Capital Regional District

625 Fisgard St.,
Victoria, BC V8W 1R7

Notice of Meeting and Meeting Agenda
Hospitals and Housing Committee

Wednesday, May 7, 2025 | **1:30 PM** | **6th Floor Boardroom, 625 Fisgard St., Victoria, BC V8W 1R7**

K. Murdoch (Chair), J. Caradonna (Vice Chair), M. Alto, P. Brent, S. Brice, Z. de Vries, G. Holman, P. Jones, C. McNeil-Smith (Board Chair, ex officio)

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 Agenda

3. Adoption of Minutes

3.1. 25-0491 Minutes of the Hospitals and Housing Committee Meeting of April 2, 2025

Recommendation: That the minutes of the Hospitals and Housing Committee meeting of April 2, 2025 be adopted as circulated.

Attachments: Minutes - April 2, 2025

4. Chair's Remarks

5. Presentations/Delegations

5.1. Presentations

5.1.1. 25-0483 Presentation: Julia Quinn, Associate Executive Director, Aboriginal Coalition to End Homelessness; Re: ACEH Annual Update

Attachments: Presentation: ACEH Annual Update

5.1.2. 25-0484 Presentation: Sylvia Ceacero, Chief Executive Officer, Alliance to End Homelessness in the Capital Region; Re: AEHCR Annual Update

Attachments: Presentation: AEHCR - Annual Update

5.1.3. 25-0327 Verbal Presentation: Capital Region Housing Committee and Capital Regional Hospital District 2024 Audit Findings Report and Statement of Financial Implications, Lenora Lee, Lead Audit Engagement Partner, KPMG

5.2. Delegations

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

Delegations will have the option to participate electronically. Please complete the online application at www.crd.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. Committee Business

6.1. 25-0325 Capital Regional Hospital District 2024 Audit Findings Report and Audited Financial Statements

Recommendation: The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:
That the Capital Regional Hospital District 2024 Audited Financial Statements be approved.

Attachments: Staff Report: CRHD 2024 Audited Financial Stmts
Appendix A: CRHD 2024 Financial Stmts
Appendix B: CRHD 2024 Audit Findings Report
Appendix C: CRHD 2024 Other Financial Stmt Analysis

6.2. 25-0326 Capital Region Housing Corporation 2024 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 2024 Audited Financial Statements be approved.

Attachments: Staff Report: CRHC 2024 Audit Findings Financial Stmts
Appendix A: CRHC 2024 Financial Stmts
Appendix B: CRHC 2024 Audit Findings Report
Appendix C: CRHC 2024 Detailed Variance Analytics Fin Position
Appendix D: CRHC 2024 Detailed Variance Analytics Operations
Appendix E: CRHC Other Financial Stmts Analysis
Appendix F: CRHC 2024 Financial Performance Measures

7. Notice(s) of Motion

8. New Business

9. Motion to Close the Meeting

9.1. 25-0482 Motion to Close the Meeting

Recommendation: 1. That the meeting be closed for Land Acquisition/Disposition in accordance with Section 90(1)(e) of the Community Charter. [1 item]
2. That such disclosures could reasonably be expected to harm the interests of the Regional District. [1 Item]

10. Adjournment

The next meeting is June 4, 2025.

To ensure quorum, please advise Tamara Pillipow (tpillipow@crd.bc.ca) if you or your alternate cannot attend.

Meeting Minutes

Hospitals and Housing Committee

Wednesday, April 2, 2025 | **1:30 PM** | **6th Floor Boardroom, 625 Fisgard St., Victoria, BC V8W 1R7**

PRESENT
Directors: K. Murdoch (Chair), J. Caradonna (Vice Chair), M. Alto, P. Brent, S. Brice (1:38 pm) (EP), Z. de Vries (1:33 pm), G. Holman (1:33 pm) (EP), P. Jones, C. McNeil-Smith (Board Chair, ex officio) (1:35 pm) (EP)

Staff: K. Lorette, General Manager, Housing, Planning and Protective Services; M. Barnes, Senior Manager, Health and Capital Planning Strategies; M. Lagoa, Deputy Corporate Officer; T. Pillipow, Committee Clerk (Recorder)

EP - Electronic Participation

The meeting was called to order at 1:32 pm.

1. Territorial Acknowledgement

Director Jones provided a Territorial Acknowledgement.

2. Approval of Agenda

MOVED by Director Brent, SECONDED by Director Alto,
That the agenda for the Hospitals and Housing Committee meeting of April 2, 2025 be approved.
CARRIED

3. Adoption of Minutes

3.1. 25-0409 Minutes of the March 5, 2025 Hospitals and Housing Committee Meeting

Director de Vries joined the meeting in person at 1:33 pm.
Director Holman joined the meeting electronically at 1:33 pm.

MOVED by Director Brent, SECONDED by Director Alto,
That the minutes of the Hospitals and Housing Committee meeting of March 5, 2025 be adopted as circulated.
CARRIED

4. Chair's Remarks

There were no Chair's remarks.

5. Presentations/Delegations

5.1. Presentations

5.1.1. 25-0407 Presentation: Dr. Murray Fyfe; Island Health, Re: CRD Clean Air Bylaw Annual Update

Director McNeil-Smith joined the meeting electronically at 1:35 pm.
Director Brice joined the meeting electronically at 1:38 pm.

Dr. Fyfe presented the CRD Clean Air Bylaw Annual Update.

Discussion ensued regarding:
- charting the data on vape usage amongst youth after the 2028 survey
- education and awareness signage at bus stops

5.2. Delegations

There were no delegations.

6. Committee Business

6.1. 25-0410 2025 Minor Capital Projects and Equipment - Approval of Capital Bylaw No. 430

K. Lorette spoke to Item 6.1.

Discussion ensued regarding the process to identify the highest priority projects.

MOVED by Director Caradonna, SECONDED by Director Brent,
The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:
1) That the recommended 2025 Minor Capital Projects totalling $3,750,000 be approved and expensed from the 2025 requisition;
2) That the recommended 2025 equipment grants of $30,000 to Mount St. Mary Hospital and $2,925,000 to Island Health be approved and expensed from the 2025 requisition;
3) That Bylaw No. 430, "Capital Regional Hospital District Capital Bylaw No. 198, 2025", be introduced and read a first, second and third time; and
4) That Bylaw No. 430 be adopted.
CARRIED
Opposed: Brent

7. Notice(s) of Motion

There were no notice(s) of motion.

8. New Business

There was no new business.

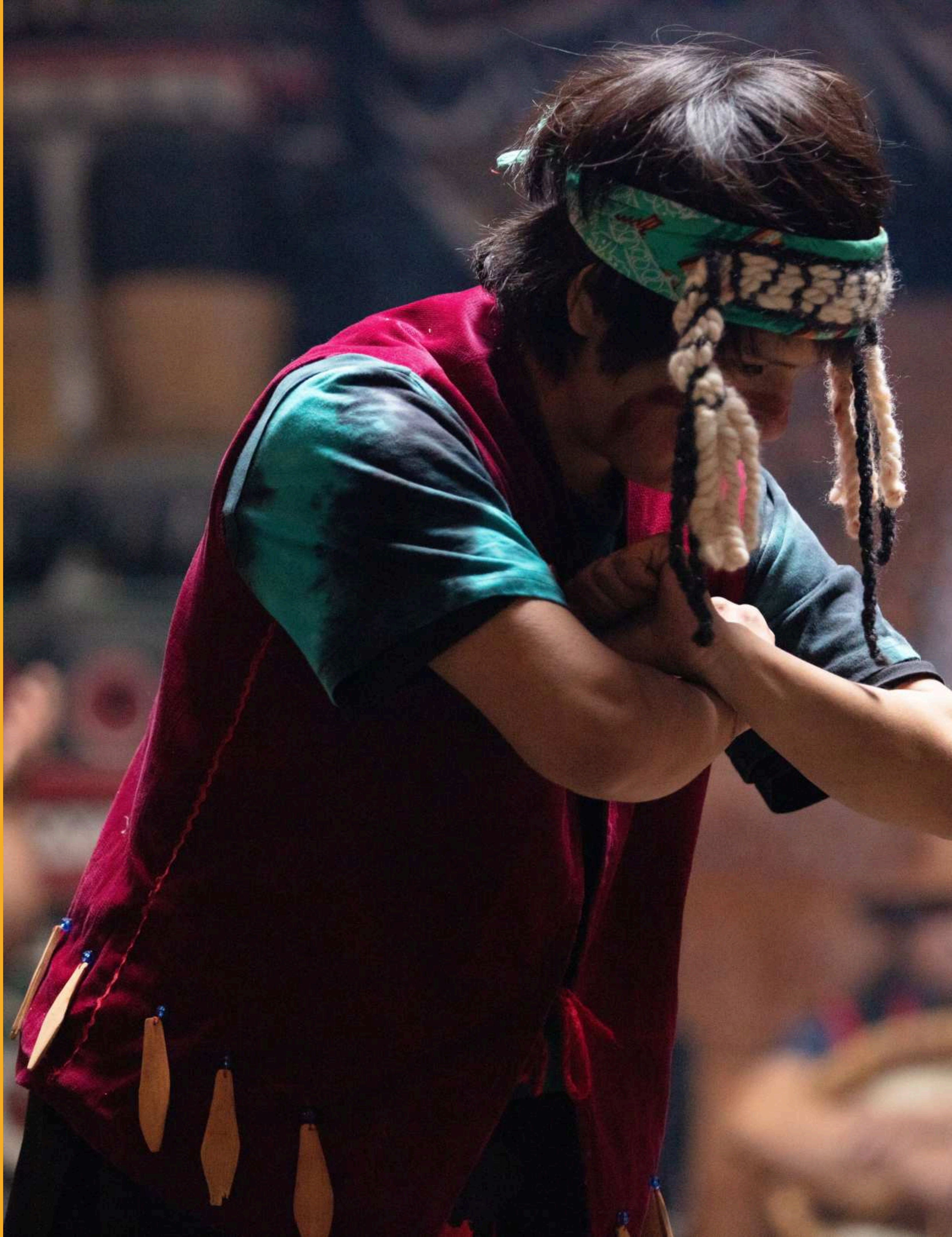
9. Adjournment

MOVED by Director Brent, SECONDED by Director Caradonna,
That the Hospitals and Housing Committee meeting of April 2, 2025 be adjourned at 1:58 pm.
CARRIED

____
CHAIR

____
RECORDER


ABORIGINAL COALITION
TO END HOMELESSNESS


Lək̓ʷəŋən
SONGHEES
ESQUIMALT


OUR MISSION

To ***lovingly*** provide culturally supportive, affordable housing and services that end Aboriginal homelessness on Vancouver Island.

YEAR IN REVIEW

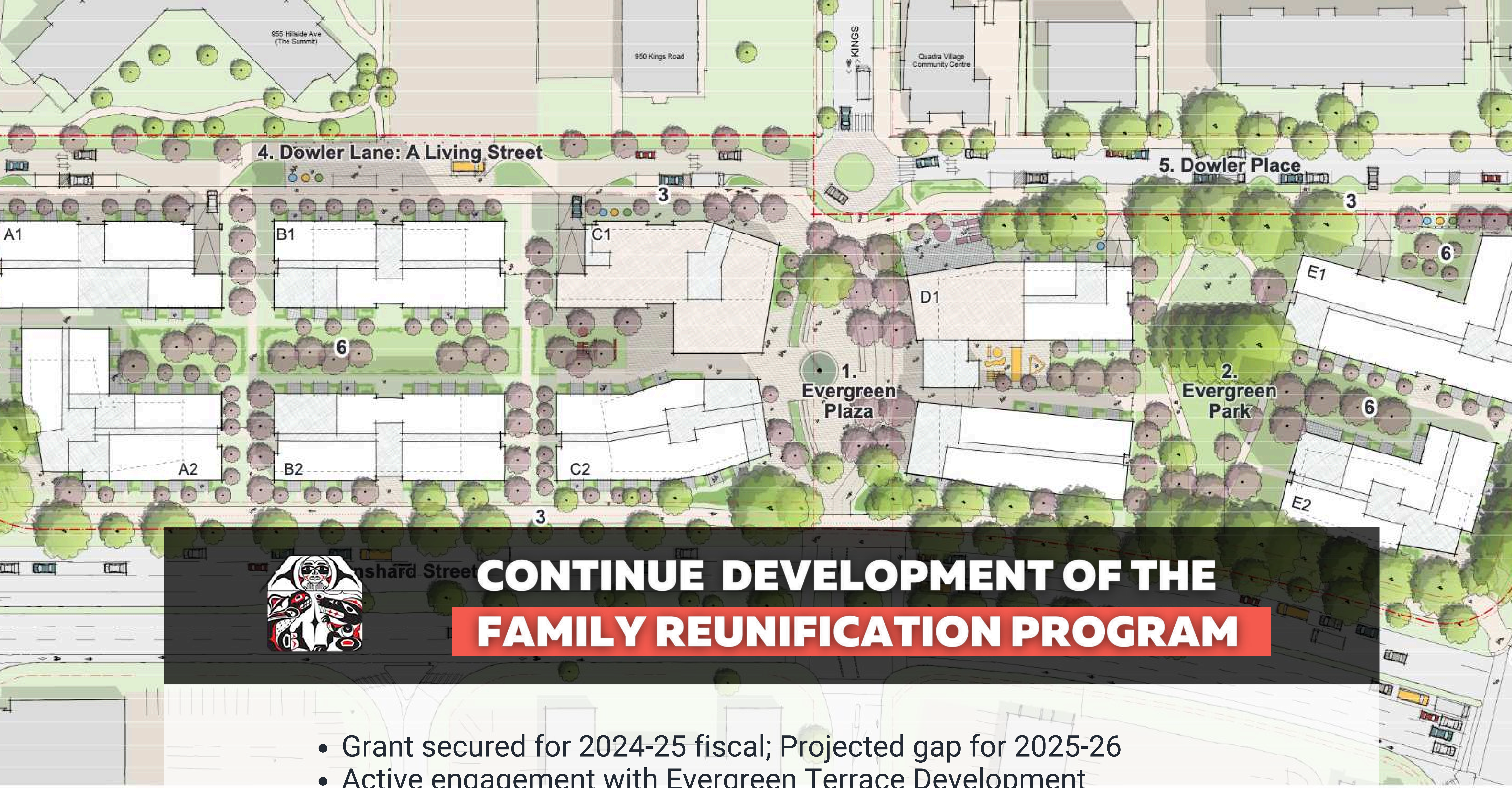
CONTRACT DELIVERABLES

FINALIZE INDIGENIZED ALCOHOL DETOX/RECOVERY MODEL

- **Phase I**: 3 years of CIHR-funded research and program delivery with UVIC completed March 2025; model to be released June 2025
- **Phase II**: Secured 3 years of funding through Health Canada’s Substance Use and Addictions Program to develop an Indigenous Peer Support Program and Evaluation Framework

BIANNUAL GATHERINGS WITH THE COLLABORATIVE RESPONSE NETWORK

- Held 3 meetings to discuss service gaps identified by the Indigenous Street Family
- 10 organizations including: Cool Aid, Our Place, VNFC, John Howard, VI Corrections, Tsawout Housing, AVI Health & Community, SOLID, Mustard Seed
- Completed Community Resource Mapping together across these gaps



CONTINUE DEVELOPMENT OF THE FAMILY REUNIFICATION PROGRAM

- Grant secured for 2024-25 fiscal; Projected gap for 2025-26
- Active engagement with Evergreen Terrace Development

UPDATE THE DECOLONIZED HARM REDUCTION FRAMEWORK

- Targeted completion May 2025, reflecting organizational growth & research
- Guide and business case for Land-Based Healing as a pathway for healing, directed by the Elders & Knowledge Keepers Advisory Council

LOBBYING CORE-FUNDING

- Some capacity development funding through the National Indigenous Housing Collaborative (NICHI); not ongoing
- Not able to be a top priority this year due to capacity
- Downsizing space in downtown core and lay-offs

ALLIANCE TO END HOMELESSNESS IN THE CAPITAL REGION COLLABORATIONS

- ED participated as often as possible, with capacity challenges
- Hiring an Associate Executive Director to ensure consistent representation

ENGAGE ON COORDINATED ACCESS AND HIFIS DEPLOYMENT

- Regular attendance at CAA and Indigenous Placement tables
- Involved with Indigenous Reaching Home, HIFIS info sessions have begun

ACHIEVE TARGETS IN THE 5-YEAR HOUSING STRATEGY

- Opened Culturally Supportive Housing for at-risk youth | Jan 2024
- Opened Xexe pahlatsis'lelum (Sacred Cradle House) | Jan 2025
- Xexe pahlatsis'lelum Second-Stage site – pre-development approved; ISTHI proposal declined
- Development of Wellness House underway, projected opening 2027

BC HOUSING

Provincial Health Services Authority

island health

CULTURALLY SUPPORTIVE HOUSING

1. SPEQəŋÉUTXW — 2020
2. CULTURALLY SUPPORTIVE HOUSE — 2021
3. KWUM KWUM LELUM — 2023
4. YOUTH HOUSE — 2024
5. XEXE PAHLATSIS LELUM — 2025

