remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting 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 auditor's report.

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Comparative Information

We draw attention to Note 2 to the financial statements which explains that certain comparative information presented for the year ended December 31, 2022 has been restated. Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information. Our opinion is not modified in respect of this matter.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



Other Matter - Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Annual Report as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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 public sector accounting 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 the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

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.



Capital Region Housing Corporation
Page 3

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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

Chartered Professional Accountants

Victoria, Canada

_____, 2024

Capital Regional District Capital Region Housing Corporation

MANAGEMENT REPORT

The Financial Statements contained in this report have been prepared by management in accordance with Canadian public sector accounting standards. The integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors are responsible for approving the financial statements and for ensuring that management fulfills its responsibilities for financial reporting and internal control.

The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian public sector accounting standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the corporation's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to staff and management. The Independent Auditors' Report outlines the scope of the audit for the year ended December 31, 2023.

On behalf of Capital Regional District and Capital Region Housing Corporation,

Nelson Chan, MBA, CPA, CMA
Chief Financial Officer
May 8, 2024

Statement of Financial Position

As at December 31, 2023

	2023	2022 Restated (Note 2)
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 14,903,603	\$ 10,350,289
Accounts receivable	6,031,343	2,887,911
Prepaid expenses	890,568	697,314
Investments	-	6,500,000
	21,825,514	20,435,514
Cash and cash equivalents restricted for replacement reserve (Note 3)	8,543,170	8,168,045
Capital assets (Note 4 and Schedule C)	262,404,263	217,766,993
	\$ 292,772,947	\$ 246,370,552
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	7,154,414	4,014,200
Accrued mortgage interest	381,220	336,975
Due to Capital Regional District	284,633	425,418
Deferred revenue	743,487	591,704
Security deposits	1,214,931	1,141,108
Short-term capital financing (Note 5)	27,454,719	21,157,445
Mortgages payable principal current portion (Schedule D)	6,193,511	6,213,290
Mortgages payable principal renewal portion (Note 6 and Schedule D)	8,233,676	595,492
	51,660,591	34,475,632
Mortgages payable (Note 6 and Schedule D)	161,065,397	151,795,738
Asset retirement obligations (Note 7)	9,521,426	8,279,238
Capital stock (Note 8)	1	1
Net assets:		
Invested in capital assets (Note 9)	56,115,448	38,335,853
Externally restricted (Note 10)	11,921,941	12,127,169
Internally restricted (Note 10)	1,106,227	1,126,460
Unrestricted: Corporation stabilization reserve (Note 11)	1,855,850	865,527
	70,999,466	52,455,009
Accumulated remeasurement losses	(473,934)	(635,066)
	70,525,532	51,819,943
Commitments and contingencies (Note 12)		
	\$ 292,772,947	\$ 246,370,552

See accompanying notes to the financial statements.

On behalf of the Board:

Director_____
Director

Statement of Operations

For the Year Ended December 31, 2023

	Operating Funds		Restricted Funds		Total 2023	Total 2022 Restated (Note 15 and Note 2)
	Corporation	Rental Housing	Capital Fund	Replacement Reserve Fund		
Revenues:						
Tenant rent contributions	\$ -	\$23,002,135	\$ -	\$ -	\$ 23,002,135	\$ 21,246,546
BCHMC rent subsidy assistance	-	710,400	-	-	710,400	302,636
BCHMC umbrella operating agreement funding	-	2,674,751	-	-	2,674,751	2,760,874
Rental management fees - third parties	63,342	-	-	-	63,342	81,139
Investment income	536,151	-	166,247	479,433	1,181,831	529,936
Guest suites, net	1,801	-	-	-	1,801	4,371
Miscellaneous	36,887	278,078	-	-	314,965	275,547
Government contributions (Note 12d)	-	-	16,135,301	-	16,135,301	18,336,829
	638,181	26,665,364	16,301,548	479,433	44,084,526	43,537,878
Expenses:						
Administration and property management	3,275,841	-	-	-	3,275,841	2,869,235
Amortization	-	-	8,181,223	-	8,181,223	7,397,134
Accretion	-	-	377,533	-	377,533	361,069
Property taxes	-	33,806	-	-	33,806	4,500
Insurance	-	1,464,647	-	-	1,464,647	1,267,119
Maintenance	-	2,099,650	-	-	2,099,650	1,625,882
Caretakers	-	2,009,149	-	-	2,009,149	1,797,648
Landscape	-	422,936	-	-	422,936	402,165
Electricity	-	368,374	-	-	368,374	342,902
Land and improvement leases	-	307,137	-	-	307,137	299,474
Water	-	1,403,759	-	-	1,403,759	1,415,924
Oil and gas	-	240,871	-	-	240,871	246,876
Garbage	-	466,901	-	-	466,901	338,958
Rental management fee	(3,510,088)	3,510,088	-	-	-	-
Audit and legal	-	41,438	-	-	41,438	33,600
Miscellaneous	-	190,446	-	-	190,446	34,425
Hospitality services (Parry Place)	-	492,595	-	-	492,595	321,584
Interest on mortgages payable	-	4,163,763	-	-	4,163,763	3,573,882
	(234,247)	17,215,560	8,558,756	-	25,540,069	22,332,377
Excess of revenues over expenses	\$ 872,428	\$ 9,449,804	\$ 7,742,792	\$ 479,433	\$ 18,544,457	\$ 21,205,501

See accompanying notes to the financial statements.

Statement of Changes in Net Assets & Remeasurement Gains & Losses

For the Year Ended December 31, 2023

	Operating Funds		Restricted Funds			Total 2023	Total 2022 Restated (Note 2)
	Corporation	Rental Housing	Capital Fund	Replacement Reserve Fund	Remeasurement Gains / (Losses)		
Net assets, beginning of year	\$ 1,032,084	\$ 4,919,027	\$ 38,335,853	\$ 8,168,045	\$ (635,066)	\$ 51,819,943	\$ 31,131,957
Excess of revenues over expenses	872,428	9,449,804	7,742,792	479,433	-	18,544,457	21,205,501
Interfund transfers:							
Mortgage principal repayments	-	(6,482,151)	6,482,151	-	-	-	-
Replacement reserve transfers	-	(3,083,416)	-	3,083,416	-	-	-
Replacement reserve expenditures	-	-	3,187,724	(3,187,724)	-	-	-
Capital assets acquired	(152,439)	(600,000)	752,439	-	-	-	-
Fund transfers	183,199	202,312	(385,511)	-	-	-	-
	30,760	(9,963,255)	10,036,803	(104,308)	-	-	-
Unrealized gain (loss) on investments	-	-	-	-	161,132	161,132	(517,515)
Net assets, end of year	\$ 1,935,272	\$ 4,405,576	\$ 56,115,448	\$ 8,543,170	\$ (473,934)	\$ 70,525,532	\$ 51,819,943

See accompanying notes to the financial statements.

Statement of Cash Flows

For the Year Ended December 31, 2023

	2023	2022 Restated (Note 2)
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 18,544,457	\$ 21,205,501
Items not involving cash:		
Amortization	8,181,223	7,397,134
Accretion	377,533	361,069
Changes in non-cash assets and liabilities:		
(Increase) in accounts receivable	(3,143,432)	(1,513,691)
(Increase) in inventory and prepaid expenses	(193,254)	(69,132)
Increase in accounts payable and accrued liabilities	3,140,214	1,951,267
Increase in accrued mortgage interest	44,245	10,492
Increase (decrease) in deferred revenue	151,783	(110,046)
Increase in security deposits	73,823	106,925
(Decrease) increase due to Capital Regional District	(140,785)	344,670
Net change in cash from operating activities	27,035,807	29,684,189
Investing activities:		
(Increase) in restricted cash and cash equivalents	(213,994)	(1,784,897)
Increase (decrease) in investments	6,500,000	(6,500,000)
Net change in cash from investing activities	6,286,006	(8,284,897)
Capital activities:		
Acquisition of capital assets	(51,953,838)	(36,289,290)
Net change in cash from capital activities	(51,953,838)	(36,289,290)
Financing activities:		
Repayment of mortgages payable	(6,472,741)	(6,138,211)
Proceeds from long term debt	23,360,805	4,500,000
Repayment of short term debt	(13,933,727)	(2,151,025)
Proceeds from short term debt	20,231,002	21,157,445
	23,185,339	17,368,209
Net change in cash and cash equivalents	4,553,314	2,478,211
Cash and cash equivalents, beginning of year	10,350,289	7,872,078
Cash and cash equivalents, end of year	\$ 14,903,603	\$ 10,350,289

See accompanying notes to the financial statements.

Capital Region Housing Corporation

Notes to the Financial Statements

For the Year Ended December 31, 2023

General

The Capital Region Housing Corporation (the "Corporation") is incorporated under the laws of British Columbia and its principal activities include the acquisition, construction, and provision of rental accommodation. As a wholly owned subsidiary of the Capital Regional District ("CRD"), the Corporation is exempt from taxation under the Income Tax Act and is regarded as a municipality for GST purposes.

1. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

a. Revenue Recognition

The Corporation follows the restricted fund balance method of accounting for contributions. Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year to which the funding relates. All other restricted contributions are recognized as revenue of the appropriate restricted fund in the year received or receivable.

b. Fund Accounting

i. Operating Funds

The Operating Funds reflect the Corporation's assets, liabilities and transactions relating to the ongoing rental and non-rental operations ("Corporation"). In accordance with the agreements with British Columbia Housing Management Commission (BCHMC), a Portfolio Stabilization Reserve has been established for each portfolio's accumulated operating surplus. The Corporation has also established a reserve for the No Operating Agreement portfolio. These reserves are used in the event that annual rental revenues and government subsidies are inadequate to meet the portfolio's mortgage payments and operating costs. The Corporation can also contribute funds from these reserves to the Replacement Reserve Fund, if required. At the discretion of the Board, the unrestricted Corporate Stabilization Reserve provides funding for administration and special projects. The Corporation allocates administration and property management costs incurred in the Corporation Operating Fund to the Rental Housing Operating Fund through Rental management fees.

ii. Capital Fund

The Capital Fund reflects the Corporation's investment in capital assets and related financial activities.

1. Significant Accounting Policies (continued)

b. Fund Accounting (continued)

iii. Replacement Reserve Fund

A Replacement Reserve Fund has been established for each building to pay for the replacement of worn-out capital equipment and other approved items. The Replacement Reserves are funded by an annual transfer from the Rental Housing Operating Fund. Capital expenditures made from the reserve are transferred to the Capital Fund.

c. Asset Retirement Obligations

An asset retirement obligation (ARO) is a legal obligation to incur costs to retire a tangible capital asset in a future period. AROs are measured at the present value of expected future cash flows including an estimate for inflation. Future cash flows are based on the best information available at the financial reporting date. Accretion expense is recorded annually to reflect the cost associated with an increase in the present value of the ARO over time. The carrying amount of the liability is reassessed annually and updated as new information becomes available. Changes in estimates are recorded prospectively and the liability is derecognized when retirement activities are completed.

The asset retirement cost at initial recognition is capitalized along with the related tangible capital asset and amortized in accordance with the Corporation's tangible capital asset policy Note 1 d).

d. Capital Assets

Land, buildings, equipment and vehicles are stated at cost. Amortization is charged upon the asset becoming available for productive use in the year of acquisition. Amortization over their estimated useful lives is provided on the straight-line basis at the following rates:

Asset	Rate
Prepaid leases	29-60 Years
Buildings	35 Years
Equipment	10 Years
Vehicles	5 Years

All transfers from the Replacement Reserve Fund and office equipment are stated at cost and amortization is taken on the declining balance basis at 20% per annum.

Capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide goods and services or when the value of the future economic benefits associated with the asset is less than the book value of the asset.

1. Significant Accounting Policies (continued)

e. Debt Retirement

Payment of principal on long-term debt is funded by a transfer from the Rental Housing Operating Fund to the Capital Fund.

f. Operating Agreements

i. Umbrella

Effective April 1, 2012, the Corporation signed a thirty-three month Interim Umbrella Operating Agreement (the "Umbrella Agreement") with BCHMC to consolidate three operating agreements to reduce administrative duplication, allow the Corporation more flexibility to determine priorities for the portfolio maintenance and management and create a stable and predictable funding stream for the Corporation. In addition, the parties agreed to work together to develop a long-range capital planning tool to enable the Corporation and BCHMC to determine the capital replacement needs of the portfolio for the next thirty years and to negotiate on the transfer of the land ownership of the BCHMC projects from the Provincial Rental Housing Corporation to the Corporation. The final agreement was signed on December 2, 2014 with an effective date of January 1, 2015, for a five year term, and was renewed in December 2019 for an additional five year term ending 2024.

Effective August 17, 2020, the Umbrella Agreement was modified to remove three properties, Portage Place, Campus View Court, and Royal Oak Square, whose mortgages had matured and which were originally part of the CMHC Agreement described below. The properties were moved to the CRHC No Operating Agreement portfolio and their corresponding Replacement Reserve balances were moved to the CRHC No Operating Agreement Replacement Reserve. No transfers were made between Portfolio Stabilization Reserves. As a result of this change, the Umbrella Agreement now contains 38 buildings and 1,071 units.

Except as modified by the Umbrella Agreement, all provisions of the original three operating agreements with CMHC, BCHMC and Homes BC will continue to apply to each project in the portfolio.

a) CMHC

Prior to April 1, 2012 the Corporation had entered into agreements with CMHC pursuant to Section 95 (formerly Section 56.1) of the National Housing Act whereby CMHC will provide mortgage assistance grants to the Corporation that reduce interest costs to not less than 2% on all mortgages payable. As of January 1, 2005 when a mortgage loan is renewed the mortgage assistance grants shall increase or decrease by the same dollar amount as the monthly loan payment of principal and interest changes.

b) BCHMC

Prior to April 1, 2012 the Corporation had entered into agreements with BCHMC whereby BCHMC, on behalf of the Provincial and Federal governments, will provide rent subsidy assistance equal to the BCHMC approved difference between tenant rent contributions and BCHMC defined economic rents.

1. Significant Accounting Policies (continued)

f. Operating Agreements (continued)

i. Umbrella (continued)

c) Homes BC Program

Prior to April 1, 2012 the Corporation had entered into agreements with BCHMC under the unilaterally funded Homes BC Program. The Provincial Government agrees to provide rent subsidy assistance for Rent Geared to Income (RGI) units (approximately 60% of total units) based on the difference between the tenant rent contribution and the approved economic rents. The Province also agrees to provide Repayable Assistance equal to the difference between the economic and the approved low-end of market rents for the remaining units.

ii. Independent Living BC II Program

The Corporation has entered into an agreement with BCHMC under the unilaterally funded Independent Living BC II Program. The Provincial Government agrees to provide subsidy assistance for shelter and defined hospitality costs based on the difference between seventy percent (70%) of the residents' net income and the approved operating budget.

iii. Regional Housing First Program

The Regional Housing First Program (RHFP) is a partnership between the Provincial and Federal governments and the CRD to provide one-time capital funding to affordable housing projects in the region. The Corporation has entered into a 40-year agreement with BCHMC on behalf of the RHFP whereby the Corporation provides shelter-rate and affordable rents to low and moderate income tenants. No other financial contribution is received to subsidize the ongoing operation of the buildings.

iv. Investment in Housing Innovation Program

The Corporation has entered into a 40-year agreement with BCHMC under the Investment in Housing Innovation (IHI) program. Capital funding was provided in the form of a forgivable loan to facilitate the construction of the Westview building. No other financial contribution is received to subsidize the ongoing operation of the building.

v. Community Housing Fund

The Corporation has entered into a 60-year agreement with BCHMC under the Community Housing Fund (CHF) program. Capital funding was provided in the form of a forgivable loan to facilitate the construction of the Twenty-Seven Eighty-Two building. An operating subsidy is provided as approved in the annual building operating budget.

vi. CRHC No Operating Agreement

This category includes buildings that receive no mortgage assistance or rent subsidy assistance. Tenant rent contributions are determined by the Corporation.

1. Significant Accounting Policies (continued)

g. Allocation of Investment Income

Funds available for investment are pooled and interest revenue is allocated to restricted funds at the rate of average prime minus 1.31% (2022: average prime plus 0.78%).

h. Financial Instruments

Financial instruments are recorded at fair value on initial recognition. Derivative instruments, bonds, bond funds, and equity instruments that are quoted in an active market are subsequently reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. The Corporation has not elected to carry any other such financial instruments at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

i. Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant estimates and assumptions include amortization of capital assets and discount and inflationary rates used to determine ARO balances. Actual results could differ from those estimates.

2. Adoption of New Accounting Standard

On January 1, 2023, the Corporation adopted Public Sector Accounting Standard PS 3280 *Asset Retirement Obligations*. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets. The standard was adopted on a modified retroactive basis and prior year balances have been restated to conform to new reporting requirements. The accounting policy is disclosed in Note 1 c) and ARO balances disclosed in Note 7.

2. Adoption of New Accounting Standard (continued)

In accordance with the provisions of the new standard, the Corporation reflected the following adjustments for the year ended December 31, 2022:

	Previously Stated	Adjustment	2022 Restated
Statement of Financial Position			
Assets			
Capital assets	\$ 217,260,292	\$ 506,701	\$ 217,766,993
Liabilities and Net Assets			
Asset retirement obligations	-	8,279,238	8,279,238
Net assets: Invested in capital assets	46,108,390	(7,772,537)	38,335,853
Statement of Operations			
Amortization	7,359,920	37,214	7,397,134
Accretion	-	361,069	361,069
Excess of revenues over expenses	21,603,784	(398,283)	21,205,501
Statement of Changes in Net Assets & Remeasurement Gains & Losses			
Net assets, beginning of year	38,506,211	(7,374,254)	31,131,957
Excess of revenues over expenses	21,603,784	(398,283)	21,205,501
Net assets, end of year	59,592,480	(7,772,537)	51,819,943
Statement of Cash Flows			
Excess of revenues over expenses	21,603,784	(398,283)	21,205,501
Items not involving cash: Amortization	7,359,920	37,214	7,397,134
Items not involving cash: Accretion	-	361,069	361,069
Tangible Capital Assets (Note 4)			
Cost - Buildings	161,021,997	1,787,351	162,809,348
Accumulated amortization - Buildings	85,336,007	1,280,650	86,616,657
Net book value - Buildings	75,685,990	506,701	76,192,691
Investment in Capital Assets (Note 9)			
Capital assets	217,260,292	506,701	217,766,993
Asset retirement obligation adoption adjustment	-	(8,279,238)	(8,279,238)

3. Cash and Cash Equivalents

Cash equivalents have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments. Included in cash and cash equivalents are investments in the Municipal Finance Authority of British Columbia (MFA) Short Term Bond Funds. See Schedule A for details of cash and cash equivalents restricted for replacement reserve.

At December 31, 2023, there is \$nil (2022: \$4,430,279) of cash and cash equivalents from mortgage proceeds restricted in use to finance capital improvements or construction of new properties.

4. Capital Assets

December 31, 2023	Cost	Accumulated Amortization	Net Book Value
Land	\$ 9,496,053	\$ -	\$ 9,496,053
Prepaid leases	148,181,402	14,089,236	134,092,166
Buildings	199,057,658	90,278,565	108,779,093
Equipment and other	45,124,225	35,087,274	10,036,951
	\$ 401,859,338	\$ 139,455,075	\$ 262,404,263

December 31, 2022 - Restated (Note 2)	Cost	Accumulated Amortization	Net Book Value
Land	\$ 9,496,053	\$ -	\$ 9,496,053
Prepaid leases	134,951,377	11,658,345	123,293,032
Buildings	162,809,348	86,616,657	76,192,691
Equipment and other	41,784,069	32,998,852	8,785,217
	\$ 349,040,847	\$ 131,273,854	\$ 217,766,993

5. Short-term capital financing

Short term capital financing of \$27,454,719 (2022: \$21,157,445) is provided by BCHMC at a variable rate based on that charged to them by the Ministry of Finance plus an administrative spread. The short term debt is converted to a long term mortgage at the completion of each construction project. In 2023, \$13,933,727 of short term capital financing was converted to long term mortgage at the completion of the Twenty-Seven Eighty-Two construction project. In 2022, \$2,151,025 short term capital financing was forgiven and recorded in Government contributions on the Statement of Operations.