WELLNESS HOUSE

- *32 units*
- *Ceremonial room*
- *Therapeutic Garden*
- *Outdoor Food Processing*
- *Life Skills, Job Skills & Upgrading*
- *Western and traditional health and wellness*

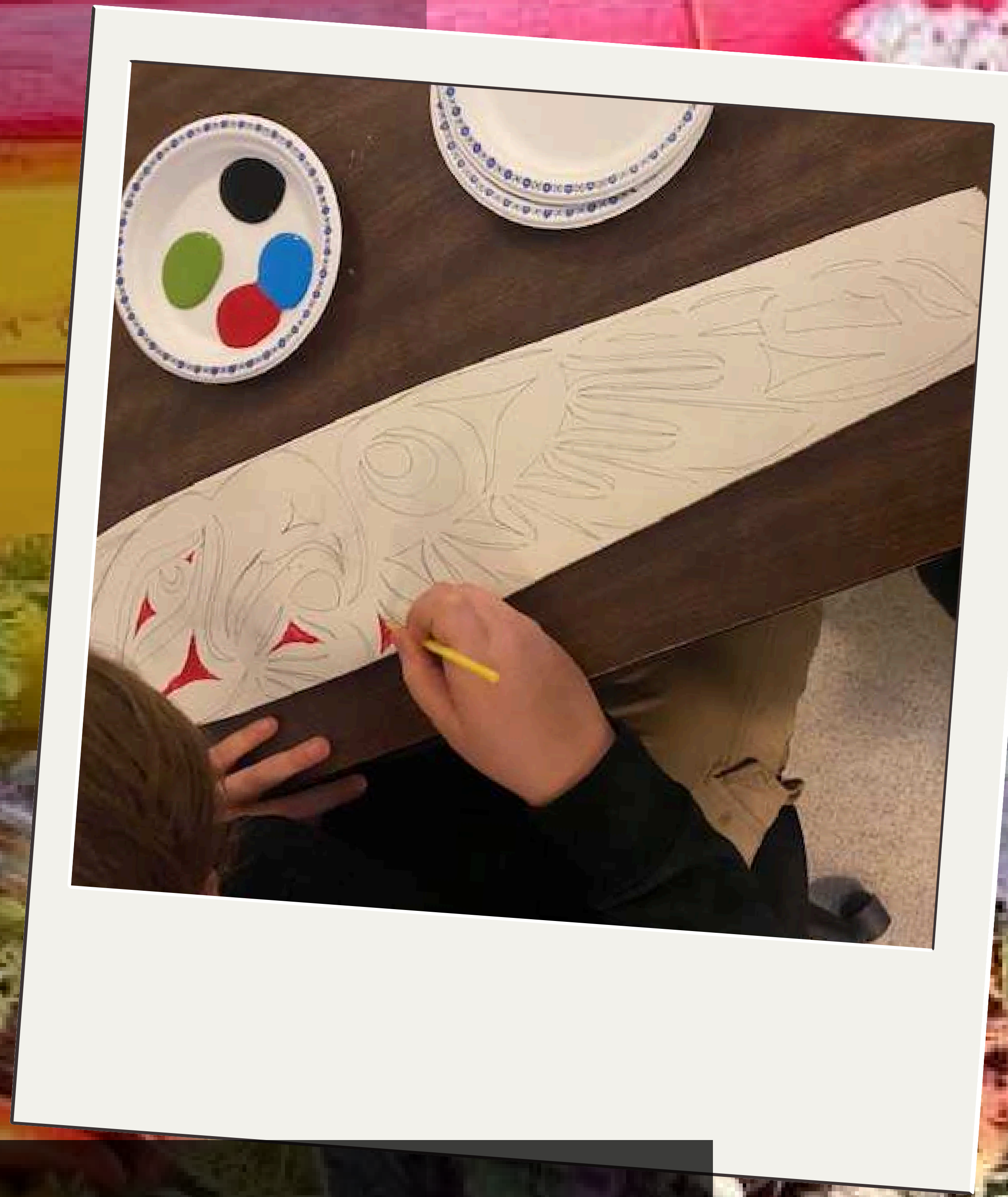
Site plan by award-winning Indigenous architect ***Alfred Waugh at Formline Architecture & Urbanism***

EXPAND TO A 10-YEAR HOUSING STRATEGY

- Delayed – Development commencing this fiscal. Draft by Q2 2025.

DESIGN, DELIVER AND EVALUATE THE CULTURALLY ALIGNED INTEGRATED SUPPORT PROGRAM

- Year 1 program report completed toward systems-change
- Doubled size of program in Victoria, from 50 to 100 rental supplements with Culturally Supportive wraparound care
- Established sites in Port Hardy and Port Alberni with additional 100

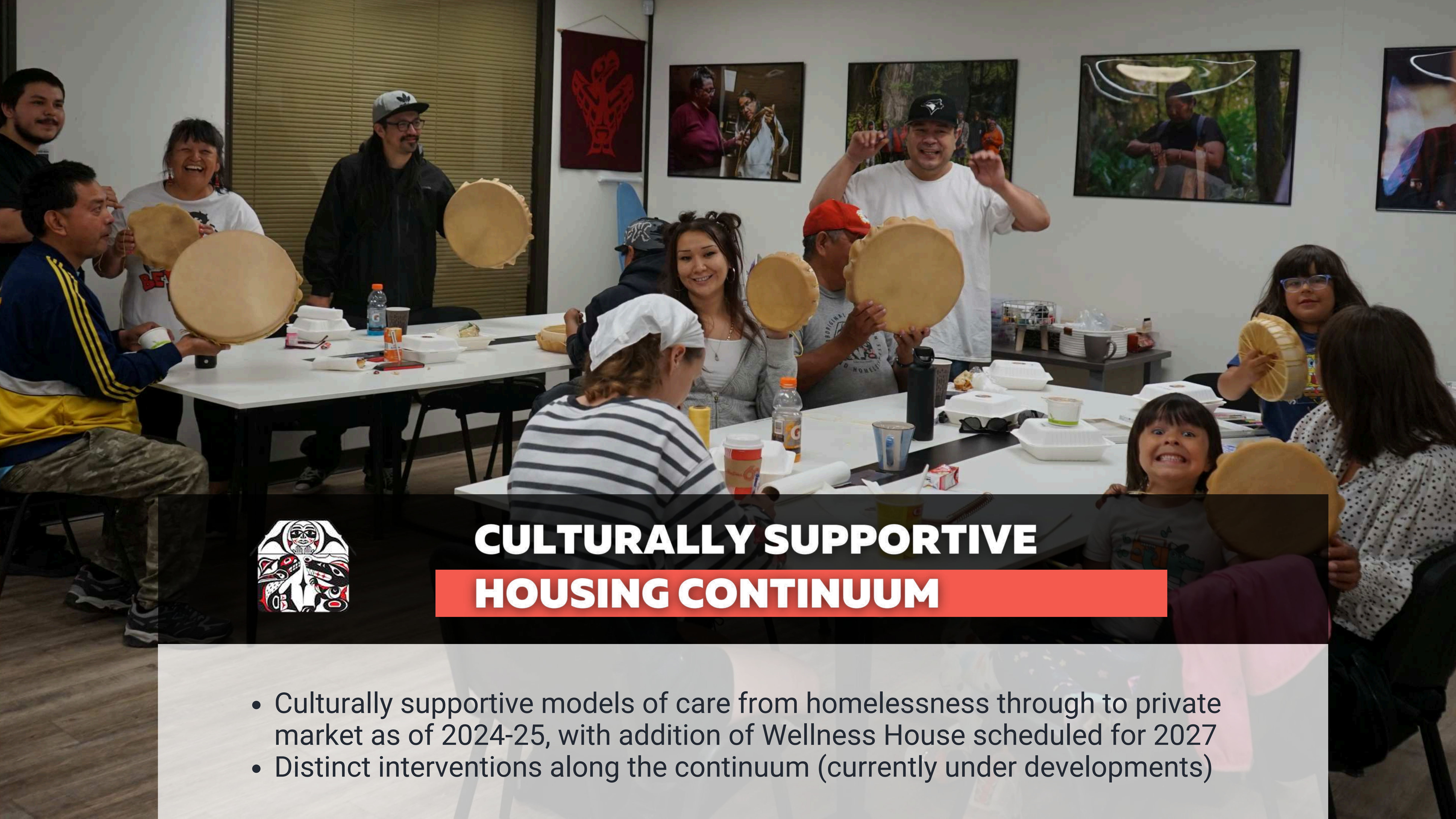


EXPAND DELIVERY OF YOUTH HOUSING & PROGRAMS

- First full year providing Culturally Supportive Therapeutic Youth Housing
- Weekly cultural and recreational events
- Developing Decolonized Harm Reduction model specific to youth, including Land-Based Healing

EXPAND ON PROGRESS MADE IN DEVELOPING YEḴ,ÁUTW̱

- Model Development: Prevention, Diversion, Reintegration, Gladue Aftercare
- Assistance in systems navigation to prevent incarceration
- Actively engaged in building relationships with a focus on systems-change with Victoria and Saanich PD, BC First Nations Justice Council



CULTURALLY SUPPORTIVE HOUSING CONTINUUM

- Culturally supportive models of care from homelessness through to private market as of 2024-25, with addition of Wellness House scheduled for 2027
- Distinct interventions along the continuum (currently under developments)

ALLIANCE TO END HOMELESSNESS IN THE CAPITAL REGION

Report CRD Service Agreement 2024-2025

Presented by
Sylvia Ceacero, MBA, MA, MCRM
CEO

May 7th 2025

2024-2025 SERVICE AGREEMENT DELIVERABLES

- REGIONAL PLANNING AND COLLABORATION
- ONGOING RESEARCH
- COMMUNICATION AND ENGAGEMENT
- SYSTEM MONITORING
- GENERAL ADMINISTRATION

REGIONAL PLANNING AND COLLABORATION

The 2025-2030 Community Plan to Functional Zero Homelessness was developed through extensive consultation with community

Functional Zero Homelessness means that for homelessness to be **rare, brief and non-recurring**, we must:

- continue to respond to immediate needs; shift focus, and dedicate more resources to **prevention**, upstream, midstream and downstream
- use **data** and evidence to guide our efforts and measure progress
- work towards the goal of **housing** for all people, using a human rights-based lens and a person-centric approach

Prevention, Data and Housing are the 3 pillars of the 2025-2030 Community Plan

REGIONAL PLANNING AND COLLABORATION

On March 4th the Alliance held a community event **to ensure alignment** between the 6 outcome areas and the organizational activities currently underway in the participating organizations:

Outcome 1: Poverty Reduction

Outcome 2: Person-Centred

Outcome 3: A Chosen and Safe Shelter for Everyone

Outcome 4: Funding for Housing

Outcome 5: Housing Stock and Type

Outcome 6: Housing Services and Supports

The release of the final plan is currently on hold as the Board of Directors continues to discuss the funding and the sustainability of the Alliance

REGIONAL PLANNING AND COLLABORATION

Health and Housing Steering Committee Meetings (Leadership) and Whole Committee Meetings: held as scheduled. These membership of the Health and Housing Committee stands at 55 member. During these meetings, we receive relevant presentations, discuss opportunities for advocacy and communications and provide organizational updates critical for the work in the sector.

Downtown Service Providers (DSP) attended as scheduled. DSP is a collective of homelessness serving organizations and partners in the Victoria Downtown area. Our attendance allows us to glean local perspectives and activities , programs and services in the downtown area to address homelessness.

Sooke Homelessness Coalition Support (SHC) attended as scheduled. W support the SHC in the continued implementation of their strategic plan.

REGIONAL PLANNING AND COLLABORATION

Salt Spring Island Engagement

- Island Health Advancement Network (SSHAN) meetings as scheduled. We are now an official member
- Salt Spring ASK presentation earlier this year
- Salt Spring Island Housing Group presentation and discussion of the 2025-2030 Community Plan

Saanich Engagement

- Meeting with Mayor, CAO, Fire Chief and By-Law Manager to discuss implementation of emergency weather shelter
- Presentation to Council of the 2025-2030 Community Plan

Langford Engagement

- Meeting with Mayor of Langford to discuss ongoing issues and request presentation to Council

Metchosin Engagement

- Presentation to Council of the 2025-2030 Community Plan

Victoria Engagement

- Presentation to Council of the 2025-2030 Community Plan

ONGOING RESEARCH

Regional Overview of Permitted Sheltering Spaces

- The Regional Overview of Permitted Sheltering Spaces report was finalized and submitted with the final 2024-2025 Service Agreement progress report

Point in Time (PiT) Count

- Member of the PiT Advisory Committee to guide the planning and implementation of the PiT count, supporting the work as specified by the Community Social Planning Council
- Member of the Impact and Implementation Committee that reviews the PiT questionnaire and survey methodology, logistics for the PiT magnet events, survey, and enumeration events
- Member of the Impact and Implementation Committee that reviews logistics for the PiT magnet, survey, and enumeration events
- Staff of the Alliance participated in the PiT survey and magnet events

ONGOING RESEARCH

Supportive Housing Impact Assessment

- The Supportive Housing Impact Assessment Report was submitted with the final 2024-2025 Service Agreement progress report and is available on our website

Creating Homes: A Community Guide to Affordable and Supportive Housing Development

- The Creating Homes Report was submitted with the final 2024-2025 Service Agreement progress report and is available on our website

COMMUNICATIONS AND ENGAGEMENT

2024-2025 Regional Resource Guide

- The Regional Resource Guide has been completed

- Preliminary database available on our website

SYSTEM MONITORING

Coordinated Access (CA)

- Regular monthly meetings with the Community Planner. During these meetings, the Community Planner updates and solicits feedback from the Alliance
- The CRD as the Community entity is one of the key actors of the CA process and HIFIS, alongside BC Housing and Island Health. The Alliance participates in the Strategic Meeting Table as requested

Homelessness Individuals Families Information System (HIFIS)

- Regular monthly meetings with the Community Planner. During these meetings, the Community Planner updates and solicits feedback from the Alliance
- The CRD as the Community entity is one of the key actors of the CA process and HIFIS, alongside BC Housing and Island Health. The Alliance participates in the Strategic Meeting Table as requested

The Alliance has been supporting the work as requested. The Alliance has a permanent seat at the Community Advisory Board – Reaching Home, where the CA and HIFIS' jurisdiction falls

GENERAL ADMINISTRATION

The Alliance met all its administrative obligations referred to in this Contract

2023-2024 Annual Report. Available on our website**:** https://victoriahomelessness.ca/wp- content/uploads/2024/10/2023-24-Annual-Report.pdf

Presentation to the Hospitals and Housing Committee of the CRD. May 7th, 2025

2024-2025 Plan of Action: The Alliance's plan of action encompassing the current Schedule A, as well as Island Health agreement deliverables, and the Community Plan 2025-2030 objectives were presented to the Board of Directors at its July 2024 meeting.

2024 Annual General Meeting: AGM was held September 28th, 2024, with 25 members in attendance. All statutory business was conducted and the changes to the Alliance's by-laws were approved by the membership.

Quarterly Progress Reports and Check-Ins: The 2024-2025 Service Agreement between the CRD and the Alliance was signed in on July 31, 2024. Progress reports and updates were scheduled and attended for all quarters, as scheduled.

Thank you!

Capital Regional Hospital District

REPORT TO THE HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, MAY 07, 2025

SUBJECT **Capital Regional Hospital District 2024 Audit Findings Report and Audited Financial Statements**

ISSUE SUMMARY

This report summarizes the Capital Regional Hospital District (CRHD) 2024 Audit Findings Report and requests approval of the Audited Financial Statements.

BACKGROUND

The CRHD was established in 1967 under the *Hospital District Act* to provide the local share of capital funding for healthcare infrastructure in the capital region. The CRHD shares the same boundaries, board of directors and administrative staff as the Capital Regional District (CRD).

Section 17 of the *Hospital District Act* and Section 814 of the *Local Government Act* require that audited financial statements be prepared each year. The 2024 Financial Statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS).

Partnering with Island Health and community stakeholder agencies, the CRHD supports a healthy region by investing in strategic priorities in healthcare. These include new construction, upgrades, renewals and expansion of health facilities and medical equipment. The CRHD also contributes by developing land and health facilities for Island Health to occupy for health authority purposes.

Under PSAS the CRHD is required to present four statements with accompanying notes:

1. Statement of Financial Position
2. Statement of Operations
3. Statement of Change in Net Debt
4. Statement of Cash Flows

The CRHD 2024 Audited Financial Statements are attached as Appendix A and include Schedule A which provides a listing of contributions paid to district hospitals.

The Audit Findings Report (Appendix B) summarizes the responsibilities of the auditor, the scope of work and audit results. The report also confirms there were no significant changes in the audit approach from the Audit Planning Report presented to the Board on January 8, 2025. The audit findings confirm the financial statements present fairly, in all material respects, the financial position of CRHD as of and for the year ended December 31, 2024.

ALTERNATIVES

Alternative 1
That the Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:
That the Capital Regional Hospital District 2024 Audited Financial Statements be approved.

Alternative 2
That the Capital Regional Hospital District 2024 Audited Financial Statements be referred back to staff for additional information.