6. Mortgages Payable

Pursuant to Section 5 of the National Housing Act, CMHC has undertaken to insure all mortgages payable by the Corporation except the mortgages on Village on the Green and Vergo. As additional security, the mortgagors hold chattel mortgages and assignments of rent.

Principal due within each of the next five years on these mortgages is as follows:		Assuming no mortgage renewal	Assuming mortgage renewal
	2024	\$ 14,427,188	\$ 6,173,316
	2025	8,837,329	5,958,720
	2026	6,644,553	5,748,113
	2027	11,452,520	5,607,311
	2028	\$ 4,006,294	\$ 5,276,183

See Schedule D for details of interest rates, renewal dates, and maturity dates of mortgages. Mortgage renewal amounts are calculated based on existing rates and do not consider current prevailing market rates.

7. Asset Retirement Obligations

The Corporation owns buildings that contain hazardous materials including asbestos and lead. There is a legal obligation to remove these materials in a prescribed manner when they are disturbed. These costs are expected to be incurred over the next 17 years as buildings are demolished or renovated. The retirement costs are estimated to include all costs directly attributable to the abatement of the hazardous materials, including overhead costs.

The Corporation uses the Municipal Finance Authority (MFA) long-term borrowing rate as the discount rate. The 10-year average B.C. consumer price index rate is used to estimate inflation and aligns with the Bank of Canada's target inflation range of 1.00% to 3.00%.

	2022 Restated (Note 2)	ARO Additions	ARO Settlements	Revisions to Estimate	Accretion Expense	2023
Hazardous Materials	\$ 8,279,238	\$ -	\$ -	\$ 864,654	\$ 377,533	\$ 9,521,426

Estimated cash flows have been discounted to present value. Discount and inflation rates in the future are estimates and subject to change. These changes can impact ARO values significantly when being applied over an extended duration.

	2023	2022 Restated (Note 2)
Discount Rate	4.17%	4.56%
Inflation rate	2.54%	2.15%
Settlement Timing	10 to 17 years	11 to 18 years

8. Capital Stock

Authorized capital: 2,000 shares with par value of \$1 each

Issued capital: 1 share of \$1 par value, owned by the Capital Regional District.

9. Invested in Capital Assets

Investment in capital assets is calculated as follows:

	December 31, 2023	December 31, 2022 Restated (Note 2)
Capital assets	\$ 262,404,263	\$ 217,766,993
Accounts Receivable	5,516,825	2,347,762
Interfund due from rental housing operating fund	553,905	1,832,022
Restricted cash	-	4,430,279
Prepaid expense	109,184	-
Mortgages payable	(175,492,584)	(158,604,520)
Short-term capital financing	(27,454,719)	(21,157,445)
Asset retirement obligations	(9,521,426)	(8,279,238)
	\$ 56,115,448	\$ 38,335,853

10. Restricted Net Assets

Externally restricted net assets:

	December 31, 2023	December 31, 2022
Replacement reserve fund	\$ 8,543,170	\$ 8,168,045
CMHC/BCHMC/Homes BC operating agreements	(3,949)	(3,949)
Portfolio stabilization reserve - umbrella agreement	2,903,312	3,410,606
Portfolio stabilization reserve - ILBC2 agreement	(333,578)	(107,961)
Portfolio stabilization reserve - RHFP agreement	369,478	265,650
Portfolio stabilization reserve - IHI	479,065	389,301
Portfolio stabilization reserve - CHF	(35,557)	5,477
	\$ 11,921,941	\$ 12,127,169

10. Restricted Net Assets (continued)

Internally restricted net assets:

	December 31, 2023	December 31, 2022
Portfolio stabilization reserve - no operating agreement	\$ 1,026,805	\$ 959,903
Guest suite surplus	41,502	39,701
Vehicle replacement reserve	17,863	101,204
Equipment replacement reserve	20,057	25,652
	\$ 1,106,227	\$ 1,126,460

Rental housing operating fund balance:

	December 31, 2023	December 31, 2022
Portfolio stabilization reserve - umbrella agreement	\$ 2,903,312	\$ 3,410,606
Portfolio stabilization reserve - ILBC2 agreement	(333,578)	(107,961)
Portfolio stabilization reserve - RHFP agreement	369,478	265,650
Portfolio stabilization reserve - IHI agreement	479,065	389,301
Portfolio stabilization reserve - CHF agreement	(35,557)	5,477
Portfolio stabilization reserve - no operating agreement	1,026,805	959,903
CMHC/BCHMC/Homes BC operating agreements	(3,949)	(3,949)
	\$ 4,405,576	\$ 4,919,027

The Portfolio stabilization reserves are detailed in Schedule B.

11. Unrestricted Net Assets

Unrestricted net assets - corporation stabilization reserve:

	December 31, 2023	December 31, 2022
Operating net assets, ending balance	\$ 1,935,272	\$ 1,032,084
Less: Internally restricted net assets		
Guest suite surplus	(41,502)	(39,701)
Vehicle replacement reserve	(17,863)	(101,204)
Equipment replacement reserve	(20,057)	(25,652)
	\$ 1,855,850	\$ 865,527

12. Commitments and Contingencies

a. Related Party Transactions

The Corporation is a wholly owned subsidiary of the Capital Regional District (CRD). In 1997, the Corporation committed to a 60-year prepaid land lease at 625 Superior Street from the CRD at the agreed upon price of \$525,000 which was recognized as an acquisition in the Corporation Capital Fund. In 2017, the Corporation committed to a 60-year land lease at 3816 Carey Road from the CRD for one dollar, with the land use restricted to affordable housing. In 2021, the Corporation committed to a 60-year land lease at 2782 Spencer Road from the CRD for ten dollars, with the land use restricted to affordable housing.

In 2018, a RHFP project management office was created to support the delivery of the Program. During the year the Corporation contributed \$205,842 (2022: \$27,538) to the CRD, to cost share in administrative support and project management services.

On January 25, 2019, as part of the RHFP, the CRD purchased Millstream Ridge and entered into a 60-year prepaid lease in the amount of \$33,250,194 and a 35-year operator agreement with the Corporation. The Corporation secured 35-year mortgage financing to fund the prepaid lease.

On November 2, 2020, as part of the RHFP, the CRD purchased West Park and entered into a 60-year prepaid lease in the amount of \$29,430,822 and a 25-year operator agreement with the Corporation. The CRD's Regional Housing Trust Fund provided a capital grant to the Corporation in the amount of \$660,000 for this project. The Corporation secured 35-year mortgage financing to fund the prepaid lease.

On November 20, 2020, as part of the RHFP, the CRD purchased Spencer Close and entered into a 60-year prepaid lease in the amount of \$28,419,513 and a 35-year operator agreement with the Corporation. The Corporation secured 35-year mortgage financing to fund the prepaid lease.

On March 22, 2021, as part of the RHFP, the CRD purchased Hockley House and entered into a 60-year prepaid lease in the amount of \$23,807,370 and a 35-year operator agreement with the Corporation. The Corporation secured 35-year mortgage financing to fund the prepaid lease.

On April 17, 2023, as part of the RHFP, the CRD purchased Prosser Place and entered into a 60-year prepaid lease in the amount of \$12,289,721 and a 35-year operator agreement with the Corporation. The Corporation secured 35-year mortgage financing to fund the prepaid lease.

b. Sublease of Kings Place Housing Development

The Corporation entered into agreement with the Cridge Housing Society and the Provincial Rental Housing Corporation to sublease the land and improvements at 1070 Kings Road, Victoria for a term of thirty years commencing August 1, 1997. The Homes BC Program Operating Agreement was assigned to the Corporation from the Cridge Housing Society with the approval of the BCHMC. Current annual lease payments amount to \$244,137 and are based on the annual mortgage payments.

12. Commitments and Contingencies (continued)

c. Building Envelope Remediation (BER)

Prior to the signing of the Umbrella Agreement in 2012, BCHMC provided funding for building envelope failure remediation for BCHMC and Homes BC buildings. BCHMC may require repayment of certain BER subsidies. Repayment would be funded by second mortgages. Funding for future BER for all buildings except No Operating Agreement buildings is subject to future negotiations with BCHMC. In 2014, BCHMC entered into an agreement with the Corporation to fund the Heathers BER with a 35-year forgivable mortgage of \$1,258,358. In 2023, BCHMC entered into an agreement with the Corporation to fund the Carey Lane BER with a 35-year forgivable mortgage of \$5,450,000.

d. Government Contributions

The Corporation has received funding to develop affordable housing units through forgivable loans. If the developments funded are not used for their approved purpose by the grantor, the loan will become repayable.

13. Pension Liability

The Corporation and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering the Plan, including investment of assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula.

As at December 31, 2022, the Plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 61 contributors from the Corporation.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the Plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2021 indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

13. Pension Liability (continued)

The Corporation's employer contributions to the Plan for the fiscal year ended December 31, 2023 were \$291,414 (2022: \$258,786). The next valuation will be as at December 31, 2024, with results available in 2025.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

14. Financial Risks and Concentration of Risk

a. Credit risk

Credit risk refers to the risk that a counter party may default on its contractual obligations resulting in a financial loss. The Corporation is exposed to credit risk with respect to the accounts receivable, cash, and cash equivalents, and investments. The Corporation assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Corporation at December 31, 2023 is the carrying value of these assets. The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations. The balance of the allowance for doubtful accounts at December 31, 2023 is \$0 (2022: \$0). There have been no significant changes to the credit risk exposure from 2022.

b. Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Corporation manages its liquidity risk by monitoring its operating requirements. The Corporation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice. The contractual maturities of mortgages payable are disclosed in Note 6. There have been no significant changes to the liquidity risk exposure from 2022.

c. Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Corporation's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

i. Foreign exchange risk:

The Corporation does not enter into foreign exchange transactions and therefore is not exposed to foreign exchange risk. There have been no significant changes to foreign exchange risk exposure from 2022.

14. Financial Risks and Concentration of Risk (continued)

c. Market risk: (continued)

ii. Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates.

The Corporation holds cash equivalents in MFA Short Term Bond Fund where changes in fair value have parallel changes in unrealized gains or losses until realized on disposal.

The Corporation's mortgage interest rates are fixed and are subject to interest rate risk upon renewal. The interest rate risk is mitigated by the subsidy assistance received for most properties from BCHMC and CMHC, which is based on mortgage principal and interest payments. At December 31, 2023, there are nine properties which do not receive subsidy assistance based on mortgage interest rates: Village on the Green, Vergo, Royal Oak Square, Millstream Ridge, Westview, Spencer Close, West Park, Hockley House, and Prosser Place. These properties will be subject to interest rate risk upon renewal.

15. Comparative Information

2022 comparative information on the statement of operations has been recast to reflect a change in the presentation of project management fees adopted for the current year. Project management fees, which reflect the allocation of project management costs between the Corporate Operating Fund and the Capital Fund, are no longer presented as a caption on the statement of operations. Total revenue and expenses decreased by \$411,000 as a result of presenting internally generated project management fees on a net rather than gross basis. There was no change to prior year annual surplus as a result of the new presentation.

Changes in Replacement Reserve Fund

For the Year Ended December 31, 2023

	Balance at December 31 2022	Transfer from Rental Operating Fund	Transfer from Portfolio Stabilization Reserve	Contribution from BCHMC	Interest	Transfer to Capital Fund	2023
<u>Umbrella Agreement</u>							
Oakwinds	\$ 885,128	\$ 103,578	\$ -	\$ -	\$ 51,955	\$ (50,769)	\$ 989,892
James Yates Gardens	151,639	16,572	-	-	8,383	(25,719)	150,875
Pinehurst	467,755	41,431	-	-	2,047	(905,100)	(393,867)
The Brambles	198,128	37,288	-	-	11,309	(36,724)	210,001
The Terraces	657,133	41,431	-	-	38,470	(5,866)	731,168
Michigan Square	339,956	-	-	-	19,254	(4,344)	354,866
Olympic View	69,000	124,294	-	-	5,177	(80,641)	117,830
Swanlea	153,876	29,002	-	-	9,597	-	192,475
Firgrove	105,858	66,290	-	-	5,371	(89,567)	87,952
Beechwood Park	97,989	99,435	-	-	7,221	(42,064)	162,581
Grey Oak Square	51,991	49,718	-	-	3,315	(37,379)	67,645
Willowdene	25,956	31,074	-	-	2,041	(11,371)	47,700
Rosewood	200,268	91,149	-	-	12,267	(61,256)	242,428
Gladstone	62,840	29,002	-	-	3,992	(14,603)	81,231
Camosun Place	75,844	16,572	-	-	4,387	(14,347)	82,456
Parkview	93,833	53,861	-	-	5,440	(50,655)	102,479
Carey Lane	3,590	45,574	-	-	-	(85,020)	(35,856)
Colquitz Green	(12,005)	41,431	-	-	-	(28,051)	1,375
Springtide	245,452	99,435	-	-	10,633	(217,252)	138,268
Greenlea	20,179	43,503	-	-	1,794	(20,925)	44,551
Arbutus View	(55,883)	47,646	-	-	-	(26,418)	(34,655)
Amberlea	287,166	91,149	-	-	17,582	(48,563)	347,334
Cloverhurst	62,455	20,716	-	-	3,958	(6,733)	80,396
Hamlet	2,473	20,716	-	-	-	(39,722)	(16,533)
Viewmont	204,739	74,576	-	-	13,033	(26,764)	265,584
Creekside	62,322	49,718	-	-	1,575	(119,104)	(5,489)
The Birches	196,536	116,008	-	-	10,769	(131,212)	192,101
Caledonia	18,454	-	-	-	1,052	-	19,506
The Heathers	187,272	53,861	-	-	10,791	(49,761)	202,163
Heron Cove	157,773	49,718	-	-	9,197	(42,563)	174,125
Castanea Place	452,970	122,222	-	-	25,182	(144,569)	455,805
Leblond Place	(8,027)	89,077	-	-	210	(65,662)	15,598
Rotary House	68,075	84,934	-	-	3,658	(92,735)	63,932
Cairns Park	(23,081)	12,429	-	-	-	(3,365)	(14,017)
Kings Place	123,991	72,505	-	-	4,446	(131,989)	68,953
Carillon Place	61,913	31,074	-	-	3,564	(29,860)	66,691
Brock Place	102,159	62,147	-	-	6,000	(55,925)	114,381
Harbour Lane	310,653	58,004	-	-	19,213	(5,204)	382,666
Tillicum Station	335,204	82,860	-	-	20,411	(37,148)	401,327
<u>ILBC2 Agreement</u>							
Parry Place	152,676	16,600	-	-	9,028	(5,185)	173,119
<u>No Operating Agreement</u>							
Village on the Green	(247,348)	78,719	-	-	-	(14,975)	(183,604)
Vergo	109,125	37,288	-	-	6,678	(21,225)	131,866
Portage Place	206,692	35,217	-	-	12,516	(9,422)	245,003
Campus View Court	175,197	24,859	-	-	10,406	(10,143)	200,319
Royal Oak Square	226,903	78,719	-	-	11,924	(114,140)	203,406
<u>RHFP Agreement</u>							
Millstream Ridge	364,431	114,048	-	-	22,545	(51,866)	449,158
Spencer Close	207,157	112,320	-	-	14,149	(30,190)	303,436
West Park	243,897	131,328	-	-	16,755	(31,224)	360,756
Hockley House	179,121	103,680	-	-	12,440	(25,442)	269,799
Prosser Place	-	37,454	-	-	960	(3,761)	34,653
<u>IHI Agreement</u>							
Westview	108,620	63,072	-	-	7,402	(27,952)	151,142

Changes in Replacement Reserve Fund

For the Year Ended December 31, 2023

	Balance at December 31 2022	Transfer from Rental Operating Fund	Transfer from Portfolio Stabilization Reserve	Contribution from BCHMC	Interest	Transfer to Capital Fund	2023
<u>CHF Agreement</u>							
Twenty-Seven Eighty-Two	-	50,112	-	-	1,336	(3,249)	48,199
	\$ 8,168,045	\$ 3,083,416	\$ -	\$ -	\$ 479,433	\$(3,187,724)	\$ 8,543,170

Changes in Portfolio Stabilization Reserves

For the Year Ended December 31, 2023

	Balance at December 31, 2022	Reimburse BCHMC	Transfer (to) Replacement Reserve Fund (Schedule A)	Transfer from/(to) Rental Operating Fund (Schedule E)	Transfer (to) Capital Fund	Balance at December 31, 2023
<u>UOA</u>						
CMHC	\$ 8,325,280	\$ -	\$ -	\$ 1,610,188	\$ -	\$ 9,935,468
BCHMC	(4,612,536)	-	-	(1,384,268)	(600,000)	(6,596,804)
Homes BC	(302,138)	-	-	(133,214)	-	(435,352)
	3,410,606	-	-	92,706	(600,000)	2,903,312
<u>ILBC2</u>						
Parry Place	(107,961)	-	-	(225,617)	-	(333,578)
<u>RHEP</u>						
Millstream Ridge	(243,125)	-	-	(265,260)	-	(508,385)
Spencer Close	461,697	-	-	213,300	-	674,997
West Park	67,033	-	-	83,984	-	151,017
Hockley House	(19,955)	-	-	34,908	-	14,953
Prosser Place	-	-	-	36,896	-	36,896
	265,650	-	-	103,828	-	369,478
<u>IHI</u>						
Westview	389,301	-	-	89,764	-	479,065
<u>CHF</u>						
Twenty-Seven Eighty-Two	5,477	-	-	(41,034)	-	(35,557)
<u>NOA</u>						
Portage Place	271,772	-	-	93,296	-	365,068
Campus View Court	211,817	-	-	82,290	-	294,107
Royal Oak Square	421,039	-	-	(79,392)	-	341,647
Village on the Green	792,087	-	-	95,550	-	887,637
Vergo	(736,812)	-	-	(124,842)	-	(861,654)
	959,903	-	-	66,902	-	1,026,805
	\$ 4,922,976	\$ -	\$ -	\$ 86,549	\$ (600,000)	\$ 4,409,525