IMPLICATIONS

Financial Implications

New Accounting Standards

PS 3400 - Revenue

On January 1, 2024, the CRD adopted Public Sector Accounting Standard PS 3400 *Revenue*. The new accounting standard provides direction on accounting for revenues that are not in scope of other existing standards. Management performed a review of all CRHD revenue streams and determined that there was no impact to net debt, accumulated surplus or annual surplus on adoption of this standard.

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: financial assets, financial liabilities and non-financial assets. As of December 31, 2024, the CRHD is in a net debt financial position of $54.8 million with an accumulated surplus of $57.1 million.

Financial Assets

Financial assets as of December 31, 2024, totalled $34.9 million, a decrease of $3.5 million from 2023. Table 1 summarizes financial assets and provides the change year-over-year.

Table 1 – Change in Financial Assets Year-Over-Year

Financial Assets ($M)	2024	2023	$ Change	% Change
Cash and Cash Equivalents	11.6	10.2	1.4	14%
Investments	19.5	24.0	(4.5)	(19%)
Due from CRD	0.5	0.1	0.4	400%
Other Receivables	1.3	1.3	-	-
Restricted Cash – MFA DRF*	2.0	2.8	(0.8)	(29%)
Total Financial Assets	**$34.9**	**$38.4**	**($3.5)**	**(9%)**

**Municipal Finance Authority (MFA) Debt Reserve Fund (DRF)*

- **Cash and cash equivalents:** This category includes cash on hand, bank deposits and short-term highly liquid investments. The balance increased by $1.4 million, primarily due to the scheduled transfers of investments to cash during the year.

- **Investments:** Investments decreased by $4.5 million due to a strategy that converted guaranteed investment certificates (GICs) into cash to fund the acquisition of tangible capital assets. Further details on these changes can be found in Statement 4 (Statement of Cash Flows) of Appendix A.

- **Due from the CRD:** Receivables from the CRD increased by $0.4 million due to the timing of cash transfers between the CRD and CRHD for processing operating expenses.

- **Restricted cash:** Restricted cash includes the DRF, a 1% holdback by the MFA at loan inception, retained until maturity as security against default. This decreased by $0.8 million as debt maturities exceeded new issuances during the year.

Financial Liabilities

Financial liabilities as of December 31, 2024, totalled $89.7 million, a decrease of $13.6 million from 2023. Table 2 summarizes financial liabilities and provides the change year-over-year.

Table 2 – Change in Financial Liabilities Year-Over-Year

Financial Liabilities ($M)	2024	2023	$ Change	% Change
Accounts Payable and Other Liabilities	3.5	3.8	(0.3)	(8%)
Deferred Revenue	0.4	0.4	-	-
Short-Term Debt	0.5	-	0.5	-
Long-Term Debt	84.2	98.5	(14.3)	(15%)
Asset Retirement Obligation	1.1	0.6	0.5	83%
Total Financial Liabilities	**$89.7**	**$103.3**	**($13.6)**	**(13%)**

- **Accounts payable and other liabilities:** Accounts payable decreased by $0.3 million, primarily due to the timing of claim payments on major capital projects.

- **Short-term debt:** The CRHD engaged in short-term borrowing through the MFA in 2024 to finance capital grant payments to Island Health. This debt will be repaid in 2025 through a transfer from the debt management reserve.

- **Long-term debt:** Long-term debt decreased by $14.3 million as debt maturities exceeded new borrowings in 2024.

- **Asset retirement obligation:** The CRHD purchased Mt. Tolmie Hospital and leased the building and property to BC Housing for twenty years. As part of the purchase, the CRHD assumed the obligation to remediate potential hazardous materials at the end of the lease term, resulting in an asset retirement obligation in the year of acquisition.

Non-Financial Assets

Non-financial assets as of December 31, 2024, totalled $111.8 million, an increase of $7.3 million from 2023. As shown in Table 3, non-financial assets consist solely of tangible capital assets.

Table 3 – Change in Non-Financial Assets Year-Over-Year

Non-Financial Assets ($M)	2024	2023	$ Change	% Change
Tangible Capital Assets	$111.8	$104.5	$7.3	7%

Tangible capital assets increased by $7.3 million, reflecting $10.5 million in capital additions for the purchase of Mt. Tolmie Hospital and renovations at The Summit, partially offset by $3.2 million in amortization expenses.

Additional detail is presented in Note 7 – Tangible Capital Assets of the 2024 Financial Statements (Appendix A).

2. Statement of Operations

The Statement of Operations reports the annual results of the entity's financial activities, presenting revenues less expenses and net surplus/(deficit).

Revenue

Revenue as of December 31, 2024, totalled $37.1 million, a decrease of $1.5 million from 2023. Table 4 summarizes revenue and provides the change year-over-year.

Table 4 – Change in Revenue Year-Over-Year

Statement of Operations ($M)	2024	2023	$ Change	% Change
Requisition	26.5	26.5	-	-
Payments in Lieu of Taxes	0.7	0.7	-	-
Lease and Other Property Revenue	4.6	4.9	(0.3)	(6%)
Interest Income	2.0	1.8	0.2	11%
Debenture Maturity Refund	0.1	0.2	(0.1)	(50%)
Actuarial Adjustment on Long-Term Debt	3.2	4.5	(1.3)	(29%)
Total Revenue	**$37.1**	**$38.6**	**($1.5)**	**(4%)**

- **Lease and other property income:** Lease and other property income decreased by $0.3 million in 2024, reflecting a one-time recovery of insurance costs at The Summit from Island Health.

- **Interest income:** Interest income increased by $0.2 million, driven by higher reserve balances throughout the year and favorable interest rates on GICs and high-interest savings accounts.

- **Debenture maturity refund:** The debenture maturity refund revenue decreased by $0.1 million in 2024. This refund represents interest earnings on the DRF, which are distributed as debt matures. The decline in revenue for 2024 is due to fewer debt maturities compared to 2023.

- **Actuarial adjustment on long-term debt:** The actuarial adjustment reflects anticipated earnings on the CRHD's principal payments towards its outstanding debt with the MFA. Recognized annually starting one year after the first principal payment, it reduces the outstanding loan balance over time. As debt is being retired at a faster pace than new debt is being issued, the total outstanding debt is gradually decreasing, resulting in a corresponding decline in the actuarial adjustment.

Expenses

Expenses as of December 31, 2024, totalled $19.6 million, no change from 2023. Table 5 summarizes revenue and provides the change year-over-year.

Table 5 – Change in Expenses Year-Over-Year

Statement of Operations ($M)	2024	2023	$ Change	% Change
Grants to District Hospitals	9.3	8.8	0.5	6%
Interest on Long-Term and Short-Term Debt	5.1	6.2	(1.1)	(18%)
Amortization and Accretion	3.2	3.2	-	-
Operating Expenses	2.0	1.4	0.6	43%
Total Expenses	**$19.6**	**$19.6**	**-**	**-**

- **Grants to district hospitals:** Contributions to Island Health increased by $0.5 million in 2024. Contributions vary year-over-year based on the timing of claims submitted by Island Health for capital initiatives. Of the $9.3 million paid in 2024, $7.3 million supported minor capital projects and capital equipment grants, while $2.0 million funded major capital projects. Notable 2024 projects included the Lady Minto Hospital Emergency Department redevelopment, magnetic resonance imaging scanner replacement and the new long-term care facility at Royal Bay.

- **Interest on long-term and short-term debt:** Interest expenses decreased $1.1 million in 2024 as debt maturities outpaced new debt issuances, reducing overall debt balances with the MFA.

- **Operating expenses:** Operating expenses increased $0.6 million in 2024 as the CRHD recognized an asset retirement obligation liability related to the acquisition of Mt. Tolmie Hospital. This one-time cost was expensed in the year of purchase and classified as an operating expense.

2024 Annual Surplus

The accumulated surplus represents the CRHD's total net equity, reflecting the sum of annual surpluses and deficits to date. As of 2024, the accumulated surplus stands at $57.1 million, indicating that the CRHD's total assets (both financial and non-financial) exceed its financial liabilities.

The annual surplus, which represents the excess of revenues over expenses, was $17.5 million in 2024, a decrease of $1.6 million from the previous year. This decline is primarily due to a lower actuarial adjustment on long-term debt and one-time operating expenses.

Surplus funds are either transferred to reserves to support future capital commitments and operating expenses or used to repay outstanding debt.

3. Other Financial Statement Analysis

Appendix C contains an analysis of the Statement of Change in Net Debt, the Statement of Cash Flows and Schedule A - Grants to District Hospitals.

4. Financial Indicators

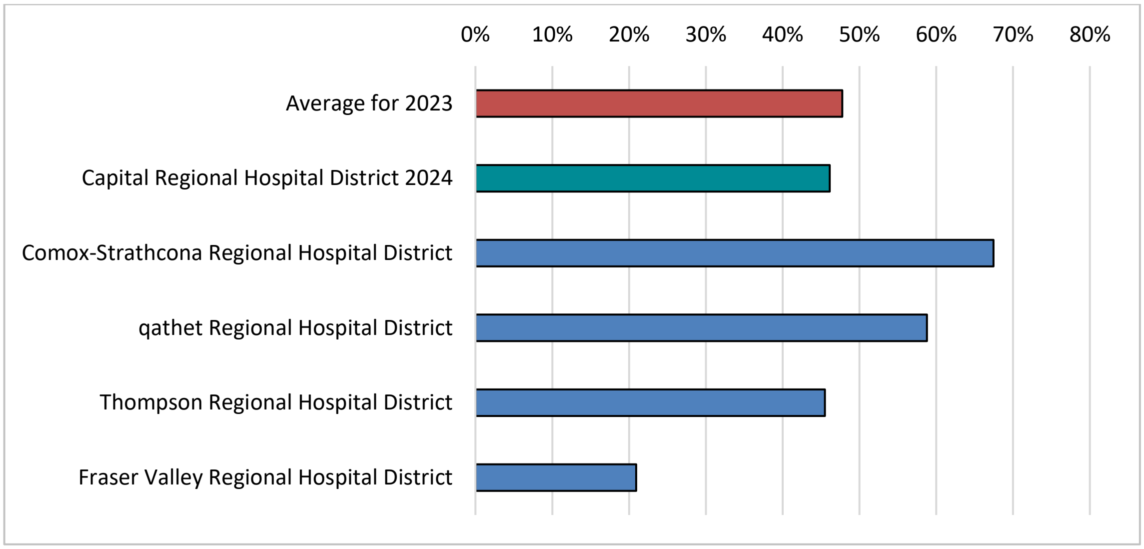
Financial indicators are metrics used to quantify current conditions in addition to forecasting trends. They can be used as a tool to evaluate overall financial condition of the entity. The following indicators measure CRHD's performance and financial sustainability.

4.1 Debt Service Ratio – Debt Service Costs as a Percentage of Revenue

The debt service ratio is an indicator of the percentage of revenue committed to the payment of interest and principal on temporary and long-term debt. A high percentage indicates greater use of revenue for the repayment of debt. As the CRHD's primary mandate is to secure borrowing and provide capital contributions for health facility infrastructure, a high debt servicing ratio is expected. CRHD's debt servicing costs as percentage of revenue as of December 31, 2024, is 46% (2023: 52%).

Table 6 compares CRHD's debt service ratio as of December 31, 2024, with the 2023 ratios of hospital districts on Vancouver Island and the southern mainland of British Columbia. CRHD's debt service ratio is in line with the average of the hospital districts analyzed.

Table 6 – Debt Service Ratio Comparison



4.2 Current Ratio – Current Assets Versus Current Liabilities

The current ratio is a measure of the liquidity of an organization, meaning the CRHD's ability to meet current obligations using current assets (cash, accounts receivable, short-term investments). A high ratio indicates a greater ability to meet both planned and unplanned expenditures. The CRHD's current ratio as of December 31, 2024, is 8.4 to 1 (2023: 5.7 to 1), indicating CRHD's current assets are sufficient to pay current liabilities 8.4 times.

4.3 Interest Coverage Ratio – Interest Costs as a Percentage of Total Revenues

This ratio is an indicator of the percentage of revenue committed to the payment of interest on temporary and long-term debt. A high percentage indicates greater use of revenues for servicing interest on outstanding debt. The CRHD's interest coverage ratio on December 31, 2024, is 7.3 (2023: 6.1), indicating the CRHD's revenue is sufficient to repay interest expense 7.3 times.

CONCLUSION

Board approval of the CRHD 2024 Audited Financial Statements is required by the *Hospital District Act* and the *Local Government Act*. Audited financial statements must be available for the Ministry of Health and the MFA. As noted in the Auditor Findings Report, it is the auditor's opinion these Financial Statements present fairly the financial position of the CRHD for the year ending December 31, 2024, in accordance with Canadian PSAS.

RECOMMENDATION

The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:
That the Capital Regional Hospital District 2024 Audited Financial Statements be approved.

Submitted by:	Varinia Somosan, CPA, CGA, Sr. Mgr., Financial Services / Deputy CFO
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer, GM Finance & IT
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

Appendix A: CRHD 2024 Financial Statements
Appendix B: CRHD Audit Findings Report [for the year ended December 31, 2024 (KPMG)]
Appendix C: CRHD Other Financial Statement Analysis

APPENDIX A

Capital Regional Hospital District

2024 Financial Statements

British Columbia, Canada
Fiscal year ended December 31, 2024

Capital Regional Hospital District

Table of Contents

Statements

Notes

Schedules

KPMG LLP
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone 250 480 3500
Fax 250 480 3539

INDEPENDENT AUDITOR'S REPORT

To the Chair and Directors of the Capital Regional Hospital District

Opinion

We have audited the financial statements of the Capital Regional Hospital District (the District), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations for the year then ended
- the statement of change in net debt 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 District as at December 31, 2024, and its results of operations, its change in net debt, 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 District 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.

DRAFT

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 District'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 District or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

DRAFT

- 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 District'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 District 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
__________________, 2025

DRAFT

Capital Regional Hospital District

Capital Regional Hospital District

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 Capital Regional Hospital District Board of Directors are responsible for approving the financial statements and for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises this responsibility through the Hospitals and Housing Committee of the Board.

The external auditor, 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 District's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditor had full and free access to staff and management. The Independent Auditor's Report outlines the scope of the audit for the year ended December 31, 2024.

On behalf of Capital Regional Hospital District,

____

Nelson Chan, MBA, FCPA, FCMA
Chief Financial Officer
May 14, 2025

DRAFT

Statement of Financial Position

As at December 31, 2024

		2024		2023
Financial assets				
Cash and cash equivalents	$	11,597,326	$	10,175,942
Investments		19,500,000		24,000,000
Accounts receivable				
Due from Capital Regional District		540,620		147,180
Other		1,268,840		1,307,725
Restricted cash - MFA Debt Reserve Fund (Note 3)		1,988,263		2,788,315
		34,895,049		38,419,162
Financial liabilities				
Accounts payable and other liabilities		3,481,196		3,875,792
Deferred revenue		414,824		366,515
Short-term debt (Note 4)		530,875		-
Long-term debt (Note 5)		84,175,878		98,467,559
Asset retirement obligation (Note 6)		1,059,371		566,344
		89,662,144		103,276,210
Net debt		(54,767,095)		(64,857,048)
Non-financial assets				
Tangible capital assets (Note 7)		111,831,983		104,465,568
Accumulated Surplus (Note 11)	$	57,064,888	$	39,608,520

Contingent liability (Note 5c & 13)
Contractual obligations (Note 8)

The accompanying notes are an integral part of these financial statements

Nelson Chan, MBA, FCPA, FCMA
Chief Financial Officer

Statement of Operations

For the year ended December 31, 2024

	Budget (Note 12)	2024	2023
Revenue			
Taxation - Municipalities	$ 24,338,262	$ 24,338,262	$ 24,297,119
Taxation - Electoral Areas	2,015,826	2,015,826	2,060,817
Taxation - First Nations	108,815	108,815	104,616
Payments in lieu of taxes	670,321	670,633	699,157
Lease and other property revenue	4,602,328	4,603,192	4,936,720
Interest income	250,000	2,088,088	1,782,102
Debenture maturity refund	878,000	60,188	172,114
Actuarial adjustment on long-term debt	-	3,202,980	4,561,920
	32,863,552	37,087,984	38,614,565
Expenses			
Grants to district hospitals	12,148,613	9,379,103	8,787,670
Interest on long-term debt	5,150,833	5,069,095	6,138,095
Interest on short-term debt	78,500	19,372	46,498
Amortization	-	3,159,500	3,142,214
Accretion	-	24,799	21,561
Operating expenses	2,201,952	1,979,747	1,429,879
	19,579,898	19,631,616	19,565,917
Annual surplus	13,283,654	17,456,368	19,048,648
Accumulated surplus, beginning of year	39,608,520	39,608,520	20,559,872
Accumulated surplus, end of year	$ 52,892,174	$ 57,064,888	$ 39,608,520

The accompanying notes are an integral part of these financial statements

Statement of Change in Net Debt

For the year ended December 31, 2024

	Budget (Note 12)	2024	2023
Annual surplus	$ 13,283,654	$ 17,456,368	$ 19,048,648
Acquisition of tangible capital assets	(14,224,830)	(10,519,870)	(182,319)
Revaluation of asset retirement obligation	-	(6,045)	(71,944)
Amortization of tangible capital assets	-	3,159,500	3,142,214
Change in net debt	(941,176)	10,089,953	21,936,599
Net debt, beginning of year	(64,857,048)	(64,857,048)	(86,793,647)
Net debt, end of year	$ (65,798,224)	$ (54,767,095)	$ (64,857,048)

The accompanying notes are an integral part of these financial statements

Statement of Cash Flows

For the year ended December 31, 2024

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 17,456,368	$ 19,048,648
Items not involving cash:		
Actuarial adjustment on long-term debt	(3,202,980)	(4,561,920)
Amortization	3,159,500	3,142,214
Accretion	24,799	21,561
Asset retirement obligation	462,183	-
Increase (decrease) in non-cash assets and liabilities:		
Accounts receivable	38,885	(1,026,640)
Accounts payable and accrued liabilities	(394,596)	609,844
Deferred revenue	48,309	-
Due to/(from) Capital Regional District	(393,440)	(39,801)
Restricted cash	800,052	500,129
Net change in cash from operating activities	17,999,080	17,694,035
Capital activities:		
Cash used to acquire tangible capital assets	(10,519,870)	(182,319)
Net change in cash from capital activities	(10,519,870)	(182,319)
Investing activities:		
Acquisition of investments	(19,500,000)	(24,000,000)
Proceeds from investments	24,000,000	9,000,000
Net change in cash from investing activities	4,500,000	(15,000,000)
Financing activities:		
Additions to short-term debt	530,875	-
Additions to long-term debt	1,145,042	2,919,437
Repayment of long-term debt	(12,233,743)	(13,862,297)
Net change in cash from financing activities	(10,557,826)	(10,942,860)
Net change in cash and cash equivalents	1,421,384	(8,431,144)
Cash and cash equivalents, beginning of year	10,175,942	18,607,086
Cash and cash equivalents, end of year	$ 11,597,326	$ 10,175,942

The accompanying notes are an integral part of these financial statements

GENERAL

The Capital Regional Hospital District (the “Hospital District”) is incorporated under letters patent issued October 17, 1967. The Hospital District provides Capital Region hospitals with funding for capital project construction and the purchase of moveable equipment.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Hospital District are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Hospital District are as follows:

a) Basis of Accounting
The Hospital District follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

b) Taxation
Each Municipality, Electoral Area and First Nation within the Regional District is requisitioned for their portion of the Hospital District service. These funds are then levied by the Municipalities, First Nations and the Province (for Electoral Areas) to individual taxpayers and remitted to the Hospital District by August 1 of each year.

c) Cash Equivalents
Cash equivalents include short-term highly liquid investments with a term to maturity of less than 90 days at acquisition.

d) 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 Hospital District’s tangible capital asset policy Note 1 e).

e) Tangible Capital Assets
Tangible capital assets are recorded at cost which includes amounts directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life
Building and building fixtures	10 to 50 Years

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Amortization is charged annually, in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

i. Contributions of tangible capital assets
Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

ii. Works of art and cultural and historic assets
Works of art and cultural and historic assets are not recorded as assets in these financial statements.

iii. Interest capitalization
The Hospital District does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

iv. Impairment
Tangible capital assets are written down when conditions indicate that they no longer contribute to the Hospital District's ability to produce 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.

f) Long-Term Debt
Long-term debt is recorded net of repayments and actuarial adjustments.

g) Debenture Issue Cost
Debenture issue costs are recorded as an expense in operations as incurred.

h) Section 20(3) Reserve
As permitted by section 20(3) of the Hospital District Act, funds are raised for the future purchase of land, equipment, minor renovations to hospitals, and related studies. The unspent balance of the reserve is a component of the Hospital District Accumulated Surplus.

i) Grants to District Hospitals
Government transfers including grants to district hospitals are recognized as an expense in the period the transfer is authorized and all eligibility criteria have been met by the recipient.

j) Financial Instruments
Financial instruments are classified into two categories; fair value or cost.

i. Fair value category: portfolio investments quoted in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense.

ii. Cost category: portfolio investments not quoted in an active market, financial assets and liabilities are recorded at cost or amortized cost. Gains and losses are recognized in the Statement of Operations when the financial asset is derecognized due to disposal or impairment. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of financial assets are included in the cost of the related instrument.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Use Of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 revenues 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, 2024, the District adopted Public Sector Accounting Standard PS 3400 Revenue (PS 3400) on a prospective basis. The new accounting standard provides direction on accounting for revenues that are not in scope of other existing standards. All revenue streams in scope of PS 3400 have historically been accounted for in accordance with the new standards and as a result there was no impact to net debt, accumulated surplus, or annual surplus on adoption.

3. RESTRICTED CASH – MFA DEBT RESERVE FUND

The Municipal Finance Authority of British Columbia (MFA) is required to establish a Debt Reserve Fund into which each borrower who shares in the proceeds of a debt issue is required to pay certain amounts set out in the debt agreements. Interest earned on these funds (less administrative expenses) becomes an obligation of the MFA to the borrower. If at any time insufficient funds are provided by the borrowers, the MFA will then use these funds to meet payments on its obligations. Should this occur, the borrowers may be called upon to restore the fund. The balance of the Debt Reserve Fund cash deposits at December 31, 2024 is $1,988,263 (2023: $2,788,315).

4. SHORT-TERM DEBT

The balance of short-term debt as at December 31, 2024 is $530,875 (2023: $nil). The Hospital District paid $19,372 (2023: $46,498) of variable short-term interest based on the MFA's floating daily rate. Short-term debt is repayable on demand and must be repaid or transferred to long-term debt within 5 years of initial draw.

5. LONG-TERM DEBT

a) Debt

Long-term debt represents gross debt borrowings of $156,467,380 (2023: $214,472,641) net of repayments and actuarial adjustments of $72,291,502 (2023: $116,005,082).

The loan agreements with the MFA provide that, if at any time the scheduled payments provided for in the agreements for the Hospital District and other authorities are not sufficient to meet the MFA's obligation in respect to such borrowings, the resulting deficiency becomes a liability of the Hospital District and other members of the MFA.

The following principal and actuarial amounts included in long-term debt are payable over the next five years and thereafter:

	2025	2026	2027	2028	2029	Thereafter	Total
Principal	9,415,478	7,791,955	6,607,466	5,005,201	4,352,428	43,397,245	76,569,773
Sinking Fund	1,121,042	1,342,197	1,383,053	1,012,282	780,055	1,967,476	7,606,105
	10,536,520	9,134,152	7,990,519	6,017,483	5,132,483	45,364,721	84,175,878

5. LONG-TERM DEBT (continued)

b) Interest Rates of Long-Term Debt Borrowings Issued in the Year

2024	2023
4.05%	3.90% to 4.97%

The long-term debt bears interest at rates ranging from 0.91% to 4.97%. The weighted average interest rate at December 31, 2024 is 2.90% (2023: 2.73%).

c) Demand Notes – Contingent Liability

The MFA holds demand notes related to the Hospital District's debenture debt in the amount of $4,730,542 (2023: $6,912,749). The demand notes are not recorded as they only become payable should debt be in default or if the MFA requires the funds to meet debt obligations.

6. ASSET RETIREMENT OBLIGATION

The Hospital District owns buildings that contains hazardous materials including asbestos and lead. The Hospital District is legally obligated to remove these materials in a prescribed manner when they are disturbed. These costs are expected to be incurred over the next 20 years as the 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 Hospital District uses the Municipal Finance Authority (MFA) long-term borrowing rate as the discount rate. The 10-year average B.C. consumer price index is used to estimate inflation and aligns with the Bank of Canada’s target inflation range of 1.00% to 3.00%.

The Hospital District acquired a property that included land and building in 2024. The building is unusable in its current state with no future economic value and the full purchase price was recorded as land. The ARO of $462,183 associated with the building was recorded in Operating Expense on the Statement of Operations as there is no building asset associated with the liability.

	2023	ARO Additions	ARO Settlements	Revisions to Estimate	Accretion Expense	2024
Hazardous materials	$ 566,344	462,183	-	6,045	24,799	1,059,371

All 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.

	2024	2023
Discount rate	4.27%	4.17%
Inflation rate	2.70%	2.54%
Settlement timing	17 to 20 years	18 years

7. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization			
	Balance at December 31, 2023	**Additions**	**Transfers**	**Balance at December 31, 2024**	**Balance at December 31, 2023**	**Amortization Expense**	**Balance at December 31, 2024**	**Net Book Value at December 31, 2024**
Work in Progress	$ -	-	-	**$ -**	-	-	-	**$ -**
Land	36,550,141	9,980,681	-	**46,530,822**	-	-	-	**46,530,822**
Buildings	80,421,910	545,234	-	**80,967,144**	12,506,483	3,159,500	15,665,983	**65,301,161**
	$ 116,972,051	10,525,915	-	**$ 127,497,966**	12,506,483	3,159,500	15,665,983	**$ 111,831,983**

	Cost				Accumulated Amortization			
	Balance at December 31, 2022	**Additions**	**Transfers**	**Balance at December 31, 2023**	**Balance at December 31, 2022**	**Amortization Expense**	**Balance at December 31, 2023**	**Net Book Value at December 31, 2023**
Work in Progress	$ -	-	-	**$ -**	-	-	-	**$ -**
Land	36,550,141	-	-	**36,550,141**	-	-	-	**36,550,141**
Buildings	80,167,647	254,263	-	**80,421,910**	9,364,269	3,142,214	12,506,483	**67,915,427**
	$ 116,717,788	254,263	-	**$ 116,972,051**	9,364,269	3,142,241	12,506,483	**$ 104,465,568**

a) The Heights Long-Term Care Facility Site

In 2012, the Hospital District approved a 27-year land lease with the Baptist Housing Mount View Heights Care Society for the site owned by the Hospital District at 3814 Carey Road. The land has a historical cost of $1,913,640.

8. CONTRACTUAL OBLIGATIONS

The Hospital District has no outstanding contractual obligations as at December 31, 2024 (2023: $89,343).

9. CONTRACTUAL RIGHTS

a. The Hospital District financed the capital cost of the Summit at Quadra Village, a complex care facility. The facility was substantially completed by December 31, 2019 and residents moved in July 2020. Under the agreement, Island Health contributes through annual lease payments over a 25-year period. Lease payments commenced February 1, 2020 and are $4,338,178 annually.

b. The Hospital District has an agreement with Fido Solutions to operate a temporary cellular site on the lands at 2251 Cadboro Bay Rd. for a term of five years until March 31, 2026. The annual rent is $20,000.

c. The Hospital District purchased Mt. Tolmie Hospital on December 9, 2024. The facility is leased for 20 years to the Provincial Rental Housing Corporation, which is responsible for all renovations and operating the building as supportive housing.

10. RELATED PARTY TRANSACTIONS

The Hospital District is a related party to the Capital Regional District (CRD). The Board of Directors for each entity is comprised of the same individuals. As legislated by the Hospital District Act, the officers and employees of the CRD are the corresponding officers and employees of the Hospital District. The CRD and the Hospital District are separate legal entities as defined by separate Letters Patent and authorized by separate legislation. During the year the Hospital District purchased, at cost, $1,216,294 (2023: $947,496) of administrative support and project management services from the CRD, of which $17,506 (2023: $nil) was capitalized.

The Regional Housing First Program (RHFP) is a partnership between the Capital Regional District (CRD), the Provincial and Federal governments to provide capital funding for affordable housing projects in the region. The CRD, the Capital Regional Housing Corporation, and the Capital Regional Hospital District have committed a combined $40 million toward these projects. In 2018, an RHFP project management office was established to support the delivery of the program. The Capital Regional Hospital District has fulfilled its contribution commitment and did not provide any funding for administrative support or project management services during the year (2023: $120,653).

11. ACCUMULATED SURPLUS

	2024	2023
Surplus:		
Accumulated Surplus	$ 28,682,723	$ 8,061,145
Reserve funds set aside for specific purposes:		
Debt Management Reserve	15,468,890	7,193,643
Regional Housing First Program Reserve	-	11,327,857
Summit Management Reserve	1,567,904	1,332,941
Land Holdings Management Reserve	1,945,759	1,662,088
Minor Capital Projects Reserve	6,361,711	6,992,945
Hospital District Act Section 20(3) Reserve	3,037,901	3,037,901
Accumulated Surplus	$ 57,064,888	$ 39,608,520

12. BUDGET DATA

The budget data presented in these financial statements is based upon the 2024 operating and capital budgets approved by the Board on March 13, 2024. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

		Budget Amount
Revenue budget	$	33,548,386
Less:		
Transfers from reserve		(553,647)
Surplus previous year		(131,187)
Revenue per Financial Statements		32,863,552
Expense budget		33,548,386
Add:		
Grants to district hospitals		5,443,613
Less:		
Transfers to reserve		(7,103,952)
Debt principal payments		(12,308,149)
Expense per Financial Statements		19,579,898
Annual Surplus	**$**	**13,283,654**

13. CONTINGENT LIABILITY

From time to time, the Capital Regional Hospital District is subject to claims and other lawsuits that arise in the course of business, some of which may seek damages in substantial amounts. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely and it is estimable.

14. FINANCIAL RISKS AND CONCENTRATION OF RISK

The Capital Regional Hospital District has exposure to the following risks from its use of financial instruments:

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 Hospital District is subject to credit risk with respect to the accounts receivable, investments, and cash and cash equivalents. Credit risk arises from the possibility that taxpayers and entities to which the Hospital District provides services may experience financial difficulty and be unable to fulfill their obligations. The maximum exposure to credit risk of the Hospital District at December 31, 2024 is the carrying value of these assets. This risk is mitigated as most accounts receivable are due from government agencies and are collectible.

There have been no significant changes to credit risk exposure from 2023.

14. FINANCIAL RISKS AND CONCENTRATION OF RISK (continued)

b) Liquidity risk:

Liquidity risk is the risk that the Hospital District will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Hospital District manages its liquidity risk by monitoring its operating requirements; preparing 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.

There have been no significant changes to liquidity risk exposure from 2023.

c) Market risk:

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

i. Foreign exchange risk:

The Hospital District 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 2023.

ii. Interest rate risk:

The Hospital District is exposed to interest rate risk through its investments and debt instruments. It is management's opinion that the Hospital District is not exposed to significant interest rate risk in their investments as they manage this risk through its investment policy which includes restrictions on types and concentration of instruments held.

Exposure to interest rate risk in relation to debt instruments is limited to long term debt renewals and short-term financing. The risk applies only to long term debt when amortization periods exceed the initial locked in term. Short term financing is subject to daily floating rates, which can result in variability over the course of short-term financing. Interest rate risk related to debt instruments is managed through budget and cash forecasts.

There has been no change to the risk exposure from 2023.