Capital Assets

For the Year Ended December 31, 2023

	Completed	Land	Prepaid Lease	Buildings	Equipment and Other	Transfer from Replacement Reserve Fund	Total	Accumulated Amortization	2023	2022 Restated (Note 2)
In Operation										
<u>Umbrella Agreement</u>										
Oakwinds	Feb/85	\$ -	\$ 830,075	\$ 3,150,168	\$ 1,681,213	\$ 50,769	\$ 5,712,225	\$ (5,212,455)	\$ 499,770	\$ 453,153
James Yates Gardens	Oct/84	103,200	-	430,232	314,251	25,719	873,402	(676,638)	196,764	175,625
Pinehurst	Feb/85	277,692	-	1,320,004	758,201	905,100	3,260,997	(1,989,853)	1,271,144	449,350
The Brambles	Jun/85	275,975	-	1,175,645	798,477	36,724	2,286,821	(1,824,892)	461,929	416,629
The Terraces	May/85	356,532	-	1,245,544	874,220	5,866	2,482,162	(1,974,512)	507,650	476,350
Michigan Square	Sep/85	784,763	-	1,912,803	1,526,030	4,344	4,227,940	(3,313,027)	914,913	927,599
Olympic View	Apr/86	900,000	-	3,720,552	2,508,287	80,641	7,209,480	(5,562,950)	1,646,530	1,560,531
Swanlea	Dec/85	230,215	-	849,385	520,253	-	1,599,853	(1,242,265)	357,588	348,735
Firgrove	Feb/86	480,000	-	1,975,200	1,242,994	89,567	3,787,761	(2,980,468)	807,293	699,002
Beechwood Park	Feb/86	888,000	-	2,317,623	3,127,791	42,064	6,375,478	(5,111,477)	1,264,001	1,310,677
Grey Oak Square	Apr/86	409,015	-	1,290,394	1,016,477	37,379	2,753,265	(2,167,160)	586,105	588,324
Willowdene	Sep/87	-	-	884,186	718,873	11,371	1,614,430	(1,505,392)	109,038	123,505
Rosewood	Oct/88	-	255,000	1,864,715	921,193	61,256	3,102,164	(2,795,007)	307,157	293,784
Gladstone	Jan/89	-	197,000	912,600	536,984	14,603	1,661,187	(1,498,594)	162,593	195,647
Camosun Place	Mar/89	-	108,000	489,700	247,237	14,347	859,284	(760,884)	98,400	111,400
Parkview	May/89	-	283,250	1,994,937	1,047,585	50,655	3,376,427	(2,930,807)	445,620	432,556
Carey Lane	Aug/89	-	283,250	1,443,751	1,004,774	85,020	2,816,795	(2,472,839)	343,956	350,765
Colquitz Green	Nov/89	-	160,250	1,504,000	848,107	28,051	2,540,408	(2,319,890)	220,518	273,041
Springtide	May/90	-	324,500	2,793,667	941,952	217,252	4,277,371	(3,593,581)	683,790	502,507
Greenlea	Feb/90	-	305,750	1,560,300	914,296	20,925	2,801,271	(2,470,689)	330,582	395,093
Arbutus View	Jul/90	-	370,250	1,592,750	1,111,150	26,418	3,100,568	(2,652,362)	448,206	530,753
Amberlea	May/90	-	447,501	2,578,479	1,008,409	48,563	4,082,952	(3,569,788)	513,164	601,054
Cloverhurst	May/90	-	197,000	651,500	276,134	6,733	1,131,367	(975,489)	155,878	183,174
Hamlet	Oct/90	-	152,000	803,000	417,221	39,722	1,411,943	(1,223,786)	188,157	193,782
Viewmont	Aug/91	-	402,140	2,378,046	880,400	26,764	3,687,350	(3,205,132)	482,218	568,097
Creekside	Apr/92	-	388,250	2,363,830	966,257	119,104	3,837,441	(3,232,003)	605,438	600,863
The Birches	Aug/92	-	675,000	3,684,874	1,019,369	131,212	5,510,455	(4,586,858)	923,597	965,703
The Heathers	Apr/93	-	436,279	1,974,683	508,942	49,761	2,969,665	(2,386,388)	583,277	627,670
Heron Cove	Oct/93	-	270,000	2,274,691	589,778	42,563	3,177,032	(2,642,322)	534,710	592,378
Castanea Place	Feb/95	-	1,277,000	4,841,879	1,292,107	144,569	7,555,555	(5,664,279)	1,891,276	1,988,625
Leblond Place	Sep/96	-	900,000	4,506,231	1,322,997	65,662	6,794,890	(5,033,908)	1,760,982	1,938,601
Rotary House	Nov/06	-	556,600	2,994,000	768,446	92,735	4,411,781	(3,094,436)	1,317,345	1,418,947
Cairns Park	Dec/96	-	240,000	415,314	232,004	3,365	890,683	(617,045)	273,638	301,365
Kings Place	N/A	-	-	-	763,001	131,989	894,990	(634,267)	260,723	177,413

Capital Assets

For the Year Ended December 31, 2023

	Completed	Land	Prepaid Lease	Buildings	Equipment and Other	Transfer from Replacement Reserve Fund	Total	Accumulated Amortization	2023	2022 Restated (Note 2)
Carillon Place	Jul/98	-	525,000	1,280,389	740,037	29,860	2,575,286	(1,773,632)	801,654	857,124
Brock Place	Jan/00	-	840,000	3,465,836	1,121,311	55,925	5,483,072	(3,623,714)	1,859,358	1,975,991
Harbour Lane	Oct/01	-	825,000	3,607,266	378,201	5,204	4,815,671	(2,993,471)	1,822,200	1,952,328
Tillicum Station	Jul/02	-	948,750	4,300,764	650,864	37,148	5,937,526	(3,563,628)	2,373,898	2,514,694
Building Envelope Remediation										
Amberlea	2008	-	-	2,367,415	-	-	2,367,415	(2,237,128)	130,287	260,577
Cloverhurst	2008	-	-	1,105,204	-	-	1,105,204	(1,044,758)	60,446	120,895
The Birches	2006	-	-	1,635,610	-	-	1,635,610	(1,405,522)	230,088	306,783
Heron Cove	2007	-	-	1,756,374	-	-	1,756,374	(1,436,849)	319,525	399,409
Castanea Place	2007	-	-	2,531,350	-	-	2,531,350	(1,878,342)	653,008	761,841
Leblond Place	2009	-	-	3,337,941	-	-	3,337,941	(2,313,896)	1,024,045	1,170,339
The Heathers	2016	-	-	1,258,358	-	-	1,258,358	(837,096)	421,262	526,578
ILBC2 Agreement										
Parry Place	Jun/08	1,400,000	-	4,794,269	271,379	5,185	6,470,833	(2,376,454)	4,094,379	4,247,440
RHFP Agreement										
Millstream Ridge	Feb/19	-	35,428,849	-	94,782	51,866	35,575,497	(3,001,015)	32,574,482	33,131,122
Spencer Close	Nov/20	-	30,257,329	-	26,039	30,190	30,313,558	(1,567,006)	28,746,552	29,228,675
West Park	Nov/20	-	31,253,897	-	28,855	31,224	31,313,976	(1,617,359)	29,696,617	30,193,810
Hockley House	Apr/21	-	25,409,982	-	9,224	25,442	25,444,648	(1,169,123)	24,275,525	24,677,751
Prosser Place	Apr/23	-	13,230,027	-	-	3,761	13,233,788	(165,751)	13,068,037	-
IHI Agreement										
Westview	May/20	-	-	14,937,177	66,403	27,952	15,031,532	(1,566,032)	13,465,500	13,883,917
CHF Agreement										
Twenty-Seven Eighty-Two	Nov/22	-	-	19,818,317	-	3,249	19,821,566	(674,491)	19,147,075	19,719,409
No Operating Agreement										
Village on the Green	May/84	910,171	-	2,186,695	1,708,677	14,975	4,820,518	(3,272,094)	1,548,424	1,623,385
Vergo	May/12	1,144,327	-	4,226,787	122,570	21,225	5,514,909	(1,535,305)	3,979,604	4,090,609
Portage Place	Aug/83	328,659	-	1,068,173	736,342	9,422	2,142,596	(1,645,060)	497,536	494,327
Campus View Court	Sep/83	341,224	-	764,934	616,476	10,143	1,732,777	(1,274,004)	458,773	450,617
Royal Oak Square	Mar/84	666,280	-	2,309,146	1,911,064	114,140	5,000,630	(3,768,802)	1,231,828	1,149,940
Buildings Under Construction		-	403,473	58,410,970	-	-	58,814,443	(208,463)	58,605,980	23,233,773
Office Equipment		-	-	-	601,815	-	601,815	(524,093)	77,722	22,961
Vehicles		-	-	-	147,052	-	147,052	(60,544)	86,508	-
		\$ 9,496,053	\$ 148,181,402	\$ 199,057,658	\$ 41,936,501	\$ 3,187,724	\$ 401,859,338	\$ (139,455,075)	\$ 262,404,263	\$ 217,766,993

Capital Fund - Mortgages Payable

For the Year Ended December 31, 2023

Rental Property	Interest Rate	Renewal Date	Maturity Date	2023	2022
<u>Umbrella Agreement</u>					
Rosewood	2.610%		November 1, 2023	\$ -	\$ 110,325
Gladstone	2.610%		January 1, 2024	5,316	68,254
Camosun Place	1.860%		March 1, 2024	7,996	39,598
Parkview	1.690%		May 1, 2024	49,575	167,168
Carey Lane	1.690%		August 1, 2024	65,468	162,315
Colquitz Green	1.730%		November 1, 2024	87,245	180,894
Springtide	0.680%		May 1, 2025	223,354	379,730
Greenlea	0.690%		March 1, 2025	131,863	236,541
Arbutus View	0.680%		July 1, 2025	169,367	275,403
Amberlea	0.680%		May 1, 2025	238,605	405,659
Cloverhurst	0.680%		May 1, 2025	66,657	113,325
Hamlet	0.740%		October 1, 2025	97,472	150,088
Viewmont	1.120%		August 1, 2026	386,607	528,642
Creekside	2.600%		April 1, 2027	471,622	605,360
The Birches	2.550%		August 1, 2027	802,817	1,009,145
The Heathers	2.600%		April 1, 2028	513,260	623,759
Heron Cove	4.180%		October 1, 2028	595,491	709,654
Castanea Place	0.690%	June 1, 2025	February 1, 2030	1,822,804	2,111,169
Leblond Place - 1st mortgage	1.280%		September 1, 2031	1,553,387	1,742,867
Leblond Place - 2nd mortgage	2.150%	March 1, 2025	March 1, 2045	2,276,890	2,360,631
Rotary House	2.510%		March 1, 2028	807,209	984,988
Cairns Park	2.589%		December 1, 2031	238,678	265,205
Carillon Place	3.220%	June 1, 2024	July 1, 2033	770,688	838,339
Brock Place	2.840%	January 1, 2030	January 1, 2035	2,164,885	2,328,951
Harbour Lane	2.200%	October 1, 2026	October 1, 2036	2,220,506	2,368,747
Tillicum Station	3.265%	July 1, 2024	July 1, 2037	2,960,113	3,130,825
<u>ILBC2 Agreement</u>					
Parry Place	3.480%	May 1, 2024	May 1, 2043	3,140,823	3,251,814
<u>RHFP Agreement</u>					
Millstream Ridge	2.860%	February 1, 2029	March 1, 2054	32,490,978	33,159,724
Spencer Close	1.519%	January 1, 2031	February 1, 2056	28,495,405	29,180,152
West Park	1.519%	January 1, 2031	February 1, 2056	28,822,333	29,514,936
Hockley House	2.459%	June 1, 2031	July 1, 2056	24,384,028	24,865,357
Prosser Place	3.580%	July 1, 2033	June 1, 2058	9,358,545	-
<u>IHI Agreement</u>					
Westview	1.631%	September 1, 2030	September 1, 2055	6,950,886	7,116,837
<u>No Operating Agreement</u>					
Royal Oak Square	4.320%	July 1, 2027	July 1, 2057	4,419,405	4,477,146
Village on the Green	2.250%	October 1, 2024	October 1, 2039	1,617,869	1,702,077
Vergo	4.950%	September 1, 2027	September 1, 2042	3,332,937	3,438,895
<u>CHF Agreement</u>					
Twenty-Seven Eighty-Two	3.710%	January 1, 2033	January 1, 2058	13,751,500	-
				175,492,584	158,604,520
Principal Current Portion				(6,193,511)	(6,213,290)
Principal Renewal Portion				(8,233,676)	(595,492)
				\$ 161,065,397	\$ 151,795,738

Capital Region Housing Corporation

Schedule E

Operating Fund - Rental Operations

For the Year Ended December 31, 2023

	Revenues					Expenditures and Interfund Transfers					Surplus (Deficit) from operations after interfund transfers	Allocation from/(to) Portfolio Stabilization Reserves	
	Number of units	Tenant rent contributions	BCHMC Rental Subsidy	BCHMC fixed funding	Other	Total	Operating costs	Transfer to Replacement Reserve	Debt charges	Other Interfund Transfers			Total
Umbrella Agreement													
CMHC													
Oakwinds	50	\$ 701,853	\$ -	\$ -	\$ 1,684	\$ 703,537	\$ 322,677	\$ 103,578	\$ -	\$ -	\$ 426,255	\$ 277,282	\$ (277,282)
James Yates Gardens	8	85,946	-	-	-	85,946	54,767	16,572	-	-	71,339	14,607	(14,607)
Pinehurst	20	311,677	-	-	1,521	313,198	128,610	41,431	-	-	170,041	143,157	(143,157)
The Brambles	18	274,116	-	-	1,467	275,583	135,526	37,288	-	-	172,814	102,769	(102,769)
The Terraces	20	277,881	-	-	1,162	279,043	130,707	41,431	-	-	172,138	106,905	(106,905)
Michigan Square	9	91,167	-	-	20	91,187	87,887	-	-	-	87,887	3,300	(3,300)
Olympic View	60	847,746	-	-	2,965	850,711	423,242	124,294	-	-	547,536	303,175	(303,175)
Swanlea	14	205,491	-	-	861	206,352	105,307	29,002	-	-	134,309	72,043	(72,043)
Firgrove	32	414,843	-	-	1,361	416,204	165,622	66,290	-	-	231,912	184,292	(184,292)
Beechwood Park	48	655,301	-	-	5,954	661,255	296,886	99,435	-	-	396,321	264,934	(264,934)
Grey Oak Square	24	343,947	-	-	2,509	346,456	159,014	49,718	-	-	208,732	137,724	(137,724)
	303	4,209,968	-	-	19,504	4,229,472	2,010,245	609,039	-	-	2,619,284	1,610,188	(1,610,188)
BCHMC													
Willowdene	15	135,328	-	-	371	135,699	172,372	31,074	158	-	203,604	(67,905)	67,905
Rosewood	44	258,934	-	71,247	1,588	331,769	276,205	91,149	101,605	-	468,959	(137,190)	137,190
Gladstone	14	141,299	-	63,462	25	204,786	105,718	29,002	63,964	-	198,684	6,102	(6,102)
Camosun Place	8	102,453	-	33,482	-	135,935	66,600	16,572	32,068	-	115,240	20,695	(20,695)
Parkview	26	246,930	-	114,992	549	362,471	185,087	53,861	119,503	-	358,451	4,020	(4,020)
Carey Lane	22	215,674	-	83,519	1,430	300,623	154,958	45,574	98,835	-	299,367	1,256	(1,256)
Colquitz Green	20	243,276	-	76,378	1,300	320,954	144,069	41,431	96,028	-	281,528	39,426	(39,426)
Springtide	48	265,469	-	113,296	1,996	380,761	357,437	99,435	158,468	-	615,340	(234,579)	234,579
Greenlea	21	225,738	-	42,429	1,229	269,396	148,033	43,503	105,977	-	297,513	(28,117)	28,117

Operating Fund - Rental Operations

For the Year Ended December 31, 2023

	Revenues					Expenditures and Interfund Transfers					Surplus (Deficit) from operations after interfund transfers	Allocation from/(to) Portfolio Stabilization Reserves	
	Number of units	Tenant rent contributions	BCHMC Rental Subsidy	BCHMC fixed funding	Other	Total	Operating costs	Transfer to Replacement Reserve	Debt charges	Other Interfund Transfers			Total
Arbutus View	23	230,760	-	49,371	181	280,312	134,510	47,646	107,576	-	289,732	(9,420)	9,420
Amberlea	44	314,903	-	113,244	1,563	429,710	333,002	91,149	169,288	-	593,439	(163,729)	163,729
Cloverhurst	10	70,026	-	41,179	95	111,300	76,388	20,716	47,292	-	144,396	(33,096)	33,096
Hamlet	10	144,395	-	49,703	-	194,098	94,458	20,716	53,547	-	168,721	25,377	(25,377)
Viewmont	36	212,831	-	161,862	1,393	376,086	263,517	74,576	147,215	-	485,308	(109,222)	109,222
Creekside	24	233,857	-	111,848	689	346,394	191,896	49,718	147,813	-	389,427	(43,033)	43,033
The Birches	56	329,367	-	163,923	2,344	495,634	303,781	116,008	229,534	-	649,323	(153,689)	153,689
The Heathers	26	157,795	-	108,553	1,996	268,344	174,314	53,861	125,324	-	353,499	(85,155)	85,155
Heron Cove	24	234,451	-	63,744	922	299,117	161,963	49,718	131,642	-	343,323	(44,206)	44,206
Castanea Place	59	428,305	-	183,142	1,295	612,742	361,868	122,222	302,000	-	786,090	(173,348)	173,348
Leblond Place	43	270,530	-	330,298	1,333	602,161	322,652	89,077	344,072	-	755,801	(153,640)	153,640
Rotary House	41	274,785	-	216,939	224	491,948	251,484	84,934	200,345	-	536,763	(44,815)	44,815
	614	4,737,106	-	2,192,611	20,523	6,950,240	4,280,312	1,271,942	2,782,254	-	8,334,508	(1,384,268)	1,384,268
Homes BC													
Cairns Park	6	52,577	-	23,745	-	76,322	49,138	12,429	33,045	-	94,612	(18,290)	18,290
Kings Place	35	406,973	-	165,424	2,516	574,913	507,826	72,505	-	-	580,331	(5,418)	5,418
Carillon Place	15	189,587	-	33,587	485	223,659	106,865	31,074	93,480	-	231,419	(7,760)	7,760
Brock Place	30	359,763	-	74,278	3,146	437,187	201,942	62,147	227,708	-	491,797	(54,610)	54,610
Harbour Lane	28	335,260	-	88,948	3,573	427,781	205,801	58,004	198,635	-	462,440	(34,659)	34,659
Tillicum Station	40	516,799	-	96,158	1,165	614,122	274,016	82,860	269,723	-	626,599	(12,477)	12,477
	154	1,860,959	-	482,140	10,885	2,353,984	1,345,588	319,019	822,591	-	2,487,198	(133,214)	133,214
	1,071	10,808,033	-	2,674,751	50,912	13,533,696	7,636,145	2,200,000	3,604,845	-	13,440,990	92,706	(92,706)

ILBC2 Agreement

Capital Region Housing Corporation

Schedule E

Operating Fund - Rental Operations

For the Year Ended December 31, 2023

	Revenues					Expenditures and Interfund Transfers					Surplus (Deficit) from operations after interfund transfers	Allocation from/(to) Portfolio Stabilization Reserves	
	Number of units	Tenant rent contributions	BCHMC Rental Subsidy	BCHMC fixed funding	Other	Total	Operating costs	Transfer to Replacement Reserve	Debt charges	Other Interfund Transfers			Total
Parry Place	21	357,343	298,464	-	13,503	669,310	656,731	16,600	221,596	-	894,927	(225,617)	225,617
RHFP Agreement													
Millstream Ridge	132	2,259,614	-	-	43,915	2,303,529	855,160	114,048	1,599,581	-	2,568,789	(265,260)	265,260
Spencer Close	130	2,167,087	-	-	42,700	2,209,787	763,189	112,320	1,120,978	-	1,996,487	213,300	(213,300)
West Park	152	2,070,532	-	-	46,679	2,117,211	768,060	131,328	1,133,839	-	2,033,227	83,984	(83,984)
Hockley House	120	1,817,843	-	-	31,965	1,849,808	623,831	103,680	1,087,389	-	1,814,900	34,908	(34,908)
Prosser Place	51	381,156	-	-	22,285	403,441	267,629	37,454	263,774	(202,312)	366,545	36,896	(36,896)
	585	8,696,232	-	-	187,544	8,883,776	3,277,869	498,830	5,205,561	(202,312)	8,779,948	103,828	(103,828)
IHI Agreement													
Westview	73	821,530	-	-	19,348	840,878	407,866	63,072	280,176	-	751,114	89,764	(89,764)
CHF Agreement													
Twenty-Seven Eighty-Two	58	596,378	411,936	-	(705)	1,007,609	305,843	50,112	692,688	-	1,048,643	(41,034)	41,034
No Operating Agreement													
Portage Place	17	238,684	-	-	360	239,044	110,531	35,217	-	-	145,748	93,296	(93,296)
Campus View Court	12	184,023	-	-	1,230	185,253	78,104	24,859	-	-	102,963	82,290	(82,290)
Royal Oak Square	38	505,215	-	-	1,621	506,836	259,414	78,719	248,095	-	586,228	(79,392)	79,392
Village on the Green	38	502,770	-	-	4,265	507,035	211,462	78,719	121,304	-	411,485	95,550	(95,550)
Vergo	18	291,927	-	-	-	291,927	107,834	37,288	271,647	-	416,769	(124,842)	124,842
	123	1,722,619	-	-	7,476	1,730,095	767,345	254,802	641,046	-	1,663,193	66,902	(66,902)
	1,931	\$23,002,135	\$ 710,400	\$ 2,674,751	\$ 278,078	\$26,665,364	\$13,051,799	\$ 3,083,416	\$10,645,912	\$ (202,312)	\$ 26,578,815	\$ 86,549	\$ (86,549)