Grants to District Hospitals

For the year ended December 31, 2024

	Total grants December 31, 2023	Expense 2024	Transfers to completed projects	Total grants December 31, 2024
PROJECTS IN PROGRESS				
Designated Health Care facilities	$ 129,658	$ 529,150	$ -	$ 658,808
Island Health	1,791,461	3,591,123	(4,032,456)	1,350,128
Gorge Road Hospital	616,075	216,167	(517,363)	314,879
Juan de Fuca Hospital	446,949	45,335	(268,176)	224,108
Lady Minto Hospital	3,003,271	739,945	(3,743,216)	-
Mount St. Mary Hospital	-	30,000	(30,000)	-
Queen Alexandra Hospital	333,455	83,651	-	417,106
Royal Jubilee Hospital	2,544,976	1,478,134	(662,689)	3,360,421
Saanich Peninsula Hospital	105,521	178,447	(36,512)	247,456
Victoria General Hospital	3,200,109	2,487,151	(1,152,588)	4,534,672
	12,171,475	9,379,103	(10,443,000)	11,107,578
COMPLETED PROJECTS				
Designated Health Care facilities	24,164,901	-	-	24,164,901
Island Health	96,944,941	-	4,032,456	100,977,397
Gorge Road Hospital	8,335,597	-	517,363	8,852,960
Juan de Fuca Hospital	39,406,745	-	268,176	39,674,921
Lady Minto Hospital	6,211,053	-	3,743,216	9,954,269
Mount St. Mary Hospital - Fairfield	15,569,545	-	30,000	15,599,545
Queen Alexandra Hospital	9,519,433	-	-	9,519,433
Royal Jubilee Hospital	269,447,202	-	662,689	270,109,891
Saanich Peninsula Hospital	21,701,409	-	36,512	21,737,921
Victoria General Hospital	102,891,148	-	1,152,588	104,043,736
	594,191,974	-	10,443,000	604,634,974
	606,363,449	9,379,103	-	615,742,552
LESS:				
Province of British Columbia share of grants to hospitals recorded before change in capital payment process in 2000	(126,010,301)	-	-	(126,010,301)
	$ 480,353,148	$ 9,379,103	$ -	$ 489,732,251

Total grants to date is cumulative since incorporation of the Hospital District in 1967

This page intentionally blank

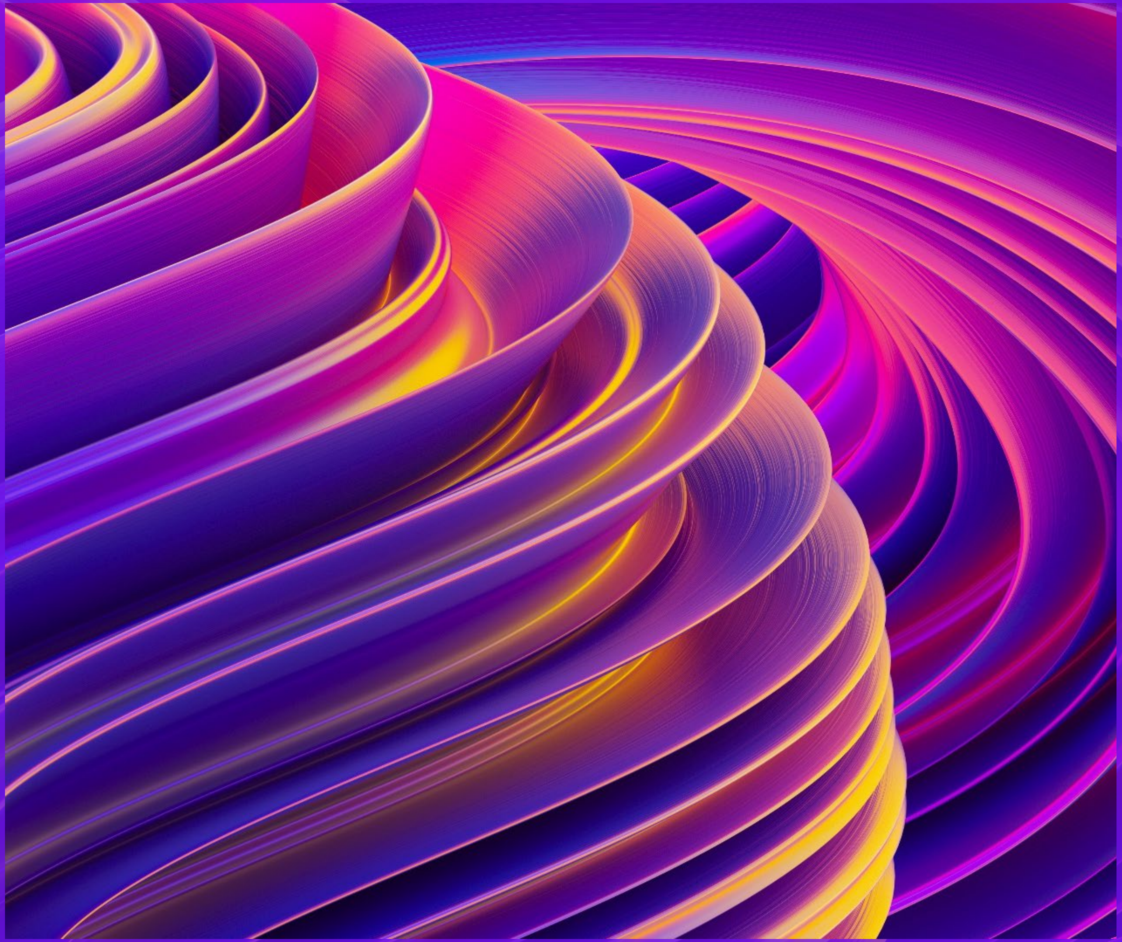
Capital Regional Hospital District

625 Fisgard Street
Victoria, BC V8W 2S6
250.360.3000

www.crd.bc.ca
Facebook: Capital Regional District

KPMG

Capital Regional Hospital District



Audit Findings Report for the year ended December 31, 2024

KPMG LLP

Prepared for the Hospitals and Housing Committee meeting on May 7, 2025

kpmg.ca/audit

KPMG contacts

Key contacts in connection with this engagement

Lenora Lee
Lead Audit Engagement Partner
250-480-3588
lenoramlee@kpmg.ca

Sarah Burden
Senior Manager
250-480-3562
sburden1@kpmg.ca

Cameron Rice-Gural
Senior Manager
250-480-3677
cricegural@kpmg.ca

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Table of contents

Digital use information

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.

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Audit highlights

No matters to report

Matters to report – see link for details

Status

We have completed the audit of the financial statements, with the exception of certain remaining outstanding procedures, which are highlighted on the 'Status' slide of this report.

Significant changes

Significant changes since our audit plan

- No change to risk assessment
- No change to audit strategy

Risks and results & Significant unusual transactions

Significant risks

- Presumed risk of management override of controls

Other risks of material misstatement

Significant unusual transactions

Policies and practices & Specific topics

Accounting policies and practices

Other financial reporting matters

Misstatements - uncorrected

Uncorrected misstatements

- One historical difference from 2017 remains uncorrected related to debt issuance costs recognized in 2017 as an expense rather than over the 25 year term of the debt. We concur with management's representation that the difference is not material to the financial statements.

Misstatements - Corrected

Corrected misstatements

- There are no matters to report.

Control deficiencies

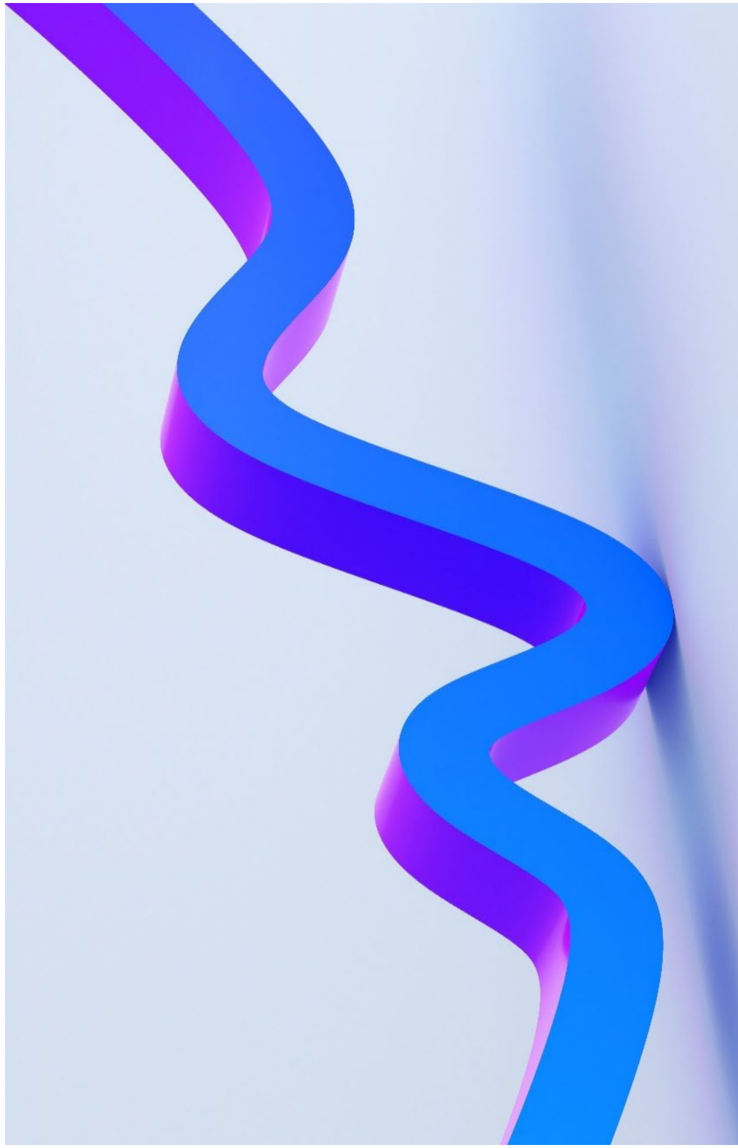
Control deficiencies

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

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 as at and for the period ended December 31, 2024. 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.

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

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:

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

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Significant risks and results

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.

Findings

- There were no issues noted in our testing.

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Other risks of material misstatement and results

Tangible Capital Assets

Our response

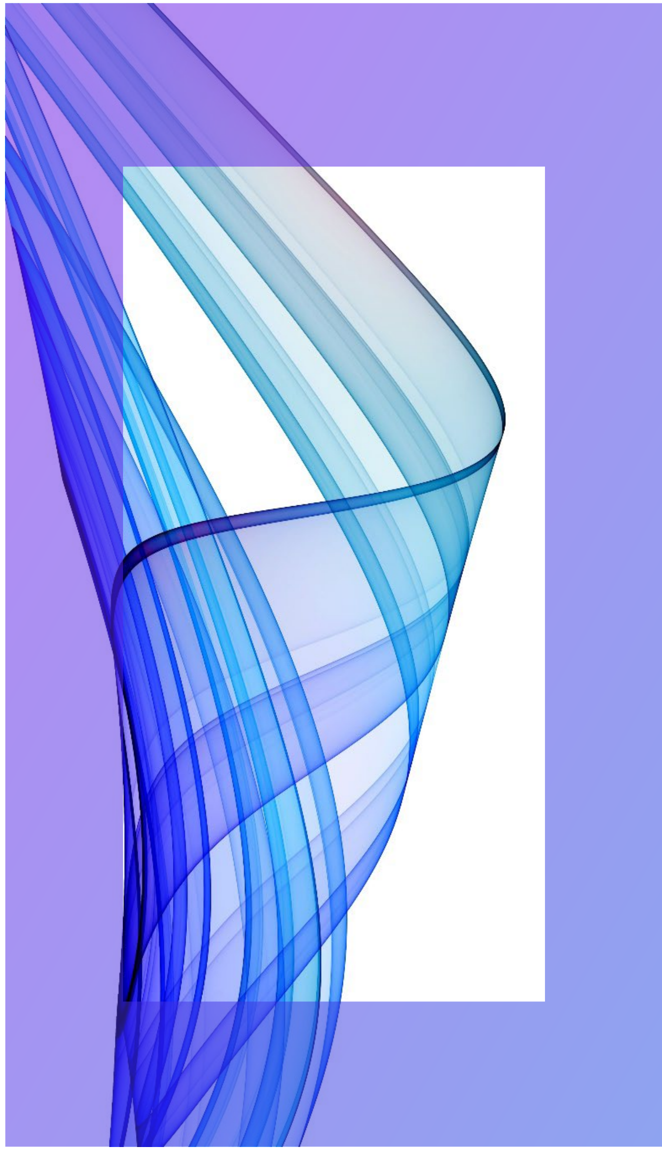
- We obtained an updated understanding of the capital asset process.
- We obtained the continuity schedule of opening balances, additions, disposals, amortization and closing balances and validated the mathematical accuracy of the schedule.
- We tested the acquisition of the Mount Tolmie property, by agreeing to purchase agreement and cash payment. We tested the allocation of 100% of the purchase to land by agreeing to the Pinchin building condition assessment report.
- We tested the accuracy of the asset retirement obligations for asbestos remediation liabilities acquired with the Mount Tolmie structures, by agreeing inputs used in the calculation to source documents and consistency of assumptions with other liabilities recognized.
- We verified the accuracy of amortization expense and inquired about any changes to the amortization policy or processes.
- We assessed management's accounting and disclosures for capital commitments.
- We assessed management's assessment of asset retirement obligation (ARO) asset and liabilities after initial implementation of the new standard in 2023. We assessed management's process for updating assets and liabilities for remediation work completed in the year, new liabilities identified and revaluation of AROs from new information obtained or passage of time since initial recognition.

Findings

- There were no issues noted in our testing.

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

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 lease revenue and taxation revenue, agreeing amounts to budget, contracts and cash receipt.
- Grants to Island Health were tested by comparing actual expenses to approved bylaws, cash payments and classification by nature and facility. A sample of expenses were tested to underlying vendor invoice noting the applicable facility and project being funded.
- No issues were noted in our testing.

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

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.

KPMG

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Uncorrected misstatements

Uncorrected misstatements include financial presentation and disclosure omissions.

Impact of uncorrected misstatements – Not material to the financial statements

The management representation letter includes the Summary of Uncorrected Audit Misstatements, which discloses the impact of all uncorrected misstatements considered to be other than clearly trivial, including the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

One historical difference from 2017 remains uncorrected related to debt issuance costs recognized in 2017 as an expense rather than over the 25 year term of the debt.

This results in a timing difference that will decline in value over the term of the debt. The uncorrected difference results in an overstatement of debt and understatement of accumulated surplus of $83,300.

Based on both qualitative and quantitative considerations, management have decided not to correct certain misstatements and represented to us that the misstatements —individually and in the aggregate—are, in their judgment, not material to the financial statements. This management representation is included in the management representation letter.

We concur with management’s representation that the uncorrected misstatements are not material to the financial statements. Accordingly, the uncorrected misstatements have no effect on our auditor's report.

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

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.

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Appendices

1 Required communications

2 Management representation letter

3 Current developments

4 Thought Leadership and Insights

Appendix 1: Required communications

Auditor's report	Engagement letter
Refer to the draft report attached to the financial statements.	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	Management representation letter
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, 2024 up until the date of this report.	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.

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Appendix 2: Management representation letter

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

(Letterhead of Client)

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

DATE

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 Regional Hospital District ("the Entity") as at and for the period ended December 31, 2024.

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.

DRAFT

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

— others

where 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.

DRAFT

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) The effects of the uncorrected misstatements described in **Attachment II** are immaterial, both individually and in the aggregate, to the financial statements as a whole.

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.

DRAFT

Yours very truly,

Ted Robbins, Chief Administrative Officer

Nelson Chan, Chief Financial Officer

Kevin Lorette, General Manager, Planning and Protective Services

DRAFT

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

DRAFT

Attachment II – Summary of Audit Misstatements Schedule

Uncorrected Misstatement

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**
To recognize debt issuance expense over the term of the debt instead of in the year of issuance	-	-	($83,300)	$83,300
Total misstatements	**-**	**-**	**($83,300)**	**$83,300**

DRAFT

Appendix 3: Current developments

Accounting standards

Standard	Summary and implications
Concepts Underlying Financial Performance	• The revised Conceptual Framework is effective for fiscal years beginning on or after April 1, 2026 with early 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	• The proposed section PS 1202 *Financial statement presentation* will replace the current section PS 1201 *Financial statement presentation*. PS 1202 *Financial statement presentation* will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption is permitted.
	• The proposed section includes the following:
	  • 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.

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Appendix 3: Current developments (continued)

Accounting standards (continued)

Standard	Summary and implications

Employee Benefits	• The Public Sector Accounting Board has issued proposed new standard PS 3251 *Employee benefits* which would replace the current sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*.
	• After evaluating comments received about the July 2021 exposure draft, a new re-exposure draft was released in October 2024. The re-exposure draft continues to use principles from International Public Sector Accounting Standard 39 *Employee benefits* as a starting point to develop the Canadian standard.
	• The proposed standard 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.
	• The re-exposure draft also proposes that fully funded post-employment benefit plans use a discount rate based on the expected market-based return of plan assets and unfunded plans use a discount rate based on the market yield of government bonds, high-quality corporate bonds or another appropriate financial instrument. A simplified approach to determining a plan's funding status is provided.
	• For most other topics, the re-exposure draft is consistent with the original exposure draft. A few exceptions are:
	  • Deferral provisions – Remeasurement gains and losses will be presented as part of accumulated remeasurement gains and losses.
	  • Valuation of plan assets – Public sector entities may continue to recognize non-transferable financial instruments that meet the definition of plan assets under existing PS 3250 guidance.
	  • Joint defined benefit plans – Defined benefit accounting will be used for measurement of the proportionate share of the plan, instead of previously proposed multi-employer plan accounting which was based on defined contribution plan concepts.
	  • Disclosure of other long-term employee benefits and termination benefits – The re-exposure draft does not include prescriptive disclosure requirements for other long-term employee benefits and termination benefits.
	• The proposed section PS 3251 *Employee benefits* will apply to fiscal years beginning on or after April 1, 2029. Early adoption will be permitted and guidance applied retroactively, with or without prior period restatement.
	• Comments on the re-exposure draft are due on January 20, 2025. The re-exposure draft can be viewed at the following link: Click here

KPMG

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Appendix 3: Current developments (continued)

Accounting standards (continued)