Capital Region Housing Corporation Audit Findings Report



Capital Region Housing Corporation

**Audit Findings Report
for the year ended
December 31, 2023**



Prepared for the Hospitals and Housing Committee meeting on
May 1, 2024

kpmg.ca/audit



KPMG contacts

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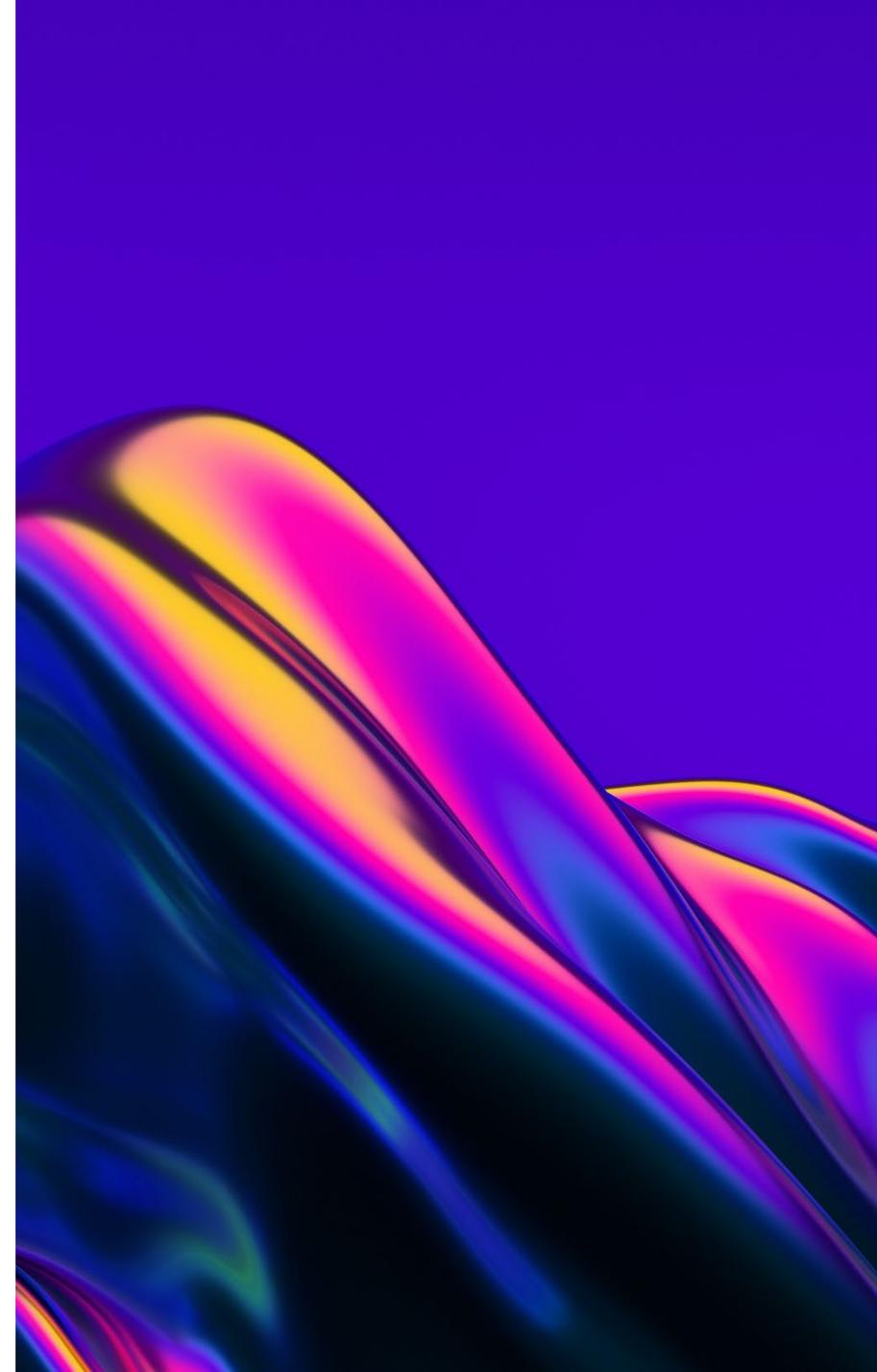


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Digital use information

4	Highlights	5	Status	6	Risks and results	13	Misstatements
14	Control deficiencies	15	Policies and practices	16	Appendices		

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

The purpose of this report is to assist you, as a member of the Hospitals and Housing Committee, in your review of the results of our audit of the financial statements. This report is intended solely for the information and use of Management, the Hospitals and Housing Committee, and the Board of Directors and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



Audit highlights



No matters to report



Matters to report – see link for details

Scope

Our audit of the financial statements (“financial statements”) of Capital Region Housing Corporation (“the entity” or “CRHC”) as of and for the year ended December 31, 2023, was performed in accordance with Canadian generally accepted auditing standards.

Status

We have completed the audit of the financial statements (“financial statements”), with the exception of certain remaining outstanding procedures, which are highlighted on the ‘Status’ slide of this report.



Risks assessment and results



Significant risks



No significant risks to report beyond those required by professional standards



Other risks of material misstatement



Other procedures



Going concern matters

Uncorrected misstatements



Uncorrected misstatements

There are no matters to report.

Corrected misstatements



Corrected misstatements



The management representation letter includes all misstatements identified as a result of the audit, communicated to management and subsequently corrected in the financial statements.

Control observations



Control observations



We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting. We have provided an update on prior year control observations.

Policies and practices



Accounting policies and practices



Other financial reporting matters



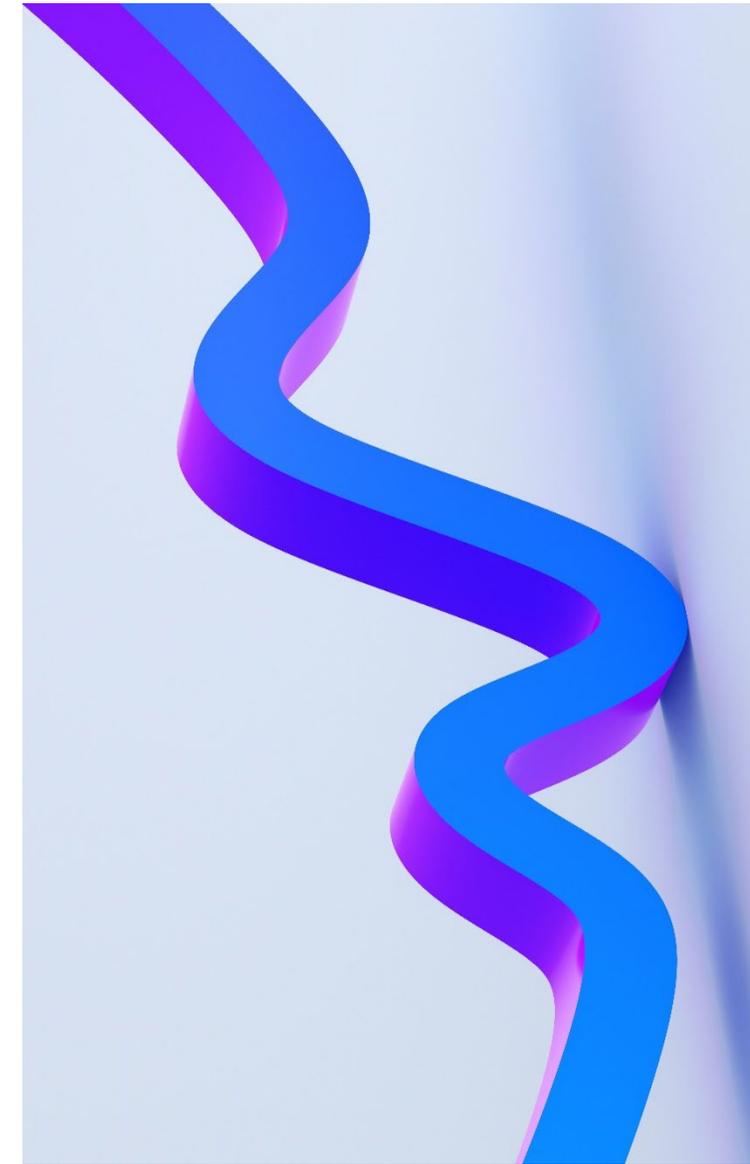
Status

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing our discussions with the Hospitals and Housing Committee
- Obtaining evidence of the Board of Directors' acceptance of the financial statements
- Obtaining a signed management representation letter
- Completing subsequent event review procedures up to the date of the Board of Directors' acceptance of the financial statements.

We will update the Hospitals and Housing Committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

A draft of our auditor's report is included in the draft financial statements.





Significant risks and results

We highlight our significant findings in respect of **significant risks** as identified in our discussion with you in the Audit Plan, as well as any additional significant risks identified.



Fraud risk from management override of controls

This is a presumed fraud risk. Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities. We have not identified any specific additional risks of management override relating to this audit.

Our response

Our procedures included:

- testing of journal entries and other adjustments,
- performing a retrospective review of estimates,
- evaluating the business rationale of significant unusual transactions.

Significant findings

- There were no issues noted in our testing.





Other risks of material misstatement and results



Asset Retirement Obligation

The Entity adopted PS 3280 *Asset Retirement Obligations* (“ARO”) for the fiscal year ended December 31, 2023. This accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets. Under the new standard, an entity is required to review its tangible capital assets and identify any legal obligations associated with the retirement of those tangible capital assets (ex: removal of asbestos), estimate the future remediation cost, and record that future obligation as a corresponding depreciable asset and liability in the statement of financial position today. This significant new accounting standard has implications that have the potential to go beyond financial reporting, and will require organizations to think about how these future obligations will be funded.

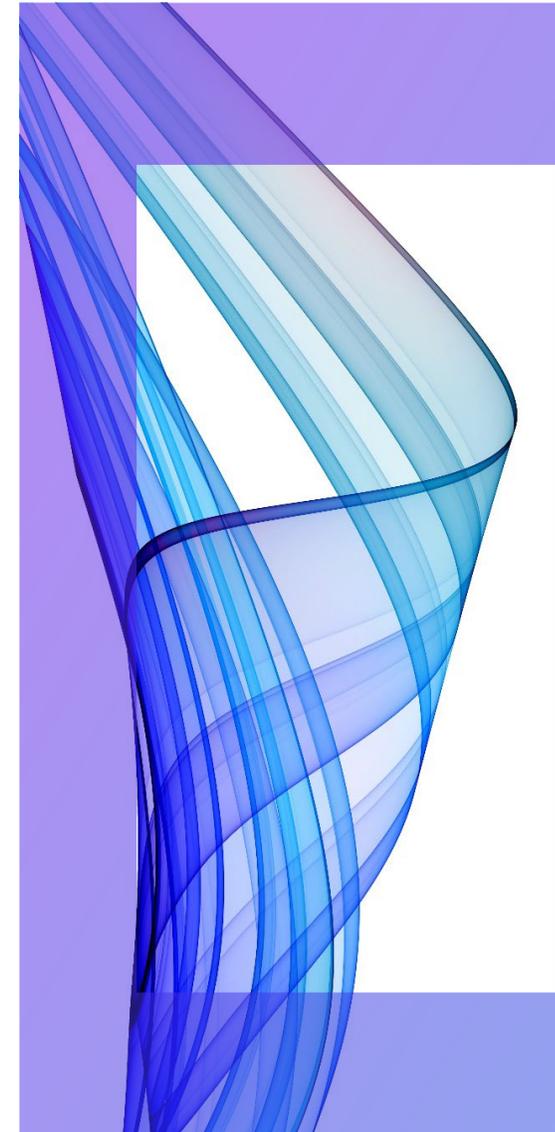
Management implemented the new standard on a modified retroactive basis which resulted in a liability of \$8,279,238 being recognized on adoption at January 1, 2023. The liability relates to asbestos containing materials in a number of buildings. The change in value between the adoption date and year end was \$1,242,188, with a liability of \$9,521,426 at December 31, 2023.

Our response

- We obtained an understanding of management’s process for adopting the standard through discussion with management and review of their scoping and measurement analysis.
- We tested completeness of in-scope identified assets, through discussions with internal experts, review of external hazardous materials reports (where applicable), and review of other external source documents to validate whether any AROs existed at the financial reporting date.
- We tested the accuracy of the calculations made by management to arrive at the estimated remediation cost, including sampling a number of buildings and validating the appropriateness of inputs and assumptions that feed into the calculations.
- We reviewed the related financial statement disclosures and accounting policies.

Findings

There were no issues noted in our testing. Because the prior year comparative balances were restated, our auditor’s report includes emphasis of matter and other matter paragraphs noting the change in the comparative balances and our audit of the restatement.





Other risks of material misstatement and results



Government Contributions

CRHC is undertaking a significant capital program of purchasing or building new developments and redeveloping existing buildings.

The capital program involves significant capital asset expenditure and significant non-recurring funding. Funding agreements can have unique conditions which can impact timing and value of revenue recognition in the financial statements.

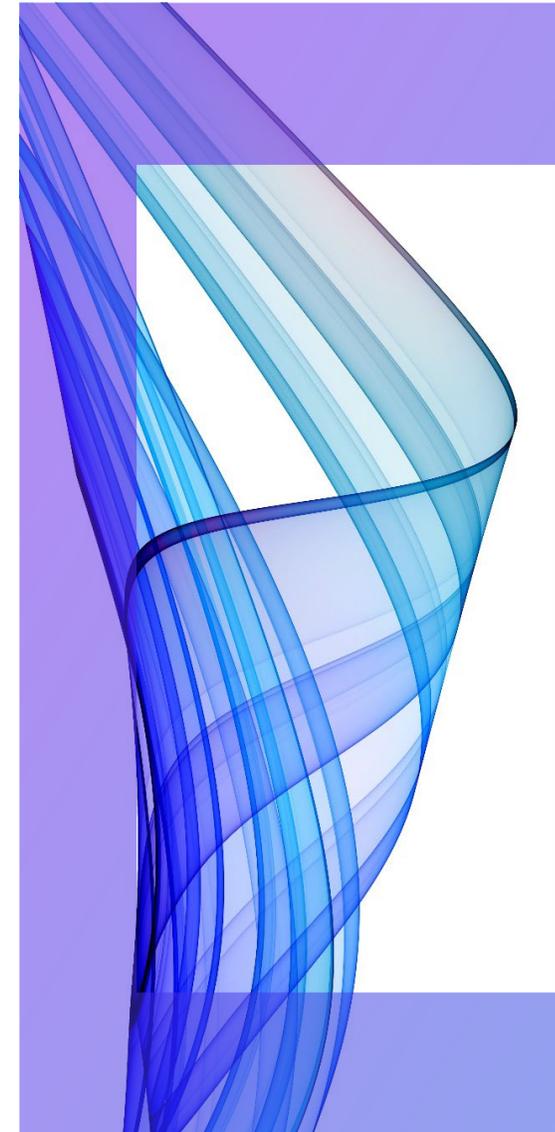
There were 8 building developments or redevelopments underway during 2023, including Michigan, Carey Lane (building envelope remediation), Caledonia, Drake, Campus View, Village on the Green, Pandora, Brentwood/Verdier. Government contributions revenue of \$16.1M was recognized, comprised of grants and forgivable loans to fund development projects that will result in affordable housing units. During the year the entity received \$11.9M in forgivable loans and \$20.2M in short-term financing.

Our response

- We updated our understanding of the process activities and controls over government contributions.
- We obtained and reviewed material funding agreements and assessed management's accounting analysis for recognition of such funding, including assessing funding as forgivable loans, mortgages or government grants.
- We agreed the balance outstanding for all significant short-term and long-term financing to third party statements.
- We assessed revenue recognition in accordance with the requirements of public sector accounting standards including government transfers.

Findings

- There were no issues noted in our testing.





Other risks of material misstatement and results



Capital Assets (new building developments and redevelopments)

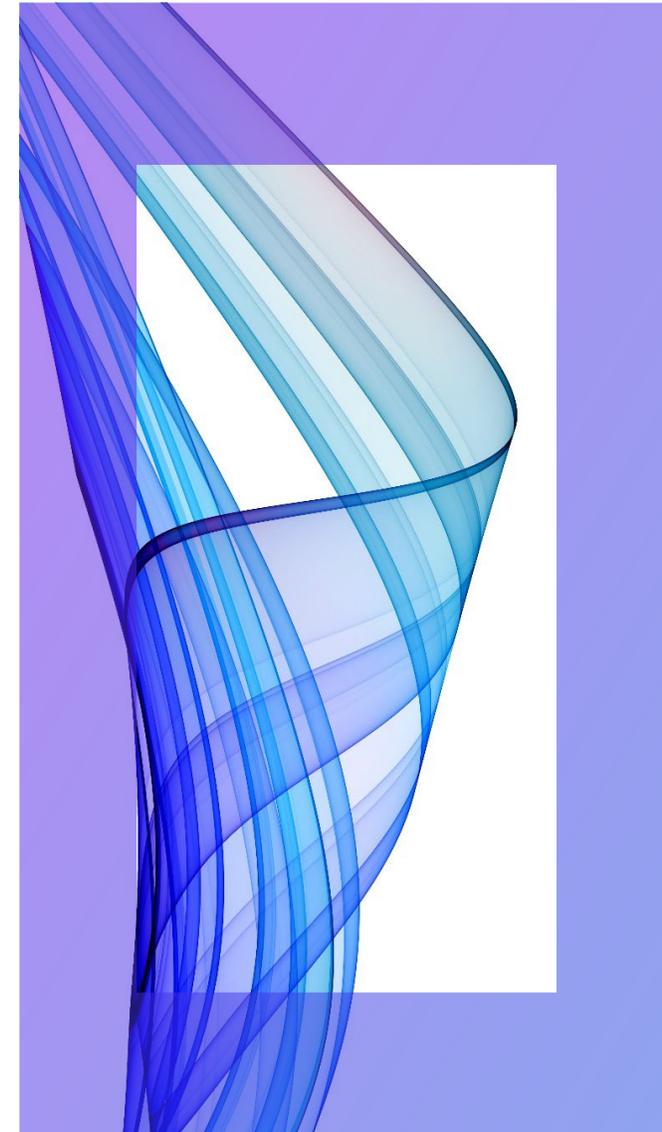
During the year, CRHC invested approximately \$52.8M in the acquisition of capital assets, including one turn-key acquisition, Prosser Place.

Our response

- We updated our understanding of the process activities and controls over new building developments and redevelopments.
- We reviewed the Board meeting minutes and performed inquiries with management to obtain an understanding of the status of all new developments and redevelopments, including any remaining commitments under the Regional Housing First Program.
- We obtained and reviewed the contracts and agreements for each new material building and assess the appropriateness of capital additions, including testing a sample of capital additions incurred during 2023 to bank statements, contractual agreements and 3rd party invoices.
- We assessed management's accounting and disclosures for the developments including activities related to new buildings as they become available for occupancy and commitments related to future capital construction.

Findings

- We identified an understatement of depreciation expense and overstatement of tangible capital assets of \$66K.
- No other issues were noted in our testing.





Other procedures performed



Cash, investments and debt

Response and findings

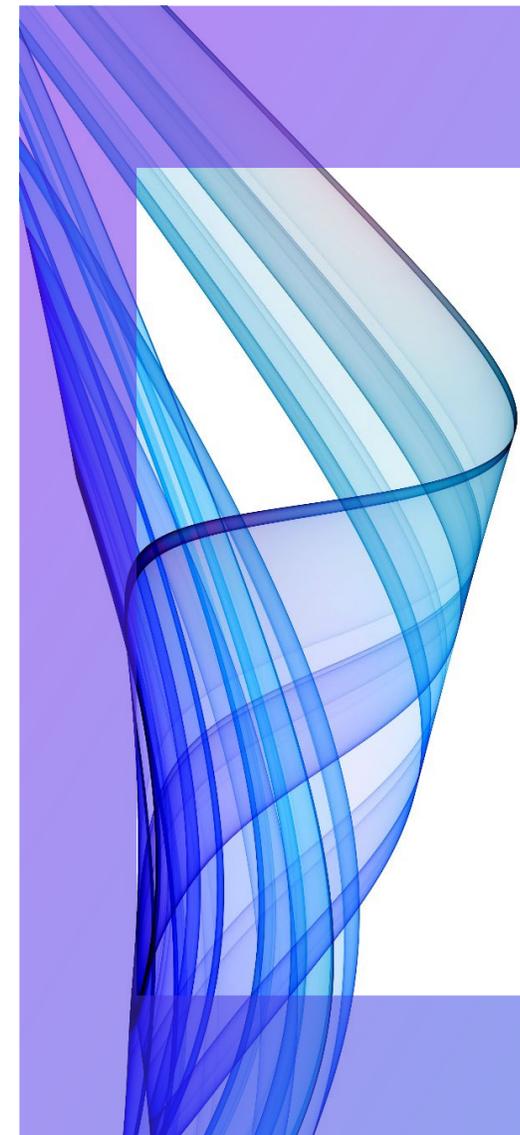
- We confirmed the balances with the respective financial institutions.
- We tested subsequent payments to determine if they were recorded in the correct accounting period.
- No issues were noted in our testing.



Revenue and expenses

Response and findings

- We completed a test of details over tenant revenue, comparing a sample of revenue recognized for new buildings to cash receipt and supporting agreements. We performed analytical procedures over other tenant revenue, comparing revenue recognized to prior year and budget.
- We completed analytical procedures over expenses by developing an expectation based on prior year and budget and comparing to our expectation to actual.
- Salaries and wage expense included testing internal controls over management review of payroll expense as well as comparing actual to prior year.
- A sample of new subsidized tenants was tested to determine if the subsidized tenant selection process was followed to verify qualification and ordering of tenant selection.
- No issues were noted in our testing.





Other procedures performed

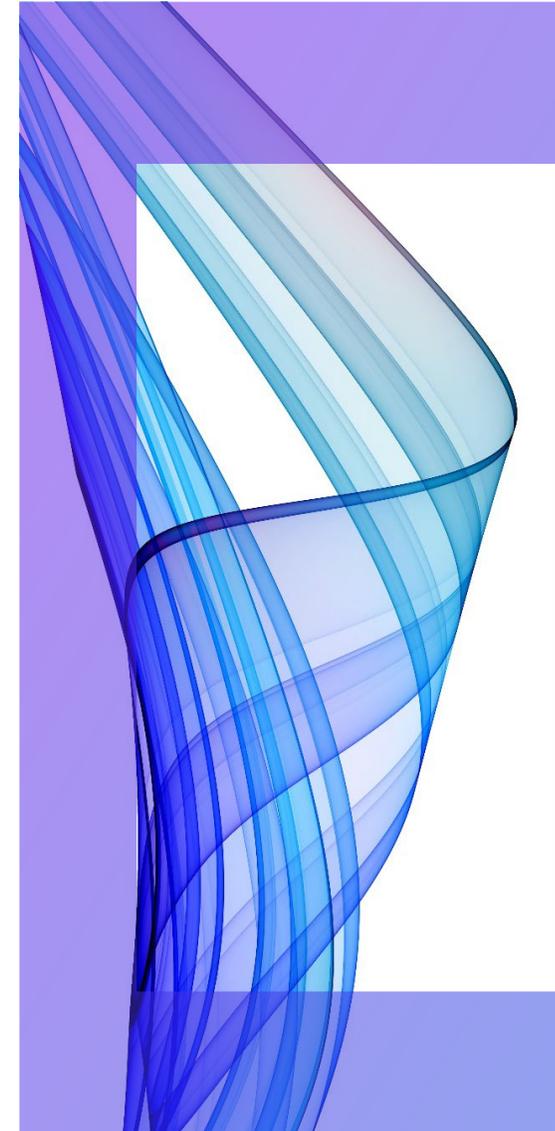


Concluding and reporting

Response and findings

We performed the following procedures as part of the overall conclusion and reporting phases of the audit:

- Evaluated management bias in the preparation of financial statements, based on patterns in the selection and application of accounting policies and principles.
- Financial statement presentation and disclosure was evaluated for compliance with accounting standards and comparability to industry leading practice, for example financial reporting award requirements of Government Finance Officers Association International.
- Legal exposure and estimates of contingency provisions were evaluated against supporting documentation including direct confirmation with external legal counsel.
- Disclosures in the financial statement notes were evaluated for completeness based on our knowledge of the Entity's ability to continue as a going concern, related party transactions, future contractual commitments and events occurring after year end.
- Deficiencies in internal control and other control observations were discussed with management, and if significant, communicated to the Board through a separate communication entitled Management Letter.





Corrected misstatements

Corrected misstatements include financial presentation and disclosure misstatements.



Impact of corrected misstatements

A difference was noted in the depreciation of the Rotary House Building. The building has a useful life of 25-years. However, the building was being amortized on a straight-line basis over 35-years. This resulted in an understatement of amortization expense and accumulated amortization in the year and an overstatement of the asset by \$66,000.

Below is a summary of the impact of the corrected misstatements:

Description	Statement of operations	Financial position		
	Annual Surplus (Decrease) Increase	Assets (Decrease) Increase	Liabilities (Decrease) Increase	Opening accumulated surplus (Decrease) Increase
Understatement of depreciation – Rotary House Building	(66,000)	(66,000)	-	-
Total misstatements	(66,000)	(66,000)	-	-



Control deficiencies

Consideration of internal control over financial reporting (ICFR)

In planning and performing our audit, we considered ICFR relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant deficiencies in internal control over financial reporting

A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.

We did not identify any significant deficiencies in internal control over financial reporting.



Accounting policies and practices

We also highlight the following:



Significant accounting policies



- Management adopted PS 3280 Asset Retirement Obligations during the year using the modified retroactive method. There were no issues noted as a result of adoption.
- There were no significant accounting policies in controversial or emerging areas.
- There were no issues noted with the timing of CRHC's transactions in relation to the period in which they were recorded.
- There were no issues noted with the extent to which the financial statements are affected by a significant unusual transactions and extent of disclosure of such transactions.
- There were no issues noted with the extent to which the financial statements are affected by non-recurring amounts recognized during the period and extent of disclosure of such transactions.



Significant accounting estimates



- There were no issues noted with management's identification of accounting estimates.
- There were no issues noted with management's process for making accounting estimates.
- There were no indicators of possible management bias.



Significant qualitative aspects of financial statement presentation and disclosure



- There were no issues noted with the judgments made, in formulating particularly sensitive financial statement disclosures.
- There were no issues noted with the overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- There were no significant potential effects on the financial statements of significant risks, exposures and uncertainties.

Appendices

1

Required
communicated

2

Management
representation letter

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Audit quality

4

Changes in
accounting standards

5

Audit and Assurance
Insights

6

Environmental, social
and governance (ESG)





Appendix 1: Required communications



Auditor's report

Refer to the draft report attached to the financial statements

Engagement letter

The objectives of the audit, our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in the engagement letter.



Independence

As required by professional standards, we have considered all relationships between KPMG and the Entity that may have a bearing on independence. We confirm that we are independent with respect to the Entity within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any other standards or applicable legislation or regulation from January 1, 2023 up until the date of this report.

Management representation letter

We will obtain from management certain representations at the completion of the audit. In accordance with professional standards, a copy of the representation letter is attached.



Appendix 2: Management representation letter

(Letterhead of Client)

KPMG LLP
Chartered Professional Accountants
St. Andrew's Square II
800-730 View Street
Victoria, BC V8W 3Y7

May X, 2024

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of Capital Region Housing Corporation ("the Entity") as at and for the period ended December 31, 2023.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in [Attachment I](#) to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated September 9, 2022, including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties;
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.

- c) providing you with unrestricted access to such relevant information.
- d) providing you with complete responses to all enquiries made by you during the engagement.
- e) providing you with additional information that you may request from us for the purpose of the engagement.
- f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

Internal control over financial reporting:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - otherswhere such fraud or suspected fraud could have a material effect on the financial statements.
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements or illegal acts, whose effects should be considered when preparing financial statements.

- e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

Related parties:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

Estimates:

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Going concern:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

Misstatements:

- 11) We approve the corrected misstatements identified by you during the audit described in [Attachment II](#).

Non-SEC registrants or non-reporting issuers:

- 12) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 13) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

Ted Robbins, Chief Administrative Officer

Nelson Chan, Chief Financial Officer

Kevin Lorette, General Manager, Planning and Protective Services

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Information is obscured if it is communicated in a way that would have a similar effect for users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

- a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;
- b) information regarding a material item, transaction or other event is scattered throughout the financial statements;
- c) dissimilar items, transactions or other events are inappropriately aggregated;
- d) similar items, transactions or other events are inappropriately disaggregated; and
- e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have

Attachment II – Summary of Audit Misstatements Schedule**Corrected Misstatements**

Presented in dollars	Statement of operations effect	Statement of financial position effect		
Description of individually significant misstatements	(Decrease) Increase	Assets (Decrease) Increase	Liabilities (Decrease) Increase	Accumulated surplus (Decrease) Increase
Understatement of amortization expense for Rotary House	(66,000)	(66,000)		
Total misstatements	(66,000)	(66,000)	-	-



Appendix 3: Audit quality - How do we deliver audit quality?

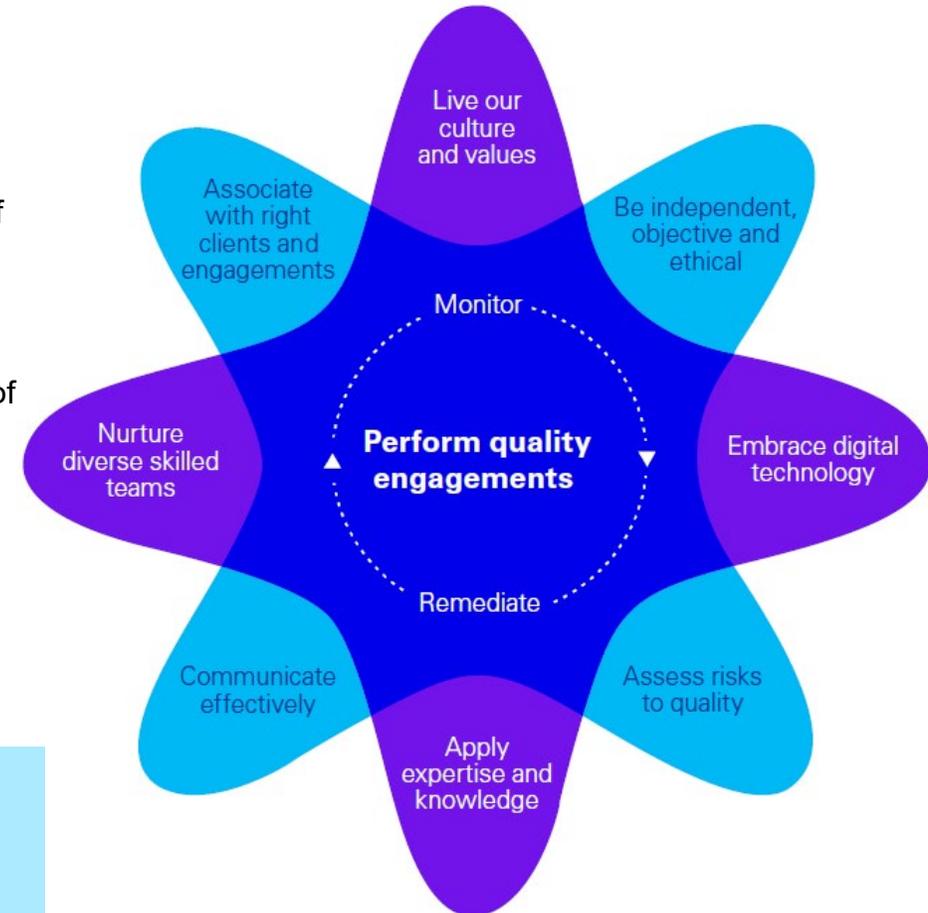
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Our Transparency Report includes our firm's Statement on the Effectiveness of our SoQM.

 [KPMG 2023 Audit Quality and Transparency Report](#)

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.



Doing the right thing. Always.



Appendix 4: Changes in accounting standards

Standard	Summary and implications
Revenue <div data-bbox="206 486 443 544" style="border: 1px solid blue; border-radius: 15px; padding: 2px 10px; display: inline-block;">Effective FY2024</div>	<ul style="list-style-type: none"> • The new standard PS 3400 <i>Revenue</i> is effective for fiscal years beginning on or after April 1, 2023. • The new standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. • The standard notes that in the case of revenue arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations. • The standard notes that unilateral revenue arises when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.
Purchased Intangibles <div data-bbox="206 739 443 796" style="border: 1px solid blue; border-radius: 15px; padding: 2px 10px; display: inline-block;">Effective FY2024</div>	<ul style="list-style-type: none"> • The new Public Sector Guideline 8 <i>Purchased intangibles</i> is effective for fiscal years beginning on or after April 1, 2023 with earlier adoption permitted. • The guideline allows public sector entities to recognize intangibles purchased through an exchange transaction. The definition of an asset, the general recognition criteria and GAAP hierarchy are used to account for purchased intangibles. • Narrow scope amendments were made to PS 1000 <i>Financial statement concepts</i> to remove the prohibition to recognize purchased intangibles and to PS 1201 <i>Financial statement presentation</i> to remove the requirement to disclose purchased intangibles not recognized. • The guideline can be applied retroactively or prospectively.



Appendix 4: Changes in accounting standards (continued)

Standard	Summary and implications
Employee benefits	<ul style="list-style-type: none"> • The Public Sector Accounting Board has initiated a review of sections PS 3250 <i>Retirement benefits</i> and PS 3255 <i>Post-employment benefits, compensated absences and termination benefits</i>. • The intention is to use principles from International Public Sector Accounting Standard 39 <i>Employee benefits</i> as a starting point to develop the Canadian standard. • Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, the new standards will be implemented in a multi-release strategy. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues. • The proposed section PS 3251 <i>Employee benefits</i> will replace the current sections PS 3250 <i>Retirement benefits</i> and PS 3255 <i>Post-employment benefits, compensated absences and termination benefits</i>. It will apply to fiscal years beginning on or after April 1, 2026. Early adoption will be permitted and guidance applied retroactively. • This proposed section would result in public sector entities recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position. Organizations would also assess the funding status of their post-employment benefit plans to determine the appropriate rate for discounting post-employment benefit obligations. • The Public Sector Accounting Board is in the process of evaluating comments received from stakeholders on the exposure draft.



Appendix 4: Changes in accounting standards (continued)

Standard	Summary and implications
Concepts Underlying Financial Performance	<ul style="list-style-type: none"> The revised conceptual framework is effective for fiscal years beginning on or after April 1, 2026 with earlier adoption permitted. The framework provides the core concepts and objectives underlying Canadian public sector accounting standards. The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.
Financial Statement Presentation	<ul style="list-style-type: none"> The proposed section PS 1202 <i>Financial statement presentation</i> will replace the current section PS 1201 <i>Financial statement presentation</i>. PS 1202 <i>Financial statement presentation</i> will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption will be permitted. The proposed section includes the following: <ul style="list-style-type: none"> Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained. Separating liabilities into financial liabilities and non-financial liabilities. Restructuring the statement of financial position to present total assets followed by total liabilities. Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”. A new provision whereby an entity can use an amended budget in certain circumstances. Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position. The Public Sector Accounting Board is currently deliberating on feedback received on exposure drafts related to the reporting model.



Appendix 5: Audit and assurance insights

Our latest thinking on the issues that matter most to the Finance and Audit Committee, board of directors and management.

KPMG Audit & Assurance Insights

Curated research and insights for audit committees and boards.

Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities

Current Developments

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook reports.

Audit Committee Guide – Canadian Edition

A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

Accelerate 2023

The key issues driving the audit committee agenda in 2023.

Momentum

A quarterly newsletter with the latest thought-leadership from KPMG's subject matter leaders across Canada and valuable audit resources for clients.

KPMG Climate Change Financial Reporting Resource Centre

Our climate change resource center provides insights to help you identify the potential financial statement impacts to your business.

IFRS Breaking News

A monthly Canadian newsletter that provides the latest insights on international financial reporting standards and IASB activities.





Appendix 6: How we can help along your ESG reporting journey

Preparing for ESG reporting in accordance with regulatory standards will take substantial time and resources – it is a journey. The end goal is implementing and sustaining ESG external reporting in compliance with the applicable reporting frameworks in such a way that the ESG information and metrics reported can be verified and assured.

As your financial statement auditor, we are able to support you across a number of activities throughout your ESG reporting journey, prior to undertaking assurance readiness or formal assurance on your reported ESG information and metrics.



Establish

- Findings and observations with respect to **materiality assessment**, governance structure, reporting strategy
- **Gap assessment** to global reporting standards (e.g., IFRS S1 and S2)
- **Peer benchmarking and insights** on industry best practices



Implement / Report

- ESG reporting **training** to Board and Management



Assess

- Feedback on **current state operating model**, including processes, people, technology, service delivery model and data
- Review existing **data and estimation methodologies**



Design

- Provide management with feedback on the **reporting roadmap**
- Findings and observations on draft **external disclosures** based on leading practice





Appendix 6: Why your auditors should be engaged in the reporting journey

We are one-team at KPMG.

With KPMG's one-team approach, you will benefit from the efficiencies gained by having members of your financial statement audit team engaged in your ESG reporting journey along with our ESG subject matter experts.



We know you

It is important to have a general understanding of the entity and its control environment (e.g., IT systems and underlying processes) to best support you in your ESG reporting journey



Coordinated approach

Management meetings are carried out once and leveraged across your financial statement and ESG journey process, wherever possible



Synergies gained

Key messages and reports to management and the audit committee will be consistent and include both financial and ESG information



Connected to financial statements

Increased demand for consistency between ESG reporting and financial reporting puts us in the best position to support you



Single point of contact

Having KPMG as your ESG service provider – your key audit points of contacts will enable you to get clear perspectives on all your reporting needs when you need them



Future efficiencies

Engaging us in the reporting process today will be an investment that will lead to efficiencies when undergoing limited assurance in the future



Appendix 6: IFRS Sustainability disclosure standards

Environmental, social and governance (“ESG”)

First IFRS Sustainability Disclosure Standards

The arrival of the first two IFRS Sustainability Disclosure Standards marks a key milestone in sustainability reporting and is a significant step towards creation of a global baseline for stakeholder-focused sustainability reporting that local jurisdictions can build on. **Although the standards are not required to be adopted by CRHC, the new IFRS sustainability standards provide key insights into what the future of sustainability reporting may look like for CRHC. The Canadian Sustainability Standards Board released the first proposed Canadian standards for public comments due by June 10, 2024.**

Summary of the recently released standards

The standards build on the four-pillar structure of the **Task Force on Climate-related Financial Disclosures**.

The **general requirements standard (IFRS S1)** defines the scope and objectives of reporting and provides core content, presentation and practical requirements.

It requires disclosure of material information on all sustainability-related risks and opportunities – not just on climate.

The **climate standard (IFRS S2)** replicates the core content requirements and supplements them with climate-specific reporting requirements.



Visit KPMG’s Sustainability Reporting website for more information, including a comprehensive summary of the new requirements and KPMG’s insights and illustrative examples for the new standards.

[Click here](#) to access KPMG’s portal



Appendix 6: ESG: Thought leadership and insights (continued)

Thought leadership – Environmental, social and governance (“ESG”) (continued)

Note: Click on images to visit document link.

How the 'S' in ESG is changing the way we do business

The social component of ESG calls for more heart, empathy and interconnectedness

The "S" in ESG is becoming critical as people and organizations become more conscious about how the social aspect of business will impact their future.

This article touches on the social movements driving business change.

Climate change, human rights and institutional investors

The adverse impacts to people from a changing climate will create risks for institutional investors throughout the value chain

As the severity of climate impacts increase, so do the socio-economic disruptions due to the risk and fall of climate impacted sectors and projects.

This article breaks down the impact on institutional investors.

The numbers that are changing the world

Revealing the growing appetite for responsible investing



This article outlines how ESG is impacting valuation and performance of the underlying companies institutional investors have a stake in.

Market statistics highlight the issues surrounding responsible investment.



Appendix 6: Thought leadership and insights (continued)

Thought leadership – Environmental, social and governance (“ESG”) (continued)

Note: Click on images to visit document link.