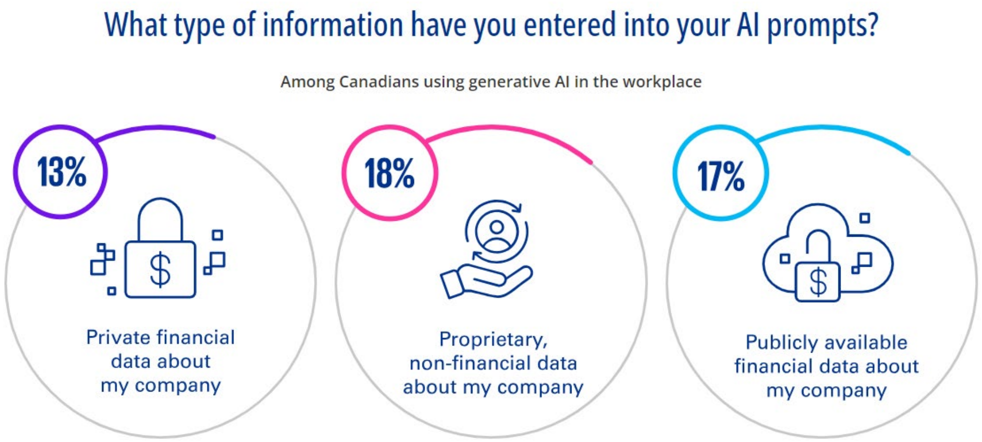
Standard	Summary and implications
Intangible assets	• The Public Sector Accounting Standards Board has issued proposed new standard PS 3155 *Intangible Assets* which would replace Public Sector Guideline 8 *Purchased Intangibles*. The new standard would be effective for fiscal years beginning on or after April 1, 2030 with early adoption permitted. • The standard will include foundational guidance on acquired and internally generated intangibles. It excludes intangible assets addressed in other public sector accounting standards and other intangible items such as exploration and extraction costs for non-renewable resources or intangible assets related to insurance contracts. • The definition of "intangible assets" requires an intangible resource to be separate and identifiable from goodwill. It also requires that the entity has control over the intangible resource, future economic benefits flow from the intangible resource, and the intangible resource is the result of a past transaction and/or other events. • Internally generated goodwill is not permitted to be recognized as an asset. • An intangible resource is recognized when it meets the definition of an intangible asset and the asset's cost can be measured in a faithfully representative way. The generation of the asset is classified into a research phase and a development phase. Expenditures from the research phase of an internally generated project are expensed. An intangible asset arising from the development phase can be recognized if it meets certain requirements. • Intangible assets are initially measured at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets acquired through a non-exchange transaction are measured at fair value as of the date it is acquired. • Comments on the exposure draft are due on May 30, 2025. The exposure draft can be viewed at the following link: Click here
Cloud computing arrangements	• As part of its intangible assets project, the Public Sector Accounting Standards Board is also developing guidance on cloud computing arrangements. To ensure the development of this accounting guidance reflects current practices and needs, a survey has been launched to gather insights. The survey will inform the Public Sector Accounting Board about the types of cloud computing arrangements being encountered, magnitude of costs, key arrangement terms, current accounting policies and unique challenges in practice. • We encourage all entities to complete the survey by May 30, 2025, which is at the following link: Click here

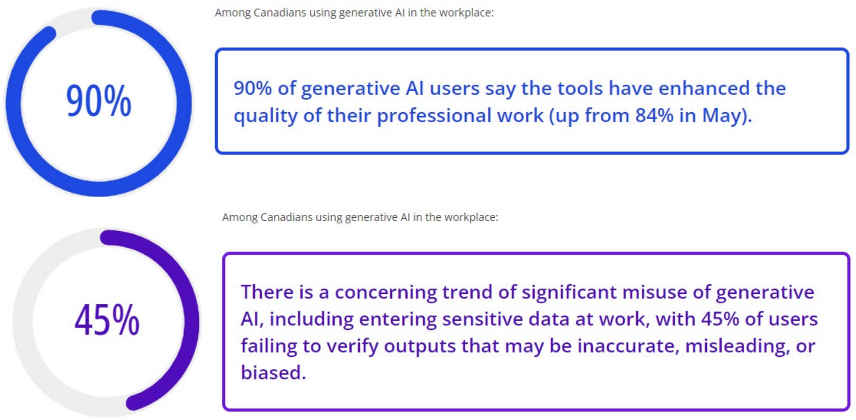
© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Appendix 4: Thought leadership and insights

Generative AI

Ever since ChatGPT launched publicly on November 30, 2022, generative AI has caught the attention of users around the world – including Canada. One year after its launch, KPMG in Canada conducted a survey about generative AI use in Canada's workplaces: [Generative AI Adoption Index - KPMG Canada]





For governance bodies, generative AI stands as a pivotal innovation that offers unprecedented opportunities to drive business value, improve productivity, reach broader audiences, streamline operations, and help address complicated global issues. However, it also raises complex business and ethical questions. To gain the full trust of stakeholders, AI systems need to be designed with governance, risk, legal, and ethical frameworks in mind. The aim is not just to manage these challenges as they emerge, but to proactively elevate your organization's AI practices to achieve Trusted AI.

3 key guiding principles that can help boards achieve their Trusted AI objectives

- Ensure AI applications align with ethical and legal standards, safeguarding the organization from potential financial, operational, and reputational risks
- Foster innovation, enabling the business to gain a competitive edge through trustworthy AI development
- Establish a commitment to Trusted AI, enhancing trust and brand value among stakeholders and employees

Learn more about how generative AI affects governance responsibilities and tools to emerge as leaders of responsible innovation that serves the greater good: [Preparing your board for generative AI]

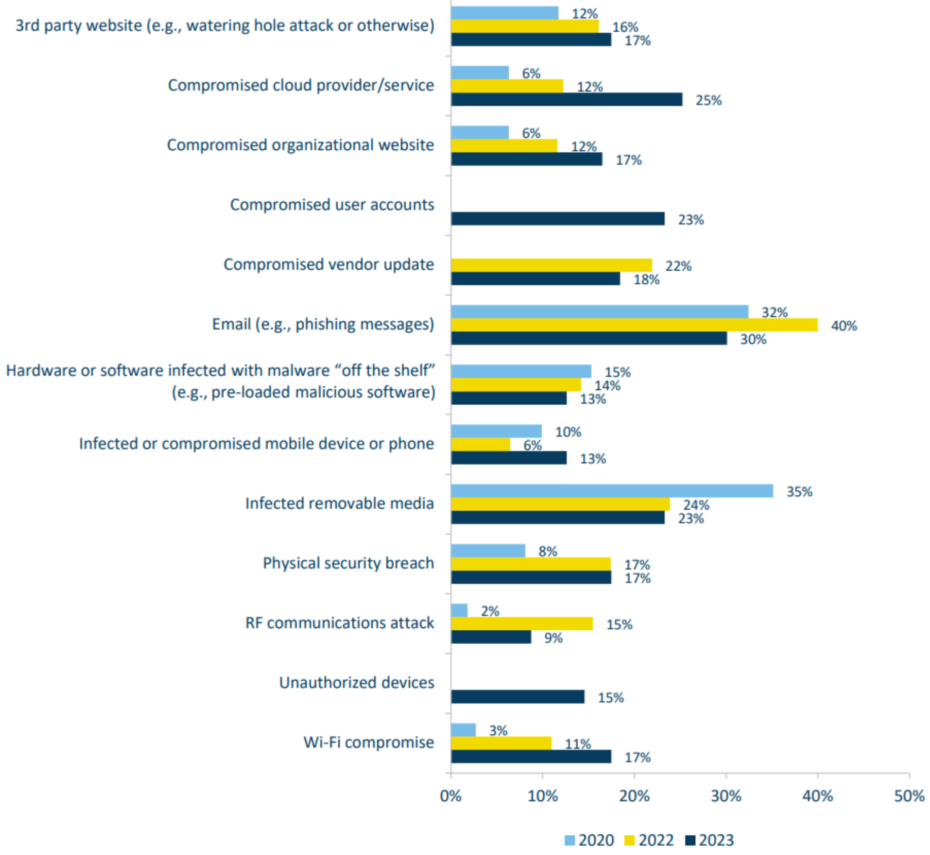
© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Appendix 4: Thought leadership and insights (continued)

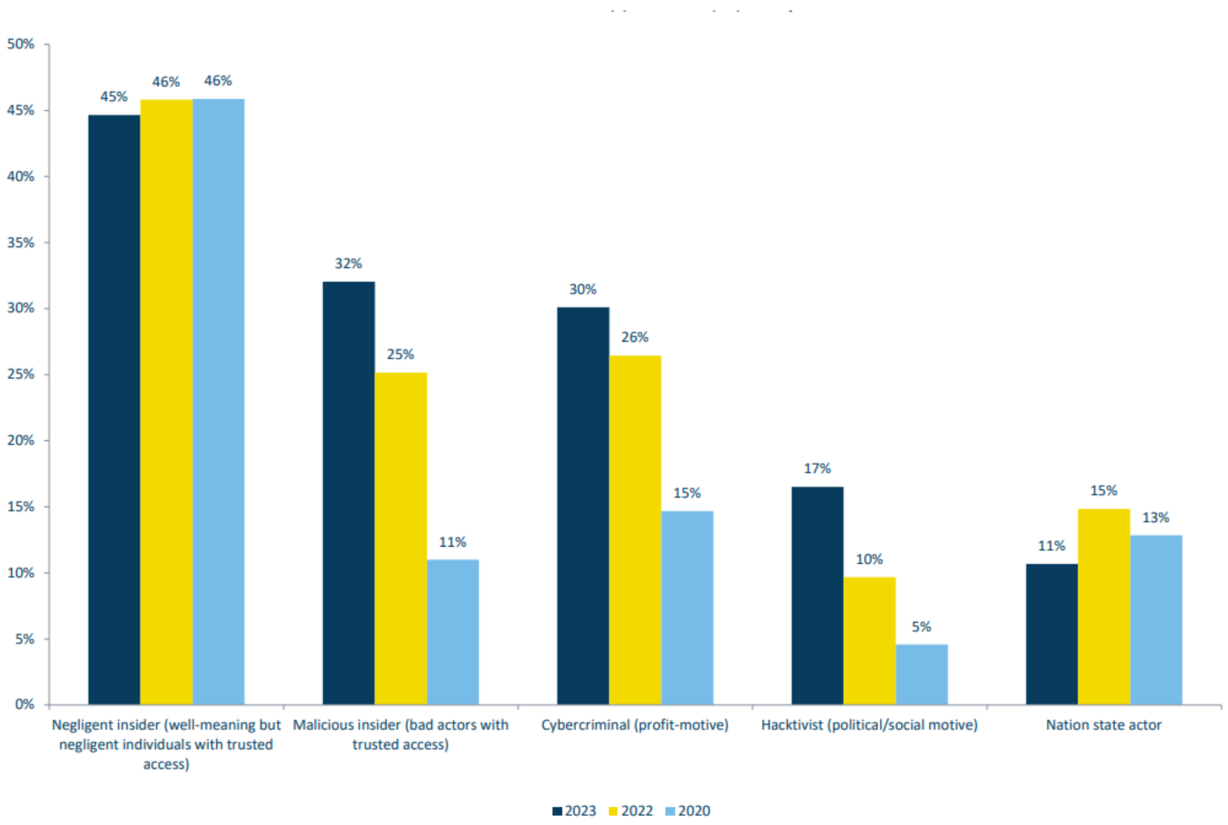
Ransomware in Canada

Canada is the fourth highest victim of ransomware attacks after the US, UK and Malaysia. Where ransomware attacks are successful, the costs can be substantial. COVID-19, lockdown and a shift to remote working has seen a rise in ransomware incidents. Vulnerabilities in people, process and technology controls, due to a shift to remote working over this period, have presented opportunities for cyber criminals.

Trends in types and frequency of cyber incidents



Trends in how cyber incidents arise



Source: The (CS)2 AI-KPMG Control System Cybersecurity Annual Report

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Appendix 4: Thought leadership and insights (continued)

Where are Finance Teams adopting AI

Finance's role as a business partner has put them an ideal position to lead enterprise adoption

Generating commentary

Reduce the time and effort needed to create recurring materials required for financial reporting, business reviews, management reports, and board meetings.

Forecasting & budgeting

Integrating predictive models, creating scenarios, and generating insights on potential financial outcomes.

Collecting marketing intelligence

Powerful research tool able to find and synthesize public data to generate insights on markets, competitors, and customers.

Generating strategic insights

Partner with other functions to provide insights across the business. Use finance's position to inform strategic decisions and solve problems with pricing, performance, and benchmarking metrics.

Detecting anomalies

Generative AI shows promise as a tool for detecting errors and potential fraud. It can compare new data with past patterns to identify anomalies.

Managing contracts

Generative AI tools can draft contracts with preferred term and prioritize contract reviews based on deviations from standard terms and conditions.

AI naturally aligns to CFO's existing responsibilities related to business strategy, digital transformation, and risk management

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Appendix 4: Thought leadership and insights (continued)

AI brings Risks as well as Opportunities

Internal Risks & Considerations

Breaking Confidentiality

Many Generative AI models are built to absorb user-inputted data to improve the model over time. This could lead to exposure of key confidential information

Employee Misuse and Inaccuracies

Models generate responses based on input, so there is a risk of providing false or malicious content. Employees need to be cautious and review AI-generated content with a critical

Talent Implications

Professionals need to be made aware of their role in training and evolving the solution as high- quality output can only be achieved through high- quality, expert queries

Policies and Regulations

As the world's understanding of AI evolves, more policies and regulations will be brought upon by regulators which in turn need to be complied with

External Risks & Considerations

Misinformation, Bias and Discrimination

The model could generate a response containing inappropriate information or language. In cases where the model does not have an accurate response, it may 'hallucinate' with a false response.

Financial, Brand & Reputational Risk

Copying AI-produced information or code into any deliverable or product could constitute copyright infringement leading to legal and reputational harm

Intellectual Property and Copyright

Risks in copyright includes the potential creation of unauthorized plagiarized content, leading to infringement and violations of intellectual property rights

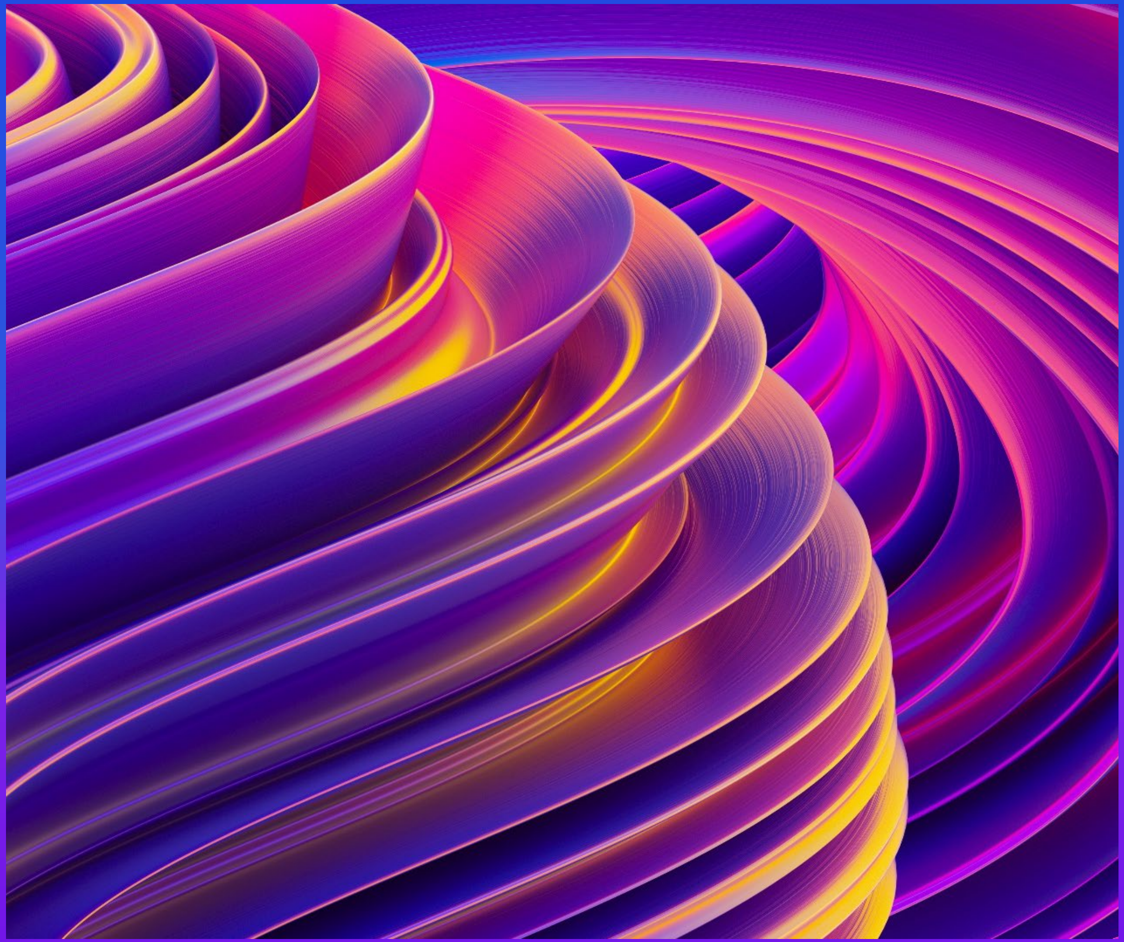
Cybersecurity

Generative AI models could be trained and employed for many cybersecurity attacks such as phishing scams, malware, data poisoning etc.

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

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

© 2025 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.



Capital Regional Hospital District Other Financial Statement Analysis

The 2024 Audited Financial Statement have been prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS) Standards. Under PSAS, governments are required to present five statement with explanatory notes. The first two statements are summarized in the staff report. This appendix provides a summary of the remaining statements and an overview of the Statement of Change in Net Debt and the Statement of Cash Flows.