Intentional adoption of smart, digital, experience-centric solutions have become indispensable in overcoming today's challenges and aligning city services to the future needs and well-being of the public. We invite you to explore this report on KPMG's global research and insights on The future of local government.



The Green City outlines the need of the cities and the buildings in them to reflect climate consciousness.

The link provides guidance on what that looks like and the first steps to meeting those objectives.

KPMG's Climate Change Financial Reporting Resource Centre

KPMG's climate change resource centre provides FAQs to help you identify the potential financial statement impacts for your business.

[Click here](#) to access KPMG's portal.

A closer look at the GHG Protocol

Chartered Professional Accountants of Canada (CPA Canada) and the Institute for Sustainable Finance (ISF) produced a 23-page report ([click here](#)) on the GHG Protocol. The report looks to inform potential preparers and users of emissions disclosure; policy makers; standard setters; regulators; and others, and to spur important additional research into key aspects of emissions disclosure and standards that require closer attention.



<https://kpmg.com/ca/en/home.html>

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Capital Region Housing Corporation

Detailed Variance Analytics

Statement of Financial Position

	2023	2022 Restated	Variance \$	Variance %	Explanation (variance greater than \$150k and 10%)
Financial Assets					
Cash and cash equivalents	14,903,603	10,350,289	4,553,314	44%	Cash increase primarily related to increases in capital project activity; increases in AP, cash from matured GICs, and capital financing. Refer to Statement of Cash Flows for more detail.
Accounts receivable	6,031,343	2,887,911	3,143,432	109%	Accounts receivable increased primarily due to capital project funds receivable at year end.
Prepaid expenses	890,568	697,314	193,254	28%	Prepaid increase due to construction liability insurance for Carey Lane and extension for Michigan properties.
Investments	-	6,500,000	(6,500,000)	100%	GICs matured in 2023.
Cash and cash equivalents restricted for RR	8,543,170	8,168,045	375,125	5%	
Capital Assets	262,404,263	217,766,993	44,637,270	20%	Increase primarily due to Prosser Place prepaid lease and significant WIP at Caledonia and Michigan redevelopments.
Total Financial Assets	292,772,947	246,370,552	46,402,395	19%	
Financial Liabilities & Net Assets					
Current Liabilities					
Accounts payable and other liabilities	7,154,414	4,014,200	3,140,214	78%	AP increase primarily due to the construction draws at Caledonia and Michigan redevelopments payable at year end.
Accrual mortgage interest	381,220	336,975	44,245	13%	
Due to CRD	284,633	425,418	(140,785)	-33%	Due to timing of clearing accounts and funds transfer.
Deferred Revenue	743,487	591,704	151,783	26%	Increase due to timing of tenant rent payments received for January 2024.
Security Deposits	1,214,931	1,141,108	73,823	6%	
Short-term capital financing	27,454,719	21,157,445	6,297,274	30%	Primarily due to significant progress on Caledonia and Michigan redevelopments.
Mortgage payable - current	6,193,511	6,213,290	(19,779)	0%	
Mortgage payable - renewal	8,233,676	595,492	7,638,184	1283%	Mortgages payable renewal portion increased as a result of more mortgages renewing in 2024 than 2023.
Total Current Liabilities	51,660,591	34,475,632	17,184,959	50%	
Mortgages Payable	161,065,397	151,795,738	9,269,659	6%	
Asset retirement obligations	9,521,426	8,279,238	1,242,188	15%	Increase in ARO a result of increased rate of inflation and fewer years for potential settlement of liability.
Capital Stock	1	1	-	0%	
Net Assets					
Invested in capital assets	56,115,448	38,335,853	17,779,595	46%	Increase driven by increased capital assets.
Externally restricted	11,921,941	12,127,169	(205,228)	-2%	Increase due to net income from portfolio operations and an increase in the replacement reserve balance.
Internally restricted	1,106,227	1,126,460	(20,233)	-2%	
Unrestricted	1,855,850	865,527	990,323	114%	Increase due to corporate fund net income.
Accumulated remeasurement gains (losses)	(473,934)	(635,066)	161,132	25%	Due to unrealized losses on investments.
Total Financial Liabilities & Net Assets	292,772,947	246,370,552	46,402,395	19%	

Capital Region Housing Corporation

Detailed Variance Analytics

Statement of Operations

	2023	2022 Restated	Variance \$	Variance %	Explanation (variance greater than \$150k and 10%)
Revenue					
Tenant rent contributions	23,002,135	21,246,546	1,755,589	8.3%	
BCHMC rent subsidy assistance	710,400	302,636	407,764	134.7%	Increase due to new CHF building: Twenty-Seven Eighty-Two.
BCHMC umbrella operating agreement funding	2,674,751	2,760,874	(86,123)	-3.1%	
Rental management fees - third parties	63,342	81,139	(17,797)	-21.9%	
Investment income	1,181,831	529,936	651,895	123.0%	Increase relates to increased interest rates at financial institutions.
Guest suites, net	1,801	4,371	(2,570)	-58.8%	
Miscellaneous	314,965	275,547	39,418	14.3%	
Government contributions	16,135,301	18,336,829	(2,201,528)	-12.0%	Decreased due to construction progress at Michigan and Caledonia exceeding approved forgivable loans.
Total Revenues	44,084,526	43,537,878	546,648	1.3%	
Expenses					
Administration and property management	3,275,841	2,869,235	406,606	14.2%	Increase relates to CUPE and exempt salaries, increases in CRD overhead allocations, and the cost of additional FTEs to support the new buildings.
Amortization	8,181,223	7,397,134	784,089	10.6%	Increase due to new assets: Twenty-Seven Eighty-Two and Prosser Place prepaid lease.
Accretion	377,533	361,069	16,464	4.6%	
Property taxes	33,806	4,500	29,306	651.2%	
Insurance	1,464,647	1,267,119	197,528	15.6%	Increased as a result of new properties and higher insurance premiums.
Maintenance	2,099,650	1,625,882	473,768	29.1%	Increase primarily related to ongoing increased ability to access to suites after Covid restrictions were lifted.
Caretakers	2,009,149	1,797,648	211,501	11.8%	Increased due to the cost of additional FTEs to support the new buildings.
Landscape	422,936	402,165	20,771	5.2%	
Electricity	368,374	342,902	25,472	7.4%	
Land and Improvement leases	307,137	299,474	7,663	2.6%	
Water	1,403,759	1,415,924	(12,165)	-0.9%	
Oil and gas	240,871	246,876	(6,005)	-2.4%	
Garbage	466,901	338,958	127,943	37.7%	
Audit and legal	41,438	33,600	7,838	23.3%	
Miscellaneous	190,446	34,425	156,021	453.2%	Increase is related to operating supplies and advertising.
Hospitality services (Parry Place)	492,595	321,584	171,011	53.2%	Higher cost due to contracted first aid services.
Interest on mortgages payable	4,163,763	3,573,882	589,881	16.5%	Increase due to mortgages for new properties.
Total Expenses	25,540,069	22,332,377	3,207,692	14.4%	
Excess (deficiency) of revenues over expenses	18,544,457	21,205,501	(2,661,044)	-12.5%	

Capital Region Housing Corporation Other Financial Statement Analysis

CRHC Other Financial Statement Analysis

The 2023 Audited Financial Statements have been prepared by management in accordance with Canadian Public Sector Accounting Board (PSAB) Standards. Under PSAB regulations, governments are required to present five statements with explanatory notes. Statements 1-2 are summarized in the staff report. This appendix provides a summary of Statements 3-5.

3. Statement of Change in Net Assets and Remeasurement Gains and Losses

The Statement of Change in Net Assets reports the annual surplus and changes in the following funds:

- Operating Fund (Corporate Fund and Rental Housing Fund)
- Restricted Fund (Capital Fund and Replacement Reserve Fund)
- Remeasurement Gains/(Losses)

Table 5 summarizes the change in net assets and remeasurement gains and losses in 2023 compared to 2022.

Table 5 – Change in in Net Assets and Remeasurement Gains and Losses Year over Year

Statement of Net Assets and Remeasurement Gains (\$ millions)	2023	2022 Restated
Net Assets, Beginning of Year	51.8	31.1
Annual Surplus	18.5	21.2
Subtotal	70.3	52.3
Unrealized Gain (Loss) on Investments	0.2	(0.5)
Net Assets, End of Year	\$70.5	\$51.8

Total net assets increased from 2022 by \$18.7 million or 36.1%. \$16.1 of the \$18.5 million annual surplus is a result of government grant contributions for various housing construction projects. These grants are recognized as revenue in the year they are spent resulting an annual surplus in 2023. Net assets are increased by another \$0.2 million due to an unrealized gain on investments.

4. Statement of Cash Flows

The Statement of Cash Flows reports the sources and uses of cash during the period. It breaks down these cash flows into three distinct categories: operating activities, investing activities and financing activities. The positive cash flow from operating activities means that core operations is generating enough cash to maintain operations, buy new assets and cover future-related mortgage payments. Table 6 summarizes the change in cash by activity comparing 2023 to 2022.

Table 6 – Change in Cash and Cash Equivalents Year over Year

Statement of Cash Flows (\$ millions)	2023	2022 Restated
Operating Activities	27.0	29.7
Capital Activities	(52.0)	(36.3)
Investing Activities	6.3	(8.3)
Financing Activities	23.2	17.4
Net Change in Cash and Cash Equivalents	4.5	2.5
Cash and Cash Equivalents, Beginning of Year	10.4	7.9
Cash and Cash equivalents, End of Year	\$14.9	\$10.4

In 2023, the cash position increased by \$4.5 million. The change in cash was due to \$27.0 million generated from operating activities reflecting net revenue after expenses, \$23.2 million from financing activities for debt proceeds received and \$52.0 million paid towards construction costs, primarily directed at Caledonia and Michigan Square redevelopments, and for the prepaid lease at Prosser Place.

5. Schedules

A. Schedule of Changes in Replacement Reserve Fund

Replacement reserve is a method of setting aside funds to cover a rental property's anticipated future capital improvement expenses (i.e., replacement of a roof, carpets, or appliances). Schedule A of the financial statements details the annual Changes in the Replacement Reserve Fund by property, including contributions, interest and transfers to the Capital Fund.

B. Schedule of Changes in Portfolio Stabilization Reserves

In accordance with operating agreements, a Portfolio Stabilization Reserve (PSR) has been established for each rental portfolio's accumulated operating surplus. The annual operating surplus/(deficit) is transferred to the PSR, and the Capital Region Housing Corporation Board has control over specified fund use as per operating agreements. Schedule B is a summary of PSR reserve activity per portfolio.

C. Schedule of Capital Assets

Schedule C is a listing of tangible capital assets at book value per building, classified by land, prepaid lease, buildings, equipment and transfers from replacement reserve fund. Accumulated amortization is based on the limited useful life of an asset, excluding land, regardless of how the asset acquisition was funded.

D. Schedule of Capital Fund – Mortgages Payable

Schedule D provides a summary of mortgage details by property and the cumulative principal which relates to current mortgage renewal in the following year, and the long-term mortgage payable.

E. Schedule of Operating Fund – Rental Operations

Schedule E provides a summary of each property's annual rental operations, with a focus on revenues and expenditures during the fiscal year. It determines how a surplus or deficit was generated per property and the related transfer to the portfolio stabilization reserve.

Capital Region Housing Corporation Financial Performance Measures

British Columbia, Canada
Fiscal year ended December 31, 2023

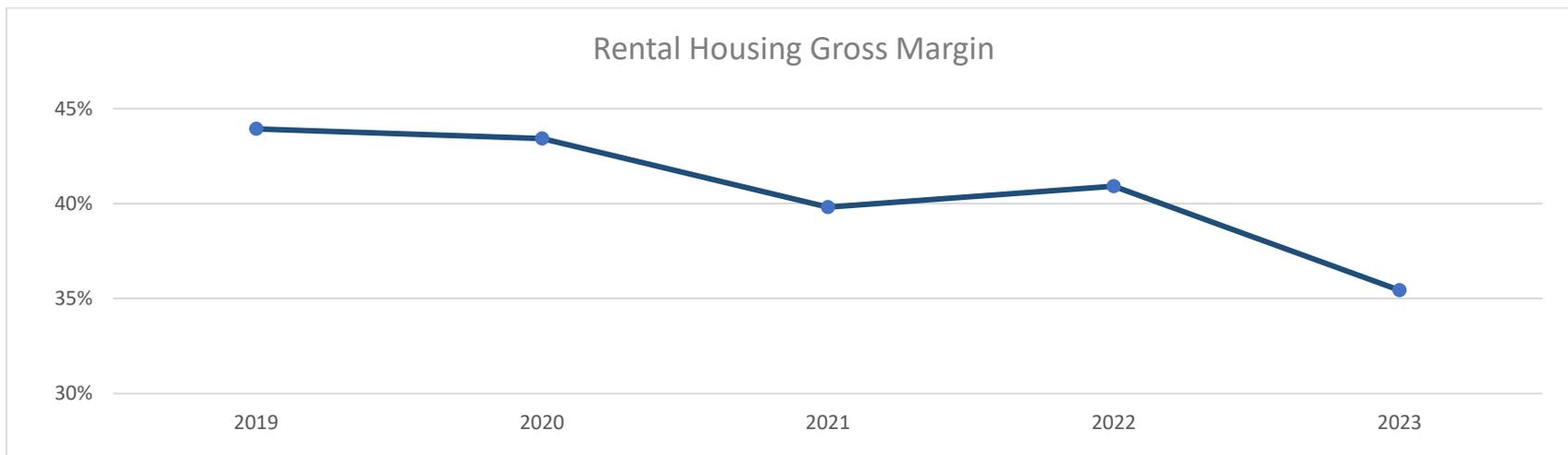
CRHC
Capital Region Housing Corporation

Capital Region Housing Corporation (CRHC) 2023 Financial Performance Measures

Financial indicators are metrics used to quantify current conditions and forecast trends. They can be used to evaluate the overall financial health of an entity. The following information is taken from the annual audited financial statements prepared in accordance with Public Sector Accounting Standards.

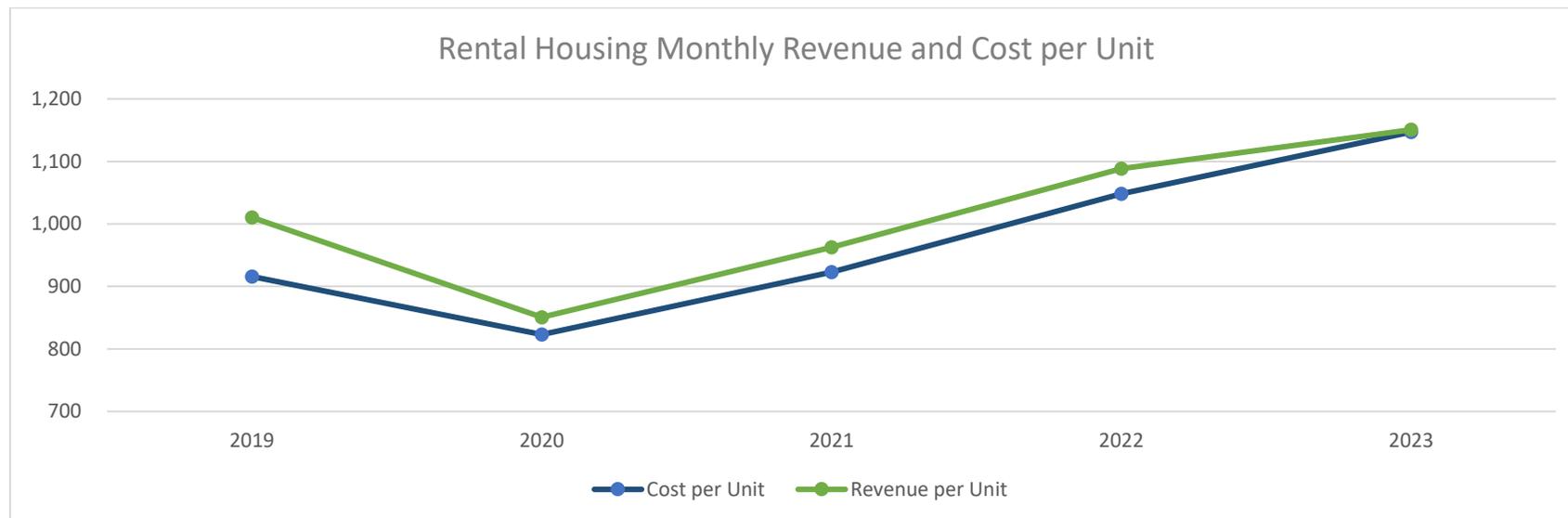
1. Gross Margin

Gross margin is a critical measure that evaluates an organization's retained revenue after direct expenses, such as labor and materials, have been subtracted. The higher the gross margin, the more revenue a company retains, which it can then use to pay other costs or satisfy debt obligations. From 2019 to 2023, rental housing revenue has consistently increased, indicating growth in the business. Despite revenue growth, gross margin has shown a decreasing trend over the same period, declining from 44% in 2019 to 35% in 2023.



2. Rental Housing Monthly Revenue and Cost Per Unit

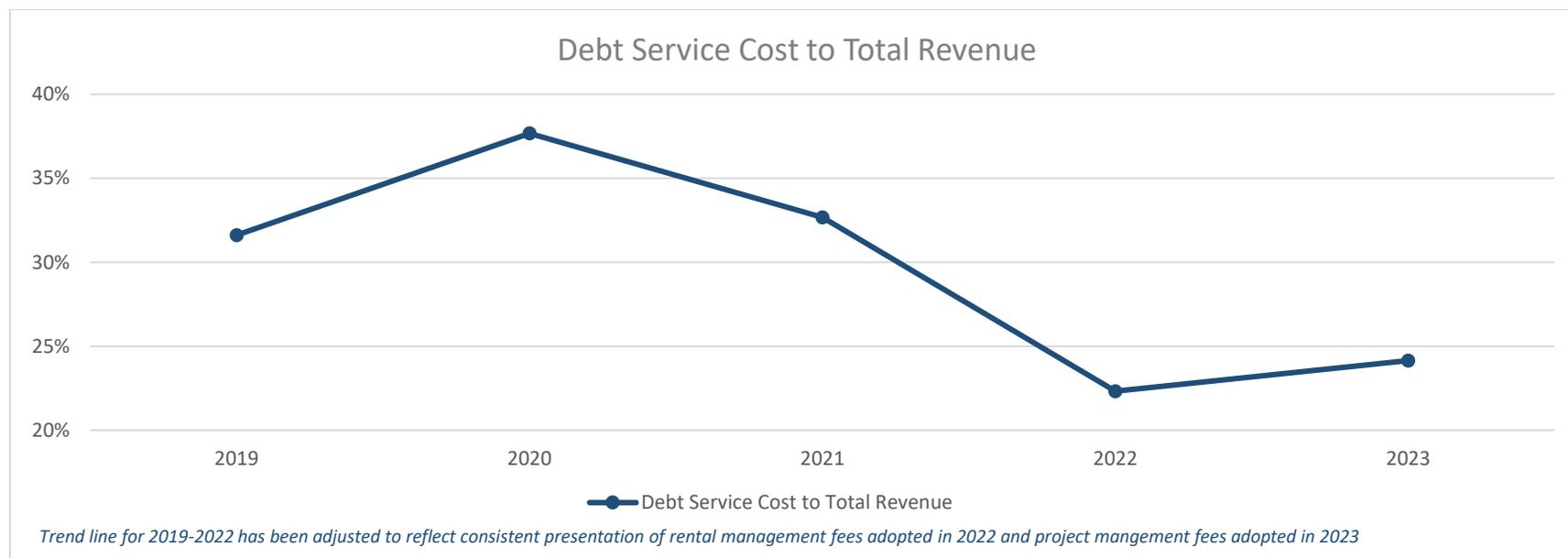
The revenue and cost per rental unit serves as a financial metric for evaluating the cost effectiveness of managing an entity’s rental properties. Data extracted from Schedule E Rental Operations was utilized to analyze this trend, encompassing total expenditures including principal and interest payments on mortgages throughout the year. In 2020, the cost per unit experienced a notable decrease, attributed to the addition of 355 new units. The increase in the number of units outpaced the rise in costs, primarily due to part-year operations for the newly acquired properties (Spencer Close and West Park). From 2021 to 2023, the monthly cost per unit presented an upward trend, reaching \$1,147 in 2023 (2022: \$1,048). This escalation can be attributed to various factors, including inflationary pressures and the continuous rise in expenses such as labour, maintenance, insurance and debt servicing costs. Excluding debt servicing costs, the 2023 monthly cost per unit is \$688 (2022: \$618). Despite increasing cost pressures, revenue per rental unit has kept pace with costs.