3. Statement of Change in Net Debt

As of December 31, 2024, the Capital Regional Hospital District's (CRHD) net debt totalled $54.8 million, reflecting a decrease of $10.1 million from 2023. Table 7 outlines the difference between the annual surplus reported in the Statement of Operations and the actual change in net debt.

Table 7 – Change in Net Debt Year-Over-Year

Statement of Change in Net Debt ($M)	2024	2023
Annual Surplus	17.5	19.1
Acquisition of Tangible Capital Assets	(10.5)	(0.2)
Revaluation of Asset Retirement Obligation	-	(0.1)
Amortization of Tangible Capital Assets	3.1	3.1
Change in Net Debt	**10.1**	**21.9**
Net Debt, Beginning of Year	(64.9)	(86.8)
Net Debt, End of Year	**($54.8)**	**($64.9)**

The $10.1 million reduction in net debt was primarily driven by an annual surplus of $17.5 million and $3.1 million in amortization, partially offset by $10.5 million in capital asset acquisitions, including the $10 million acquisition of Mt. Tolmie Hospital.

4. Statement of Cash Flows

As of December 31, 2024, CRHD's cash balance was $11.6 million, reflecting an increase of $1.4 million from 2023. Table 8 outlines the key activities that contributed to this change.

Table 8 – Change in Cash and Cash Equivalents Year-Over-Year

Statement of Cash Flows ($M)	2024	2023
Operating Activities	18.0	17.7
Capital Activities	(10.5)	(0.2)
Investing Activities	4.5	(15.0)
Financing Activities	(10.6)	(10.9)
Net Change in Cash and Cash Equivalents	**1.4**	**(8.4)**
Cash and Cash Equivalents, Beginning of Year	10.2	18.6
Cash and Cash Equivalents, End of Year	**$11.6**	**$10.2**

The $1.4 million increase in cash and cash equivalents was primarily due to $18.0 million in cash generated from operating activities and $4.5 million from investing activities. The increase in investing activities reflects the sale of guaranteed investment certificates to ensure sufficient cash for capital expenditures, including the acquisition of Mt. Tolmie Hospital. These inflows were partially offset by $10.5 million in capital expenditures, including the Mt. Tolmie Hospital purchase, and $10.6 million in financing activities related to long-term debt repayments to the Municipal Finance Authority.

5. Schedule A - Grants to District Hospitals

Schedule A provides a summary of capital grants paid to district hospitals in accordance with the annual financial plan. These grants support equipment purchases, as well as major and minor capital projects which are budgeted within the 10-year capital plan.

In 2024, capital grant expenses totalled $9.4 million, while the value of completed projects reached $10.4 million. The CRHD cost shares 30% of approved costs for major capital projects, and as of December 31, 2024, its share of authorized projects stood at $108.3 million (2023: $96.9 million).

Table 9 (page 3) presents a summary of grants paid to district hospitals and funding commitments by bylaw, while Table 10 (page 4) provides the same summary organized by hospital facility.

Table 9 - Summary of Grants Paid to District Hospitals and Funding Commitments by Bylaw

Bylaw	Description	Approved Project Cost (Island Health)	Hospital District Share	Funded to December 31, 2023	Funded in Current Year (Schedule A)	Funded to December 31, 2024	Remaining Commitment	Planned Approved Funding 2025-2029
Sec 20(3)	Capital Equipment Grants	$ 2,955,000	$ 2,955,000	$ -	$ 2,955,000	$ 2,955,000	$ -	$ -
CBL176	2020 Minor Capital Projects	17,556,299	3,750,000	3,744,864	5,136	3,750,000	-	-
CBL180	2021 Minor Capital Projects	16,172,312	3,750,000	2,003,881	475,955	2,479,836	1,270,164	1,270,164
CBL183	Lady Minto Emergency Dept. Redevelopment	12,800,000	3,738,000	2,998,055	739,945	3,738,000	-	-
CBL184	2022 Minor Capital Projects	17,784,582	3,750,000	715,368	1,887,262	2,602,630	1,147,370	1,147,370
CBL186	Summit Chiller Modifications	200,000	200,000	75,170	148,163	223,333	-	-
CBL187	2023 Minor Capital Projects	31,074,761	3,750,000	1,542,942	978,404	2,521,346	1,228,654	1,228,654
CBL189	MDRD Expansion	4,240,000	1,272,000	17,552	19,579	37,131	1,234,869	1,122,000
CBL190	Mt. Tolmie	10,000,000	10,000,000	-	9,980,681	9,980,681	-	-
CBL191	New Long-Term Care	223,694,000	67,108,200	129,659	529,150	658,809	66,449,391	65,647,200
CBL192	MRI Scanner Replacement	2,000,000	600,000	-	379,029	379,029	220,971	150,000
CBL193	Elevator Refurbishment	2,055,718	616,715	-	135,000	135,000	481,715	481,715
CBL194	The Summit Fire Suppression System Remediation	900,000	900,000	-	391,026	391,026	508,974	150,000
CBL195	2024 Minor Capital Projects	23,047,404	3,750,000	-	1,034,477	1,034,477	2,715,523	2,715,523
CBL196	VGH High Performance Controls Upgrade	3,703,305	1,110,992	-	155,613	155,613	955,379	666,595
CBL197	RJH Diagnostic and Treatment BAS Controls Upgrade	3,594,588	1,078,376	-	84,553	84,553	993,823	647,026
Total Commitments		**$ 371,777,969**	**$ 108,329,283**	**$ 11,227,491**	**$ 19,898,973**	**$ 31,126,464**	**$ 77,206,833**	**$ 75,226,247**

Table 10 - Summary of Grants Paid to District Hospitals Organized by Hospital Facility

Bylaw	Year Approved	Description	Approved Project Cost (Island Health)	Hospital District Share	Funded to December 31, 2023	Funded in Current Year (Schedule A)	Funded to December 31, 2024	Remaining Commitment	Planned Approved Funding 2025-2029
APPROVED AND ACTIVE CAPITAL PROJECTS									
Designated Health Care Facilities									
CBL191	2023	New Long-Term Care	$ 223,694,000	$ 67,108,200	$ 129,659	$ 529,150	$ 658,809	$ 66,449,391	$ 65,647,200
CBL186	2024	Summit Chiller Modifications	200,000	200,000	75,170	148,163	223,333	-	-
CBL190	2023	Mt. Tolmie	10,000,000	10,000,000	-	9,980,681	9,980,681	-	-
CBL194	2024	The Summit Fire Suppression System Remediation	900,000	900,000	-	391,026	391,026	508,974	150,000
Island Health									
Multiple	2020-2024	Minor Capital Projects	14,922,970	3,317,269	1,791,461	666,123	2,457,584	859,685	859,685
Sec 20(3)	2024	Capital Equipment Grants	2,925,000	2,925,000	-	2,925,000	2,925,000	-	-
Mount St. Mary Hospital									
Sec 20(3)	2024	Capital Equipment Grants	30,000	30,000	-	30,000	30,000	-	-
Gorge Road Hospital									
Multiple	2020-2024	Minor Capital Projects	7,641,849	1,097,767	616,075	216,167	832,242	265,525	265,525
Juan de Fuca Hospital									
Multiple	2020-2024	Minor Capital Projects	1,957,341	549,375	446,948	45,335	492,283	57,092	57,092
Lady Minto Hospital									
Multiple	2020-2024	Minor Capital Projects	44,268	5,216	5,216	-	5,216	-	-
CBL183	2021	Lady Minto Emergency Dept. Redevelopment	12,800,000	3,738,000	2,998,055	739,945	3,738,000	-	-
Queen Alexandra Hospital									
Multiple	2020-2024	Minor Capital Projects	2,837,004	718,338	333,456	83,651	417,107	301,231	301,231
Royal Jubilee Hospital									
Multiple	2020-2024	Minor Capital Projects	32,306,741	5,507,042	2,544,976	1,052,731	3,597,707	1,909,335	1,909,335
CBL192	2024	MRI Scanner Replacement	1,132,814	339,844	-	339,844	339,844	-	-
CBL197	2024	RJH Diagnostic and Treatment BAS Controls Upgrade	3,594,588	1,078,376	-	84,553	84,553	993,823	647,026
Saanich Peninsula Hospital									
Multiple	2020-2024	Minor Capital Projects	3,961,089	1,254,915	105,522	178,447	283,969	970,946	970,946
Victoria General Hospital									
Multiple	2020-2024	Minor Capital Projects	41,964,096	6,300,078	2,163,401	2,138,780	4,302,181	1,997,897	1,997,897
CBL189	2023	MDRD Expansion	4,240,000	1,272,000	17,552	19,579	37,131	1,234,869	1,122,000
CBL192	2024	MRI Scanner Replacement	867,186	260,156	-	39,185	39,185	220,971	150,000
CBL193	2024	Elevator Refurbishment	2,055,718	616,715	-	135,000	135,000	481,715	481,715
CBL196	2024	VGH High Performance Controls Upgrade	3,703,305	1,110,992	-	155,613	155,613	955,379	666,595
Total Commitments			**$ 371,777,969**	**$ 108,329,283**	**$ 11,227,491**	**$ 19,898,973**	**$ 31,126,464**	**$ 77,206,833**	**$ 75,226,247**

REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, MAY 07, 2025

SUBJECT **Capital Region Housing Corporation 2024 Audit Findings Report and Audited Financial Statements**

ISSUE SUMMARY

This report summarizes the Capital Region Housing Corporation (CRHC) 2024 Audit Findings Report and requests approval of the Audited Financial Statements.

BACKGROUND

The CRHC is incorporated under the laws of British Columbia; 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).

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 2024 Financial Statements have been prepared by management in accordance with PSAS, 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, 2025).

Under PSAS, 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 2024 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 2024 Audited Financial Statements and schedules are attached as Appendix A.

The Audit Findings Report (Appendix B) summarizes the responsibilities of the auditor, the scope of work and the audit results. The report confirms there were no significant changes in the audit approach from the Audit Planning Report presented to the Board on January 8, 2025 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 of and for the year ended December 31, 2024.

ALTERNATIVES

Alternative 1
The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:
That the Capital Region Housing Corporation 2024 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 2024 Audited Financial Statements be referred back to staff for additional information.

IMPLICATIONS

Financial Implications

New Accounting Standards

PS 3400 - Revenue

On January 1, 2024, the CRHC adopted Public Sector Accounting Standard PS 3400 *Revenue*. The new accounting standard provides direction on accounting for revenues that are not in scope of other existing standards. Management performed a review of all CRHC revenue streams and determined that there was no impact to net debt, accumulated surplus, or annual surplus on adoption of this standard.

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 2024 and 2023.

Table 1 – Change in Assets Year-Over-Year

Assets ($M)	2024	2023	$ Change	% Change
Cash and Cash Equivalents	18.8	14.9	3.9	26.2%
Accounts Receivable	7.0	6.0	1.0	16.7%
Prepaid Expenses	0.9	0.9	0.0	0.0%
Total Current Assets	**26.7**	**21.8**	**4.9**	**22.5%**
Non-Current Assets				
Cash and Cash Equivalents (Restricted)	7.5	8.5	(1.0)	(11.8%)
Capital Assets	300.8	262.4	38.4	14.6%
Total Non-Current Assets	**$308.3**	**$270.9**	**$37.4**	**13.8%**
Total Assets	**$335.0**	**$292.7**	**$42.3**	**14.5%**

The total assets of $335.0 million consist of current and non-current assets. Current assets of $26.7 million reflect the organization's ability to meet short-term payment obligations.

The increase in current assets of $4.9 million or 22.5% is due to increases in cash and accounts receivable. These fluctuations are in line with the timing of payments related to capital construction activity in 2024.

Non-current assets of $308.3 million consist of $7.5 million in restricted cash and cash equivalents and $300.8 million in capital assets. These assets increased by $37.4 million, primarily due to construction at Caledonia and Michigan Square.

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

Table 2 – Change in Liabilities Year-Over-Year

Liabilities ($M)	2024	2023	$ Change	% Change
Current Liabilities				
Accounts Payable	6.6	7.2	(0.6)	(8.3%)
Short-Term Capital Financing	39.1	27.5	11.6	42.2%
Mortgage Payable – Current	9.6	14.3	(4.7)	(32.9%)
Other Liabilities	3.8	2.7	1.1	40.7%
Total Current Liabilities	**59.1**	**51.7**	**7.4**	**14.3%**
Non-Current Liabilities				
Mortgage Payable – Non-Current	182.0	161.1	20.9	13.0%
Asset Retirement Obligation	10.0	9.5	0.5	5.3%
Total Liabilities	**$251.1**	**$222.3**	**$28.8**	**13.0%**

Total current liabilities of $59.1 million is an increase of $7.4 million or 14.3% over 2023. Notable changes over 2023 are:

- Short-term capital financing increased by $11.6 million related to new financing of $25.7 million for the Caledonia property. This is offset by the conversion of $14.0 million interim borrowing to mortgages at Michigan Square.

- The decrease of $4.7 million in current mortgage payable is due to timing of term renewals. The increase of $20.9 million in non-current mortgage payable is driven by $20.9 million in new mortgages at Michigan Square. The new debt was offset by $8.0 million in repayments of 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

Revenue ($M)	2024	2023	$ Change	% Change
Tenant Rent Contributions	25.0	23.0	2.0	8.7%
Government Capital Contributions	10.8	16.1	(5.3)	(32.9%)
Other Revenue	5.0	5.0	0.0	0.0%
Total Revenue	**$40.8**	**$44.1**	**$(3.3)**	**(7.5%)**

Revenue from all sources totaled $40.8 million in 2024, a decrease of $3.3 million or 7.5%. The decrease is driven by reduced capital contributions from other government entities due to the timing of capital project payments. This was offset by $2.0 million of increased rent contributions at existing and new properties.

Table 4 – Change in Expenses Year-Over-Year

Expenses ($M)	2024	2023	$ Change	% Change
Building Operating and Administrative Expenses	12.1	11.2	0.9	8.0%
Insurance	1.6	1.5	0.1	6.7%
Amortization and Accretion	9.1	8.6	0.5	5.8%
Interest Expense	4.4	4.2	0.2	4.8%
Total Expenses	**$27.2**	**$25.5**	**$1.7**	**6.7%**

Expenses totaled $27.2 million in 2024, an increase of $1.7 million or 6.7%. Expense changes were driven by:

- $0.9 million increase in building operating and administrative expenses consistent with the volume of new units at Michigan Square and annualization of Prosser Place
- $0.1 million increase in insurance costs due to the new buildings at Michigan Square
- $0.5 million increase in amortization due to newly acquired assets
- $0.2 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 2024 Audited Financial Statements is required under the *Local Government Act*, *BC Business Corporations Act*, BCHMC operating agreements and mortgage agreements. As noted in the Audit Findings Report, it is the auditors' opinion that these Financial Statements present fairly the consolidated financial position of the CRHC for the year ending December 31, 2024, 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 2024 Audited Financial Statements be approved.

Submitted by:	Varinia Somosan, CPA, CGA, Sr. Mgr., Financial Services / Deputy CFO
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer, GM Finance & IT
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 2024 Financial Statements
Appendix B: CRHC Audit Findings Report [for the year ended December 31, 2024 (KPMG)]
Appendix C: CRHC Statement of Financial Position, Year Ended December 31, 2024, Variance Analytics: Year-Over-Year
Appendix D: CRHC Statement of Operations, Year Ended December 31, 2024, Variance Analytics: Year-Over-Year
Appendix E: CRHC Other Financial Statement Analysis
Appendix F: CRHC 2024 Financial Performance Measures

APPENDIX A

Capital Region Housing Corporation

2024 Financial Statements

British Columbia, Canada
Fiscal year ended December 31, 2024

CRHC
Capital Region Housing Corporation

December 31, 2024

CONTENTS

KPMG LLP
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone 250 480 3500
Fax 250 480 3539

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, 2024
- 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, 2024, 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.

DRAFT

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 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.

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

DRAFT

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
__________________, 2025

DRAFT

Making a difference...together

Capital Regional District
625 Fisgard Street, PO Box 1000
Victoria, BC V8W 2S6

T: 250.360.3000
F: 250.360.3201
www.crd.bc.ca

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, 2024.

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

____

Nelson Chan, MBA, CPA, CMA
Chief Financial Officer
May 14, 2025

DRAFT

Statement of Financial Position

As at December 31, 2024

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	**$ 18,778,037**	$ 14,903,603
Accounts receivable	**7,017,377**	6,031,343
Prepaid expenses	**853,311**	890,568
	26,648,725	21,825,514
Cash and cash equivalents restricted for replacement reserve (Note 3)	**7,474,808**	8,543,170
Capital assets (Note 4 and Schedule C)	**300,820,662**	262,404,263
	$ 334,944,195	$ 292,772,947
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	**6,615,555**	7,154,414
Accrued mortgage interest	**416,373**	381,220
Due to Capital Regional District	**1,470,186**	284,633
Deferred revenue	**749,300**	743,487
Security deposits	**1,224,668**	1,214,931
Short-term capital financing (Note 5)	**39,117,653**	27,454,719
Mortgages payable principal current portion (Note 6 and Schedule D)	**5,959,718**	6,193,511
Mortgages payable principal renewal portion (Note 6 and Schedule D)	**3,556,168**	8,233,676
	59,109,621	51,660,591
Mortgages payable (Note 6 and Schedule D)	**181,523,387**	161,065,397
Asset retirement obligations (Note 7)	**9,987,872**	9,521,426
Capital stock (Note 8)	**1**	1
Net assets:		
Invested in capital assets (Note 9)	**68,939,223**	56,115,448
Externally restricted (Note 10)	**11,908,022**	11,921,941
Internally restricted (Note 10)	**1,248,911**	1,106,227
Unrestricted: Corporation stabilization reserve (Note 11)	**2,512,794**	1,855,850
	84,608,950	70,999,466
Accumulated remeasurement losses	**(285,636)**	(473,934)
	84,323,314	70,525,532
	$ 334,944,195	$ 292,772,947

Commitments and contingencies (Note 12)

See accompanying notes to the financial statements.