3. Debt Service Cost to Total Revenue

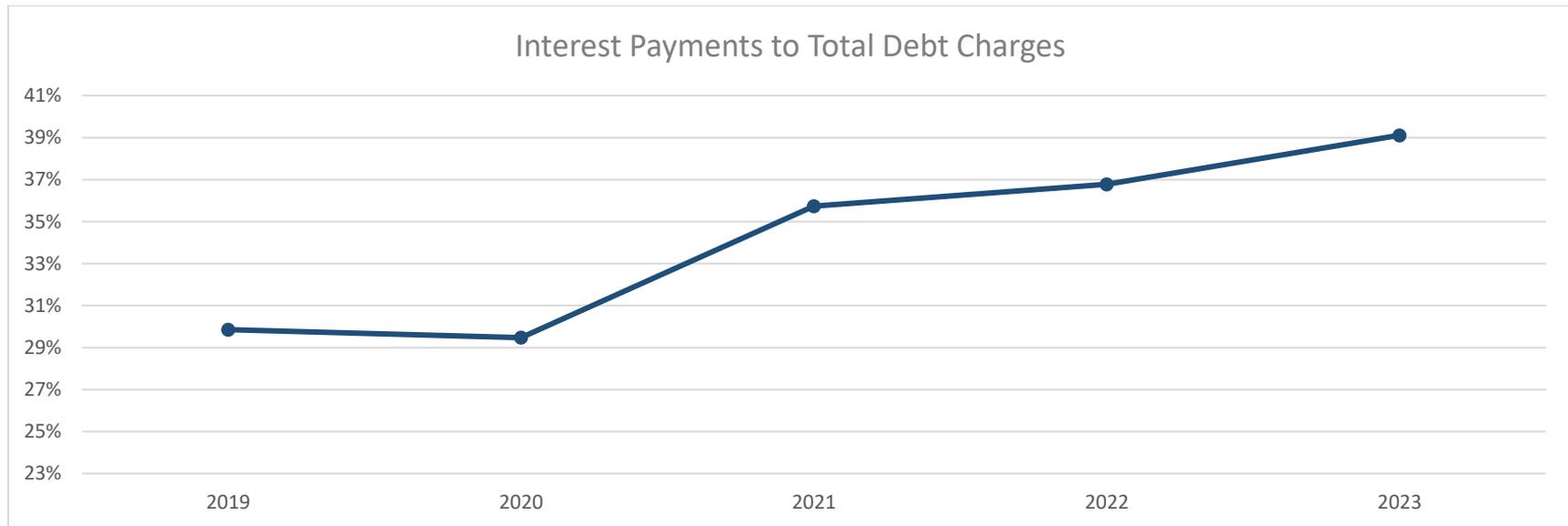
The debt service costs to total revenue ratio signifies the portion of revenue allocated towards servicing interest and principal payments on both short-term and long-term debts. A higher ratio suggests a larger proportion of revenue dedicated to debt repayment, limiting flexibility in responding to unexpected situations and adapting to changing conditions.

With various funding sources secured, such as forgivable loans and grants, coupled with enhanced tenant rent contributions from new properties, revenue has experienced a notable upsurge compared to the incremental interest and principal repayments on new debt. Consequently, this trend has led to a decline in the ratio. In 2023, the debt service cost to total revenue is 24% (2022: 22%). The same indicator calculated as a percentage of rental revenue only is 40% in 2023 (2022: 40%), indicating the increase in operating revenue was sufficient to cover the increase in debt charges and the ratio remained unchanged year over year.



4. Principal and Interest as a Proportion of Debt Servicing Costs

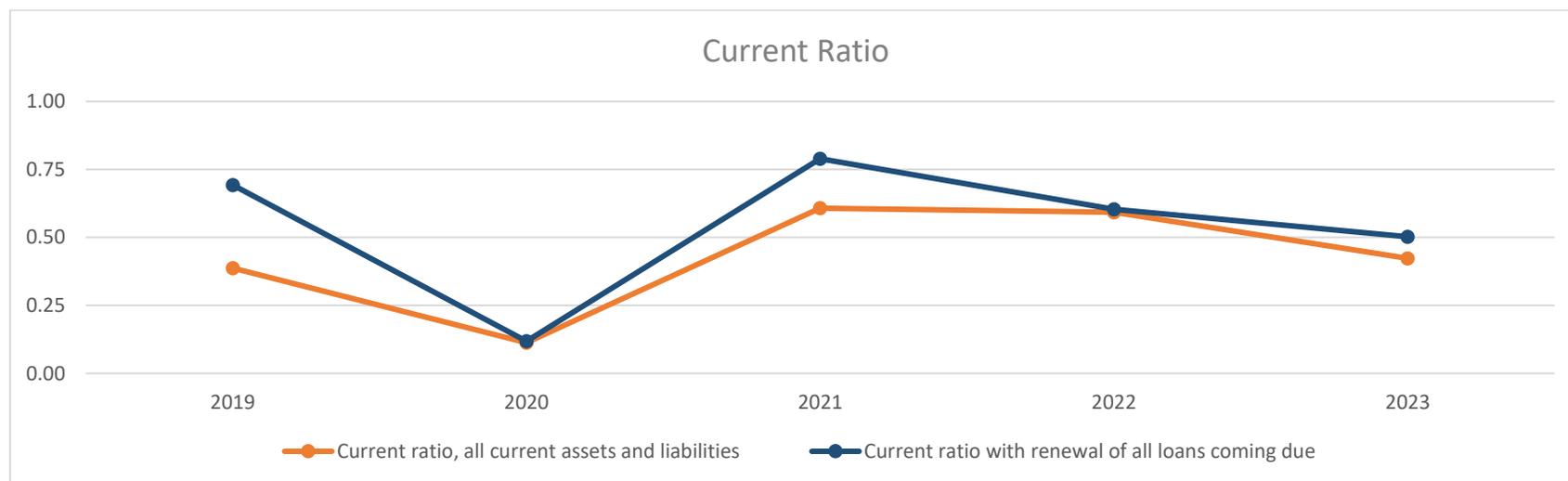
Principal and interest are the main components of a mortgage. Principal refers to the amount of money borrowed from the lender, while interest refers to the cost of borrowing. At the beginning of the mortgage term, more interest than principal is paid. In 2023, of the total mortgage debt servicing costs, 39% were attributed to interest payments (2022: 37%), an increase due to interest on new mortgages for Twenty-Seven Eighty-Two and Prosser Place properties.



5. Current Ratio

The current ratio serves as a measure of an entity's liquidity, indicating its ability to settle short-term debts using current assets. A higher ratio suggests a stronger ability to cover planned and unforeseen expenses. The 2020 current ratio was lower compared to other years due to acquiring West Park and Spencer Close, which added \$61.3 million in new debt. Since 2021, the current ratio has declined due to new debt obtained in 2022 and 2023 and an increase of \$6.3 million in construction financing from 2022 to 2023.

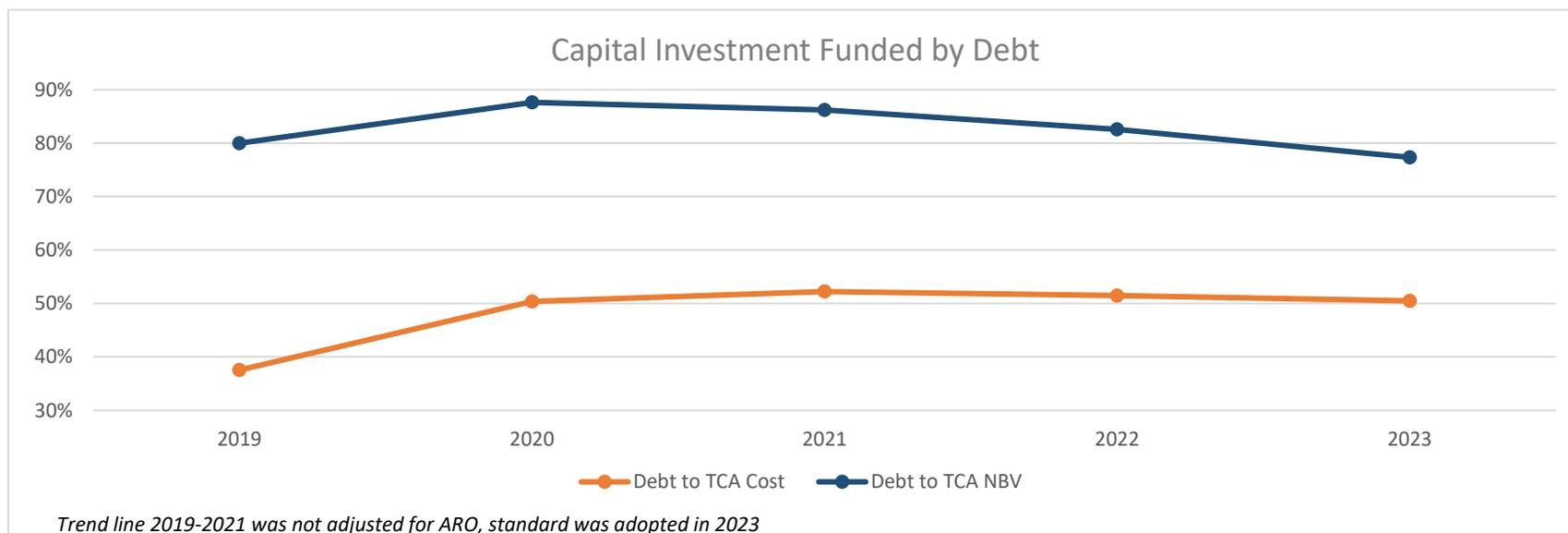
Mortgages with due dates in the upcoming fiscal year are categorized as current assets in financial statements. CRHC usually renews loans rather than paying off the full mortgage balance. Two trend lines are observed: one assuming no mortgage renewals (aligning with financial statement presentation) and the other assuming all due mortgages will be renewed without requiring full repayment within the next fiscal year. This results in a higher current ratio, reflecting the more probable scenario for the upcoming year. In 2022, the two ratios nearly aligned because only one mortgage of \$595k was due in 2023. In 2023, there is a spread between the ratios due to \$8.2 million in mortgages coming due in 2024 that would, upon renewal, no longer be classified as a current liability.



6. Capital Investment Funded by Debt

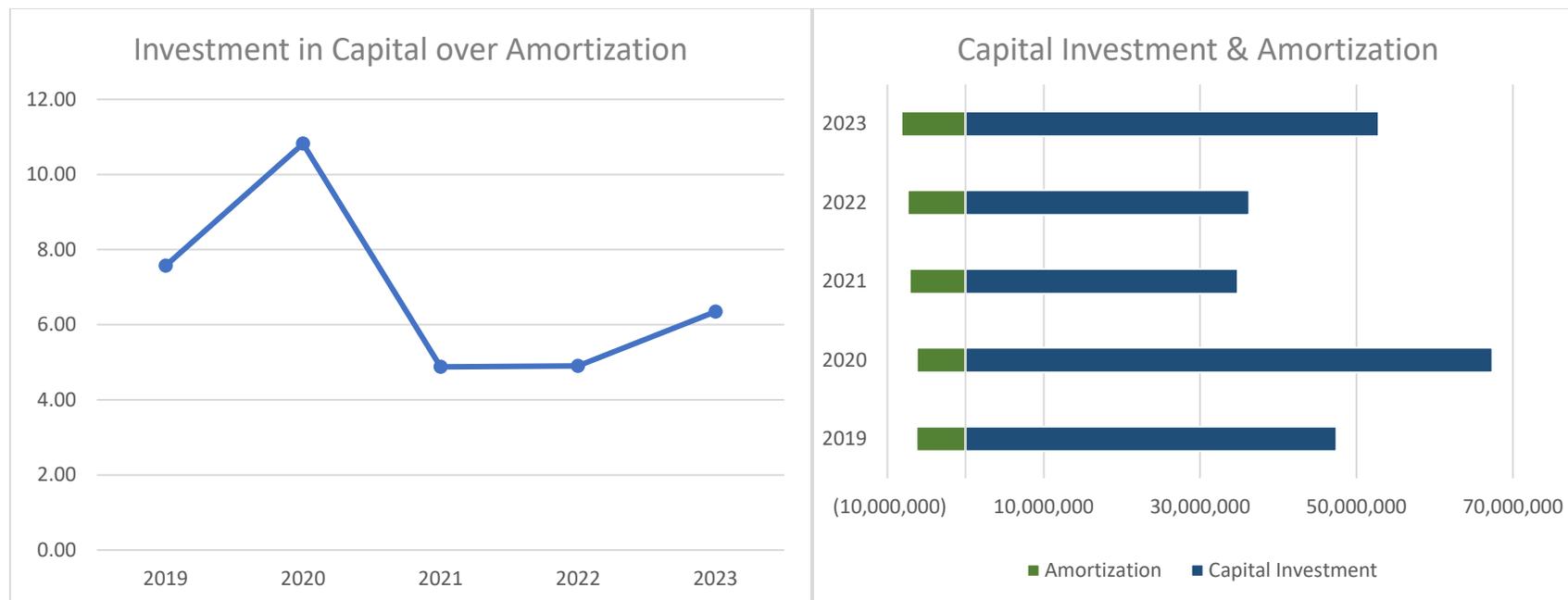
Capital investment funded by debt illustrates how much of an entity’s tangible capital assets (TCA) have been purchased using debt. Over the past five years, the debt to total capital assets net book value (TCA NBV) ratio has consistently ranged between 77% and 88%. This signifies that a significant portion of the entity's capital investment is financed through debt, with capital assets being amortized at a similar pace to debt repayment. As more assets reach full depreciation, this ratio is expected to decline more rapidly as debt repayment surpasses amortization.

In contrast, the debt to total capital assets cost ratio has been increasing since 2019. This uptrend reflects the additional debt acquired by the Entity to procure new properties. Notably, this ratio does not encompass the Capital Regional District's equity in the new leased buildings under the Regional Housing First Program, as grants received have mitigated the need for debt to fund prepaid leases. A consistent trend line since 2020 indicates a steady percentage of new property costs financed through debt.



7. Investment in Capital Over Amortization

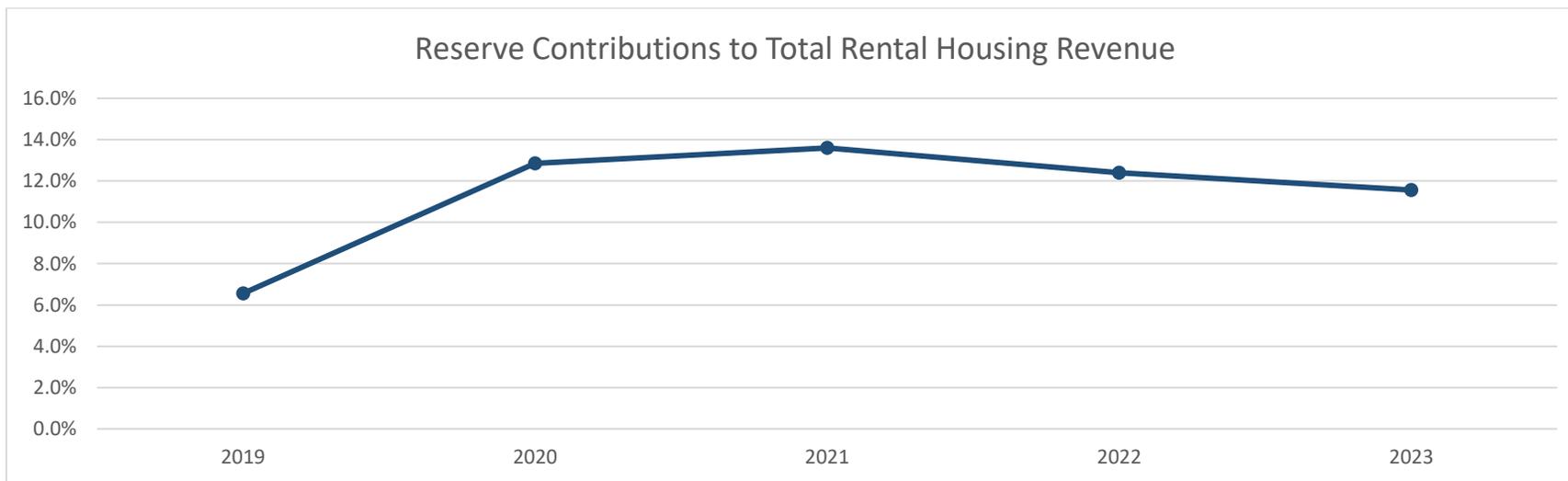
The charts below demonstrate the capital investment-to-amortization ratio which indicates the level of capital expenditure relative to the annual depreciation of assets. A higher ratio suggests that the entity is allocating more capital towards investments compared to the depreciation incurred on older properties. In 2023, capital investment outpaced amortization by 6.35 times.



Data for 2019-2021 was not adjusted for ARO, standard was adopted in 2023

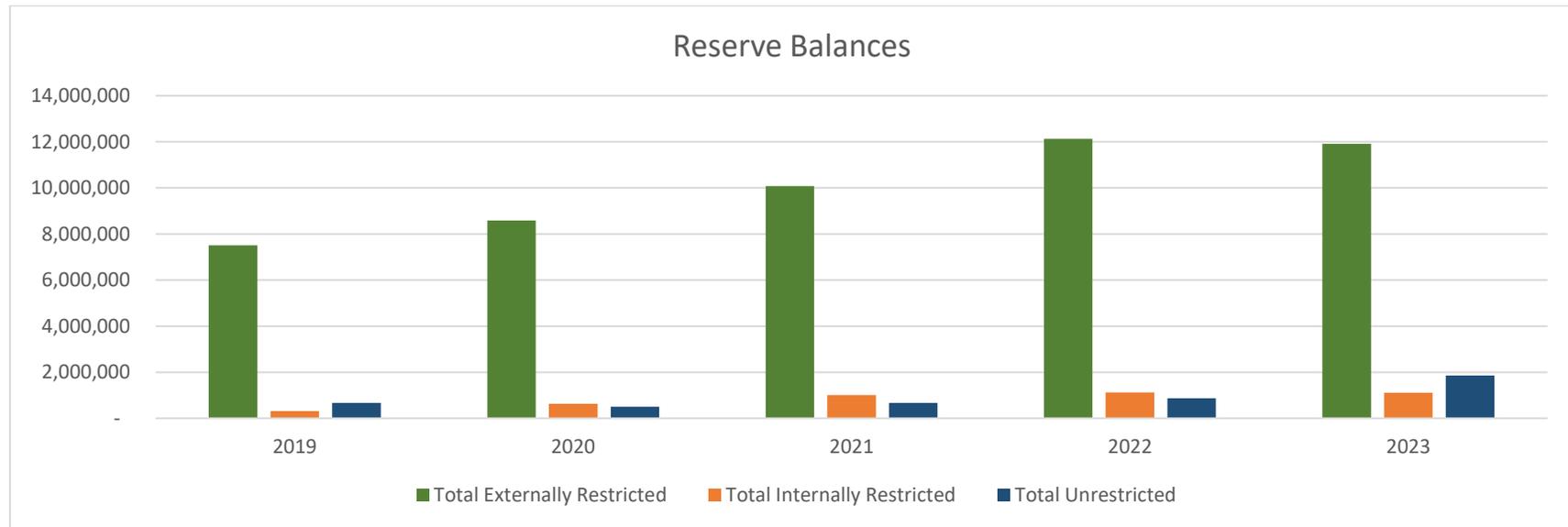
8. Contributions to Reserves as a Percentage of Total Revenue

Each building makes annual contributions to their Replacement Reserve Fund (RRF) which are required to fund future planned replacement of items. In 2023, contributions to the RRF were based on a calculation of \$173/unit per month and resulted in a contribution level of 11.6% (2022: 12.2%) of rental income. Contribution metrics and funding levels are a requirement of BC Housing Management Commission operating agreements which informs the contributions across all building portfolios. Fluctuations in contribution levels 2019 to 2023 can be attributed to changes in the number of rental units. Increases in 2020 and 2021 reflect new units being added and decreases reflect units not contributing while under redevelopment (2022 and 2023).



9. Reserve Balances

The entity's net assets comprise investments in TCAs, externally restricted reserves, internally restricted reserves and unrestricted reserves. The following displays the quantity of each reserve category held by the Entity over the last five years. Reserves serve as savings to bolster service delivery, potentially reducing borrowing costs for asset renewal and replacement. The uptick in the externally restricted reserve balance in years 2019-2022 signifies additions to replacement reserves surpassing expenditures from the reserve.



**REPORT TO CAPITAL REGION HOUSING CORPORATION BOARD
MEETING OF WEDNESDAY, MAY 08, 2024**

SUBJECT **Capital Region Housing Corporation 2023 Annual Report**

ISSUE SUMMARY

To present the Capital Region Housing Corporation 2023 Annual Report.

BACKGROUND

The Capital Region Housing Corporation (CRHC) 2023 Annual Report (Appendix A) provides a profile of CRHC services, progress and accomplishments in advancing corporate priorities, together with service delivery results and financial highlights. The report also features key activities of the CRHC.

The report is prepared to give stakeholders information about the CRHC’s activities and performance and together with the approval of the 2023 financial statements, will close-out the prior year.

The CRHC operates as an independent corporation registered under the *Business Corporations Act* and is wholly owned by the CRD. The 2023 Annual Report outlines the work done in the last year to deliver on the corporation’s vision of delivering affordable, attractive, inclusive, sustainable housing.

A major accomplishment in 2023 was the completion of Prosser Place, located in Central Saanich. This project consists of 51 affordable homes and was supported through the Regional Housing First Program.

The results outlined in the annual report show the breadth and scope of the work CRHC conducts daily and demonstrates how the corporation contributes to an improved quality of life for its residents through the efficient and effective delivery of housing services across the region.

RECOMMENDATION

There is no recommendation. This report is for information only.

Submitted by:	Don Elliott, MUP, BA, Senior Manager, Regional Housing
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

Appendix A: Capital Region Housing Corporation 2023 Annual Report

CAPITAL REGION HOUSING CORPORATION 2023 ANNUAL REPORT



Greater Victoria,
British Columbia, Canada
Year ended December 31, 2023

CRD | CRHC

TERRITORIAL ACKNOWLEDGEMENT

The CRHC conducts its business within the traditional territories of many First Nations, including but not limited to BOKÉĆEN (Pauquachin), MÁLEXEŁ (Malahat), P'a:chi:da?aht (Pacheedaht), Pune'laxutth' (Penelekut), Sc'ianew (Beecher Bay), Songhees, STÁUTW (Tsawout), T'Sou-ke, WJOLÉLP (Tsartlip), WSIKEM (Tseycum), and x^wsepsəm (Esquimalt), all of whom have a long-standing relationship with the land and waters from time immemorial that continues to this day.



Cover image: Prosser Place, *Central Saanich*

Back cover image: Michigan Square, *James Bay*

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Zac de Vries
Board Chair
Capital Region Housing Corporation

Message from the Board Chair

While the Capital Region Housing Corporation (CRHC) continues to make a positive impact in our community, the housing crisis is still very much with us.

We continue to add new homes to the housing inventory to deliver affordable, attractive, inclusive, sustainable housing. In 2023, the average rent for a CRHC two-bedroom home was \$1,301 per month, which is \$538 per month less than the Canada Mortgage and Housing Corporation (CMHC) average for the region, and up to \$1,417 less compared to the private market.

We are continuing to review the condition and capacity of our current housing stock and plan for the future. Investing in existing buildings, like our Carey Lane building envelope remediation, or replacing assets like our Village on the Green and Campus View developments, are examples of critical projects that support affordable housing in the region.

The energy and initiative of the CRHC gives me hope that we will meet the challenges of our housing crisis.



Ted Robbins
Chief Administrative Officer
Capital Regional District
Capital Region Housing Corporation
Capital Regional Hospital District

Message from the Chief Administrative Officer

2023 saw continued progress on the Capital Regional District (CRD) Board's goal to increase the number of affordable and inclusive homes across the region.

The Capital Region Housing Corporation (CRHC) expanded into Central Saanich with the 51-home Prosser Place, while two new projects, Michigan Square and Caledonia, made significant steps towards completion, and two more, Village on the Green and Campus View, moved into the advanced project planning phase.

The CRHC has seen significant growth over the last number of years, adding 645 units since 2019. This growth has added about 129 new affordable rental units per year in the region and represents annual unit growth of about eight per cent. The CRHC is going into 2024 owning and operating 52 buildings and 1,931 homes. Throughout this growth, the CRHC continues to ensure its tenants and their needs remain its key focus.

We look toward 2024 with optimism and that through further partnerships and collaboration, we will continue to make progress on this critical Board goal.



Caledonia redevelopment - Fernwood

The CRD and its subsidiary the CRHC, continue to demonstrate a willingness to be innovative, an ability to partner, and to critically focus on service delivery across the capital region through the provision of affordable housing.

CRHC Profile

Affordable housing is key to a strong economy and healthy region, and the Capital Region Housing Corporation (CRHC) provides 1,931 homes in 52 buildings across eight municipalities.

The CRHC is a wholly owned subsidiary of the Capital Regional District (CRD) and is the largest non-profit housing provider on Vancouver Island, providing homes for almost 4,000 tenants.

The projects recently completed, under development, and planned for the future are highlighted on the following pages listed as 2023 Progress.

The CRHC will continue to develop more homes to meet our community's current and future housing needs. The investments made today have a legacy impact across the region that is focused on those households currently struggling with housing affordability and experiencing, or are at-risk, of homelessness.

Vision

As leaders in non-profit housing in the capital region, the CRHC delivers affordable, attractive, inclusive, sustainable housing.

Mission

The CRHC's mission is to develop and manage affordable housing within the capital region for low to moderate income households.



CRHC Tenant Services Team

Staff Profile: Tenant Services - the Heart of Housing

While it can be said that all divisions of the CRHC put their hearts into their work, Tenant Services (TS) is where potential tenants have their first meetings with the Corporation, and where at the end of their interaction, there's usually a renewed sense of hope in finding a home.

The TS team, comprised of "Tenant Assists", have a wide background of customer service and face-to-face public experience, but followed their heart to work in social housing. They come from social services, other housing providers but all are in unison in identifying the necessity to make a difference in another's life as a key motivator in working at the CRHC.

Sorting out the complexities of finding a home in a difficult housing market and recognizing that successfully finding someone a new home could put that person's life on a new, positive trajectory, is something they say they keep in mind with every interaction.

It is that sense of social responsibility, expert customer service and respect that the TS team brings to the job every day. From the practical elements of providing resource information like saving tenants money on household insurance, to offering advice of helpful local resources, to offering long term hope of housing, the TS team ensures tenants have the support and assistance they need.

The stress of trying to find adequate and safe housing with a predictable rent is overwhelming to most, and the relief felt when that search is successful with the assistance of a TS team member is rewarding. Whether it is huge sighs of relief, or an impassioned "thank you", the reaction to the resolution of a housing struggle is something that the TS team never tire of hearing, and an accomplishment they continually strive towards.

Tenant Advisory Committee

The Tenant Advisory Committee (TAC) reports through the CRD's Hospitals and Housing Committee to advise the CRHC Board of Directors on tenant policies and programs and may include up to eight tenant representatives. The purpose of the TAC is to promote effective communication, engagement, and collaboration between the CRHC and its tenants.

2023 Progress

UNDER DEVELOPMENT



MICHIGAN SQUARE — *under development*

Located in Victoria's James Bay neighbourhood, Michigan Square is a redevelopment project which will replace the three existing apartment buildings on Michigan Street with two, four-storey apartment buildings to provide 97 affordable homes.



CALEDONIA — *under development*

Located in Victoria's Fernwood neighbourhood, Caledonia is a redevelopment project which will feature 158 affordable rental housing homes within two apartment and three townhouse buildings.



PANDORA — *under development*

Pandora is a unique collaboration between the City of Victoria, the Province through BC Housing, and the CRHC to build 205 new, non-market rental homes, with 158 operated by the CRHC. A new community programming space, and child care spaces, are planned for the development.



CAMPUS VIEW — *under development*

Located in Saanich near the University of Victoria, Campus View is a redevelopment project which will replace the existing 12 townhomes with 119 new homes in two apartment style buildings.



VILLAGE ON THE GREEN — *under development*

Located in Victoria's Fernwood neighbourhood, Village on the Green is a redevelopment project which will feature 140 affordable rental homes within two apartment style buildings.

NEW



VERDIER — *NEW development*

Located in Central Saanich's Brentwood Bay, Verdier is a proposed development that combines affordable housing with a planned daycare space. In the early development stages, construction is expected to start in 2025.

COMPLETED



PROSSER PLACE — *completed*

In 2023 the CRHC celebrated affordable housing in its eighth municipality – Central Saanich. Prosser Place is a 51-home affordable housing building which opened in late spring of 2023. Operated by the CRHC it includes 41 units for tenants with low to moderate incomes. Ten units are rented at provincial income assistance rates under the Regional Housing First Program (RHFP). The project aligns with the Saanichton Village Design Plan, a vision to include density and diversity of housing, accommodating people throughout their lifespan.

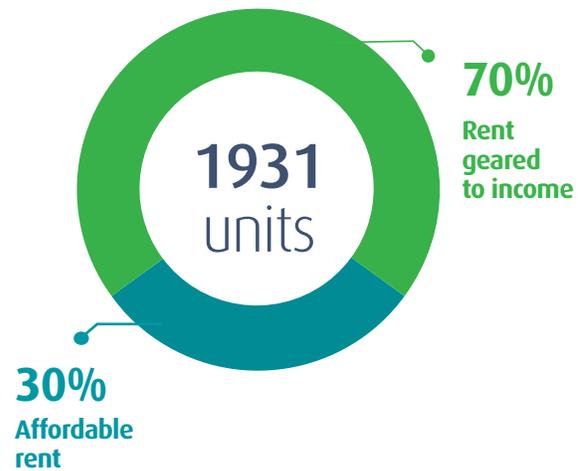
The project includes:

- ▶ 8 studio units
- ▶ 31 1-bedroom units
- ▶ 12 2-bedroom units
- ▶ Underground parking
- ▶ Close proximity to Centennial Park and nearby shops and services
- ▶ Convenient access to public transportation
- ▶ BC Energy Step Code – Step 2 design and construction

CRHC Overview



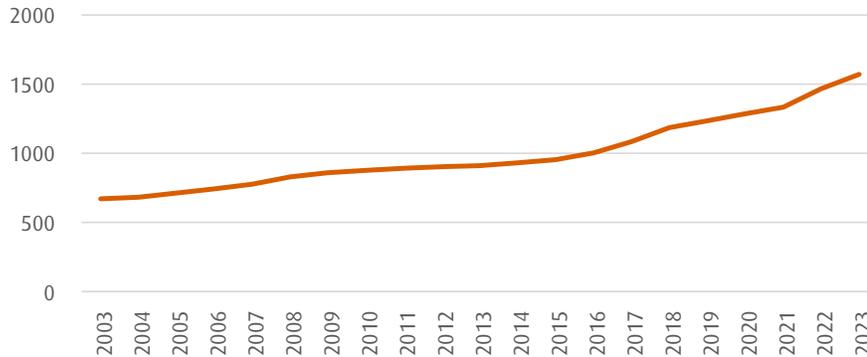
CRHC Rental Rates



Community Need

CRHC Regional Operating Environment

Average Rent/Month (\$)



In 2003, an average two-bedroom apartment in Victoria was about \$789 a month. That escalated to about \$1,000 in 2016 but has steeply climbed to more than \$1,800 a month in 2023.

Vacancy Rate (%)



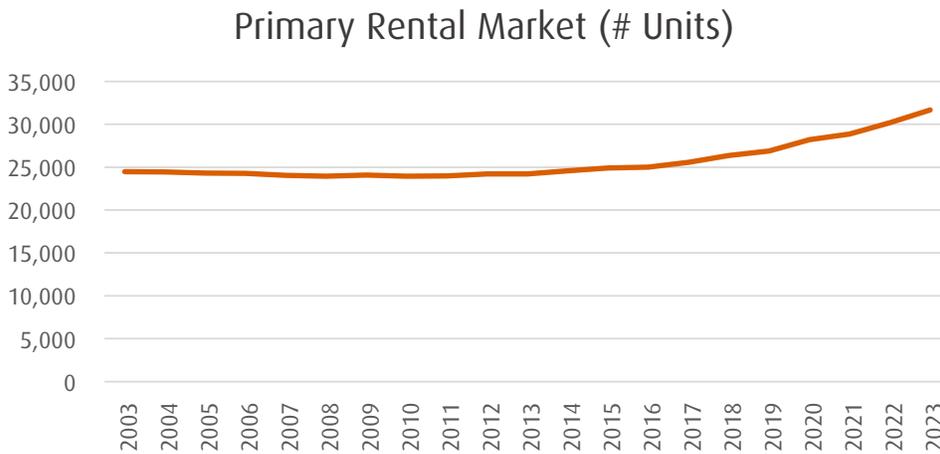
Over a 20-year span, vacancy rates have remained stubbornly tight ranging from as low as 0.4% in 2008 to a peak of 2.8% in 2013, and closing out 2023 at 1.6%.

Victoria CPI & Permitted Rent Increase (%)



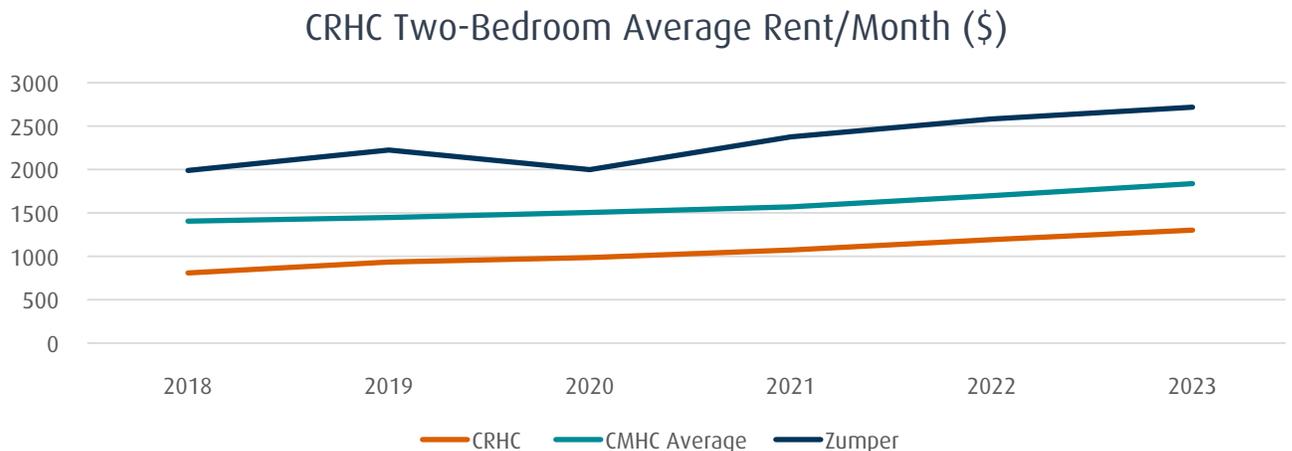
Permitted rent increases were below the Consumer Price Index (CPI) level for Victoria in 2021, 2022 and 2023, creating a compounding impact that places a downward pressure on revenue while the Corporation continues to experience an upward pressure on expenditures.

Rental Stock



Over the last 20 years the Primary Rental Market has seen overall growth of just 29% or less than an average of 1.5% per year, creating only 7,216 rental units in the capital region.

Average Rent for Two-Bedroom Apartments

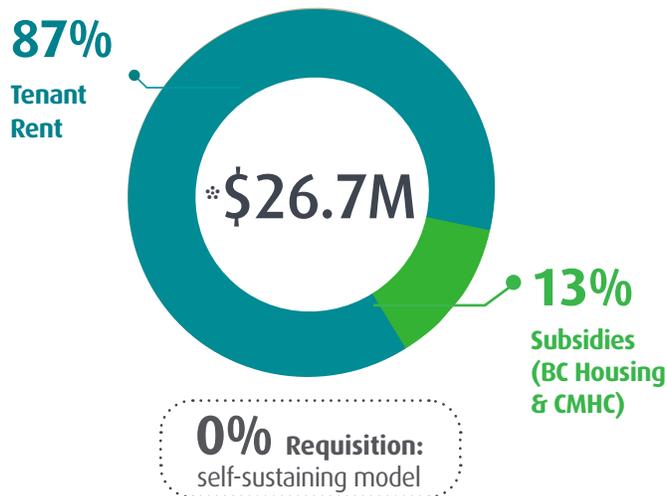


In 2023, the average cost of a CRHC two-bedroom unit was \$1,301/month, which is \$538/month less than the CMHC average for the region. When compared to average 2-bedroom units in the private rental market (**Zumper market rental website), CRHC 2-bedroom units are \$1,417/month less.

**Zumper, December 2023

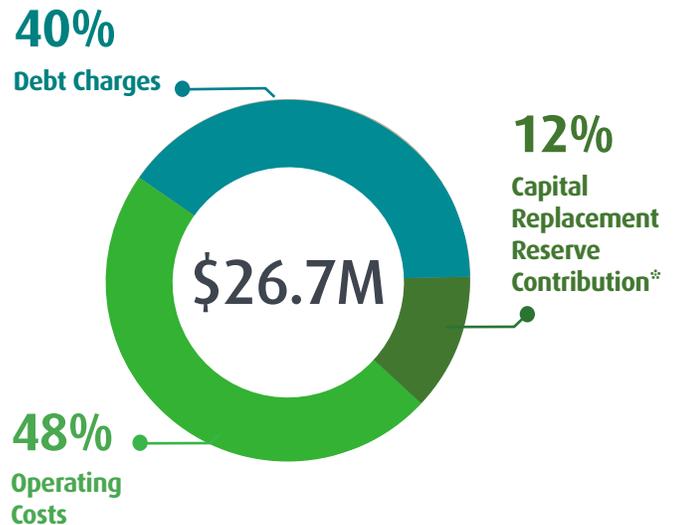
2023 Financial Highlights

Operating Income

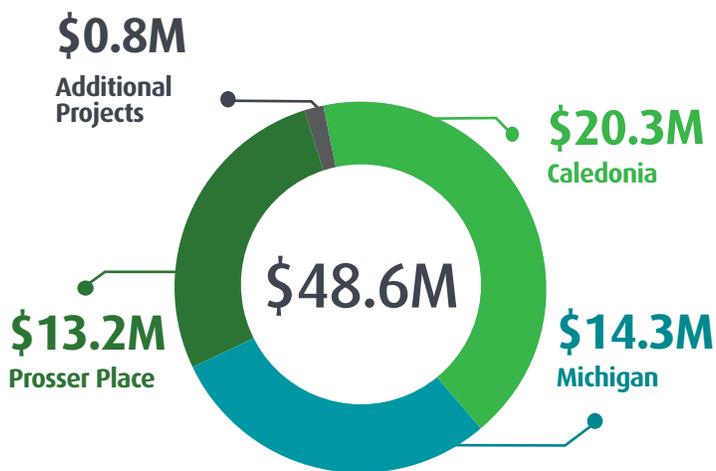


*Based on 2023 Audited Financial Statements. Includes transfers from Corporate Stabilization Reserve and capital project surpluses.

Operating Expenses



Capital Projects



*Includes pre-development and post-construction costs.

Routine Capital Improvements



\$3.2M

*Routine capital improvements are investments made to replace building components and appliances and may include such items as roof repair, siding replacement, access and egress improvements, paint, windows and specific units appliance repair/replacement.



CRD | CRHC

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