On behalf of the Board:

____________________ Director ____________________ Director

Statement of Operations

For the Year Ended December 31, 2024

	Operating Funds		Restricted Funds			
	Corporation	Rental Housing	Capital Fund	Replacement Reserve Fund	**Total 2024**	Total 2023
Revenues:						
Tenant rent contributions	$ -	$24,955,692	$ -	$ -	**$ 24,955,692**	$ 23,002,135
BCHMC rent subsidy assistance	-	1,146,240	-	-	**1,146,240**	710,400
BCHMC umbrella operating agreement funding	-	2,420,616	-	-	**2,420,616**	2,674,751
Rental management fees - third parties	21,828	-	-	-	**21,828**	63,342
Investment income	305,054	-	355,915	526,076	**1,187,045**	1,181,831
Guest suites, net	974	-	-	-	**974**	1,801
Miscellaneous	53,088	274,877	-	-	**327,965**	314,965
Government contributions (Note 12d)	-	-	10,765,113	-	**10,765,113**	16,135,301
	380,944	28,797,425	11,121,028	526,076	**40,825,473**	44,084,526
Expenses:						
Administration and property management	3,542,539	-	-	-	**3,542,539**	3,275,841
Amortization	-	-	8,726,790	-	**8,726,790**	8,181,223
Accretion	-	-	397,043	-	**397,043**	377,533
Property taxes	-	4,500	-	-	**4,500**	33,806
Insurance	-	1,626,313	-	-	**1,626,313**	1,464,647
Maintenance	-	2,089,373	-	-	**2,089,373**	2,099,650
Caretakers	-	2,265,098	-	-	**2,265,098**	2,009,149
Landscape	-	420,520	-	-	**420,520**	422,936
Electricity	-	383,207	-	-	**383,207**	368,374
Land and improvement leases	-	307,137	-	-	**307,137**	307,137
Water	-	1,671,879	-	-	**1,671,879**	1,403,759
Oil and gas	-	193,316	-	-	**193,316**	240,871
Garbage	-	403,074	-	-	**403,074**	466,901
Rental management fee	(3,545,050)	3,545,050	-	-	**-**	-
Audit and legal	-	44,432	-	-	**44,432**	41,438
Miscellaneous	-	224,691	-	-	**224,691**	190,446
Hospitality services (Parry Place)	-	496,552	-	-	**496,552**	492,595
Interest on mortgages payable	-	4,419,525	-	-	**4,419,525**	4,163,763
	(2,511)	18,094,667	9,123,833	-	**27,215,989**	25,540,069
Excess of revenues over expenses	**$ 383,455**	**$10,702,758**	**$ 1,997,195**	**$ 526,076**	**$ 13,609,484**	$ 18,544,457

See accompanying notes to the financial statements.

Statement of Changes in Net Assets & Remeasurement Gains & Losses

For the Year Ended December 31, 2024

	Operating Funds		Restricted Funds				
	Corporation	**Rental Housing**	**Capital Fund**	**Replacement Reserve Fund**	**Remeasurement Gains / (Losses)**	**Total 2024**	Total 2023
Net assets, beginning of year	$ 1,935,272	$ 4,405,576	$ 56,115,448	$ 8,543,170	$ (473,934)	$ 70,525,532	$ 51,819,943
Excess of revenues over expenses	383,455	10,702,758	1,997,195	526,076	-	13,609,484	18,544,457
Interfund transfers:							
Mortgage principal repayments	-	(6,411,907)	6,411,907	-	-	-	-
Replacement reserve transfers	-	(3,094,735)	-	3,094,735	-	-	-
Replacement reserve expenditures	274,500	-	4,414,673	(4,689,173)	-	-	-
	274,500	(9,506,642)	10,826,580	(1,594,438)	-	-	-
Unrealized gain (loss) on investments	-	-	-	-	188,298	188,298	161,132
Net assets, end of year	$ 2,593,227	$ 5,601,692	$ 68,939,223	$ 7,474,808	$ (285,636)	$ 84,323,314	$ 70,525,532

See accompanying notes to the financial statements.

Statement of Cash Flows

For the Year Ended December 31, 2024

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	$ 13,609,484	$ 18,544,457
Items not involving cash:		
Amortization	8,726,790	8,181,223
Accretion	397,043	377,533
Changes in non-cash assets and liabilities:		
(Increase) in accounts receivable	(986,034)	(3,143,432)
Decrease (increase) in inventory and prepaid expenses	37,257	(193,254)
(Decrease) increase in accounts payable and accrued liabilities	(538,860)	3,140,214
Increase in accrued mortgage interest	35,153	44,245
Increase in deferred revenue	5,813	151,783
Increase in security deposits	9,737	73,823
Increase (decrease) due to Capital Regional District	1,185,553	(140,785)
Net change in cash from operating activities	22,481,936	27,035,807
Investing activities:		
Decrease (increase) in restricted cash and cash equivalents	1,256,660	(213,994)
Decrease in investments	-	6,500,000
Net change in cash from investing activities	1,256,660	6,286,006
Capital activities:		
Acquisition of capital assets	(47,073,786)	(51,953,838)
Net change in cash from capital activities	(47,073,786)	(51,953,838)
Financing activities:		
Repayment of mortgages payable	(7,958,159)	(6,472,741)
Proceeds from mortgages payable	23,504,064	23,360,805
Repayment of short term capital financing	(14,048,786)	(13,933,727)
Proceeds from short term capital financing	25,712,505	20,231,002
	27,209,624	23,185,339
Net change in cash and cash equivalents	3,874,434	4,553,314
Cash and cash equivalents, beginning of year	14,903,603	10,350,289
Cash and cash equivalents, end of year	$ 18,778,037	$ 14,903,603

See accompanying notes to the financial statements.

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	5-10 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.

In 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. In 2024, the building at 334 Michigan was removed from the Umbrella Agreement and moved to the CRHC No Operating Agreement portfolio, and its corresponding Replacement Reserve balance was moved to the CRHC No Operating Agreement Replacement Reserve. No transfer was made between Portfolio Stabilization Reserves. As a result of these changes, the Umbrella Agreement now contains 37 buildings and 1,062 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

1. Significant Accounting Policies (continued)

f. Operating Agreements (continued)

i. Umbrella (continued)

the BCHMC approved difference between tenant rent contributions and BCHMC defined economic rents.

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 60-year agreements with BCHMC under the Community Housing Fund (CHF) program. Capital funding was provided in the form of forgivable loans to facilitate the construction of buildings under these agreements. Operating subsidies is provided as approved in the annual building operating budget.

1. Significant Accounting Policies (continued)

f. Operating Agreements (continued)

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.

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 0.84% (2023: average prime minus 1.31%).

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. 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, 2024, the Corporation adopted Public Sector Accounting Standard PS 3400 Revenue (PS 3400) on a prospective basis. The new accounting standard provides direction on accounting for revenues that are not in scope of other existing standards. All revenue streams in scope of PS 3400 have historically been accounted for in accordance with the new standards and as a result there was no impact to net debt, accumulated surplus, or annual surplus on adoption.

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.

4. Capital Assets

December 31, 2024	Cost	Accumulated Amortization	Net Book Value
Land	$ 9,496,053	$ -	$ 9,496,053
Prepaid leases	148,181,402	16,575,254	131,606,148
Buildings	241,774,624	94,073,555	147,701,069
Equipment and other	49,550,448	37,533,056	12,017,392
	$ 449,002,527	$ 148,181,865	$ 300,820,662

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

5. Short-term capital financing

Short-term capital financing of $39,117,653 (2023: $27,454,719) 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 2024, $23,504,064 of short-term capital financing was converted to long-term mortgage at the completion of the Michigan Square construction project.

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 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
2025	$ 9,515,886	$ 6,176,087
2026	7,351,259	5,979,083
2027	12,315,416	5,854,817
2028	4,772,979	5,536,728
2029	$ 33,078,966	$ 5,472,485

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 16 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%.

	2023	ARO Additions	ARO Settlements	Revisions to Estimate	Accretion Expense	2024
Hazardous Materials	$ 9,521,426	$ -	$ -	$ 69,402	$ 397,043	**$ 9,987,872**

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.

	2024	2023
Discount Rate	4.27%	4.17%
Inflation rate	2.70%	2.54%
Settlement Timing	9 to 16 years	10 to 17 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, 2024	December 31, 2023
Capital assets	$ 300,820,662	$ 262,404,263
Accounts receivable	6,575,092	5,516,825
Interfund due from rental housing operating fund	1,688,267	553,905
Prepaid expense	-	109,184
Mortgages payable	(191,039,273)	(175,492,584)
Short-term capital financing	(39,117,653)	(27,454,719)
Asset retirement obligations	(9,987,872)	(9,521,426)
	$ 68,939,223	$ 56,115,448

10. Restricted Net Assets

Externally restricted net assets:

	December 31, 2024	December 31, 2023
Replacement reserve fund	$ 7,474,808	$ 8,543,170
CMHC/BCHMC/Homes BC operating agreements	(3,949)	(3,949)
Portfolio stabilization reserve - umbrella agreement	3,490,844	2,903,312
Portfolio stabilization reserve - ILBC2 agreement	(264,340)	(333,578)
Portfolio stabilization reserve - RHFP agreement	601,607	369,478
Portfolio stabilization reserve - IHI	629,186	479,065
Portfolio stabilization reserve - CHF	(20,134)	(35,557)
	$ 11,908,022	$ 11,921,941

10. Restricted Net Assets (continued)

Internally restricted net assets:

	December 31, 2024	December 31, 2023
Portfolio stabilization reserve - no operating agreement	$ 1,168,478	$ 1,026,805
Guest suite surplus	42,475	41,502
Vehicle replacement reserve	16,430	17,863
Equipment replacement reserve	21,528	20,057
	$ 1,248,911	$ 1,106,227

Rental housing operating fund balance:

	December 31, 2024	December 31, 2023
Portfolio stabilization reserve - umbrella agreement	$ 3,490,844	$ 2,903,312
Portfolio stabilization reserve - ILBC2 agreement	(264,340)	(333,578)
Portfolio stabilization reserve - RHFP agreement	601,607	369,478
Portfolio stabilization reserve - IHI agreement	629,186	479,065
Portfolio stabilization reserve - CHF agreement	(20,134)	(35,557)
Portfolio stabilization reserve - no operating agreement	1,168,478	1,026,805
CMHC/BCHMC/Homes BC operating agreements	(3,949)	(3,949)
	$ 5,601,692	$ 4,405,576

The Portfolio stabilization reserves are detailed in Schedule B.

11. Unrestricted Net Assets

Unrestricted net assets - corporation stabilization reserve:

	December 31, 2024	December 31, 2023
Operating net assets, ending balance	$ 2,593,227	$ 1,935,272
Less: Internally restricted net assets		
Guest suite surplus	(42,475)	(41,502)
Vehicle replacement reserve	(16,430)	(17,863)
Equipment replacement reserve	(21,528)	(20,057)
	$ 2,512,794	$ 1,855,850

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 $nil (2023: $205,842) 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 trusteed 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, 2023, the Plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 63 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.

The Corporation's employer contributions to the Plan for the fiscal year ended December 31, 2024 were $292,881 (2023: $291,414). 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, 2024 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, 2024 is $0 (2023: $0). There have been no significant changes to the credit risk exposure from 2023.

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 2023.

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 2023.

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.

14. Financial Risks and Concentration of Risk (continued)

c. Market risk: (continued)

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, 2024 there are nine properties which do not receive subsidy assistance based on mortgage interest rates: Vergo, Royal Oak Square, Millstream Ridge, Westview, Spencer Close, West Park, Hockley House, Prosser Place, and 330 Michigan. These properties will be subject to interest rate risk upon renewal. Short-term capital financing is provided at variable interest rates and capital projects are subject to interest rate risk during construction. There have been no significant changes to interest rate risk from 2023.

15. Impact of Tariffs

The imposition of U.S. tariffs on cross-border trade will result in increased costs for goods and services procured from U.S. suppliers, impacting operations and infrastructure projects. While the long-term impact remains uncertain, the Corporation is actively working to monitor and mitigate the risks and impacts of the tariffs.

Changes in Replacement Reserve Fund

For the Year Ended December 31, 2024

	Balance at December 31 2023	Transfer from Rental Operating Fund	Interest	Administration Allocation	Transfer to Capital Fund	2024
Umbrella Agreement						
Oakwinds	$ 989,892	$ 103,800	$ 58,000	$ (2,537)	$ (35,108)	$ 1,114,047
James Yates Gardens	150,875	16,608	4,287	(4,944)	(162,216)	4,610
Pinehurst	(393,867)	41,520	-	(5,394)	(452,237)	(809,978)
The Brambles	210,001	37,368	11,386	(6,419)	(49,322)	203,014
The Terraces	731,168	41,520	41,825	(8,953)	(19,586)	785,974
Olympic View	117,830	124,560	-	(52,641)	(1,625,091)	(1,435,342)
Swanlea	192,475	29,064	11,247	(6,998)	(10,307)	215,481
Firgrove	87,952	66,432	5,814	(4,896)	(32,367)	122,935
Beechwood Park	162,581	99,648	9,366	(14,997)	(79,453)	177,145
Grey Oak Square	67,645	49,824	4,018	(5,438)	(37,932)	78,117
Willowdene	47,700	31,140	2,356	(3,048)	(40,373)	37,775
Rosewood	242,428	91,344	14,828	(2,720)	(50,451)	295,429
Gladstone	81,231	29,064	5,068	(3,273)	(9,471)	102,619
Camosun Place	82,456	16,608	4,936	(2,050)	(5,351)	96,599
Parkview	102,479	53,976	6,478	(2,923)	(27,520)	132,490
Carey Lane	(35,856)	45,672	-	(3,300)	(9,316)	(2,800)
Colquitz Green	1,375	41,520	-	(6,284)	(55,044)	(18,433)
Springtide	138,268	99,648	9,904	(3,373)	(23,477)	220,970
Greenlea	44,551	43,596	3,024	(3,375)	(22,652)	65,144
Arbutus View	(34,655)	47,748	-	(2,903)	(43,492)	(33,302)
Amberlea	347,334	91,344	19,876	(5,069)	(79,849)	373,636
Cloverhurst	80,396	20,760	3,422	(5,098)	(55,747)	43,733
Hamlet	(16,533)	20,760	-	(1,592)	(23,416)	(20,781)
Viewmont	265,584	74,736	16,777	(3,879)	(10,229)	342,989
Creekside	(5,489)	49,824	-	(3,216)	(87,708)	(46,589)
The Birches	192,101	116,256	1,915	(17,897)	(415,007)	(122,632)
Caledonia	19,506	-	1,106	-	-	20,612
The Heathers	202,163	53,976	11,220	(3,427)	(59,100)	204,832
Heron Cove	174,125	49,824	10,692	(2,604)	(18,331)	213,706
Castanea Place	455,805	122,484	28,286	(3,937)	(32,422)	570,216
Leblond Place	15,598	89,268	1,994	(3,526)	(46,596)	56,738
Rotary House	63,932	85,116	3,720	(3,115)	(78,650)	71,003
Cairns Park	(14,017)	12,456	-	(1,738)	(11,517)	(14,816)
Kings Place	68,953	72,660	3,369	(2,879)	(88,839)	53,264
Carillon Place	66,691	31,140	4,145	(3,496)	(14,807)	83,673
Brock Place	114,381	62,280	6,417	(8,104)	(56,599)	118,375
Harbour Lane	382,666	58,128	22,633	(6,309)	(18,860)	438,258
Tillicum Station	401,327	83,037	24,205	(3,136)	(28,799)	476,634
	5,801,052	2,204,709	352,314	(225,488)	(3,917,242)	4,215,345
ILBC2 Agreement						
Parry Place	173,119	16,600	9,720	(4,429)	(15,543)	179,467
No Operating Agreement						
Village on the Green	(183,604)	78,719	-	(2,816)	(1,888)	(109,589)
Vergo	131,866	37,288	7,944	(4,826)	(15,991)	156,281
Portage Place	245,003	35,217	13,833	(7,887)	(29,385)	256,781
Campus View Court	200,319	24,859	11,665	(2,213)	(11,808)	222,822
Royal Oak Square	203,406	78,719	11,737	(3,910)	(67,630)	222,322
334 Michigan	354,866	-	19,980	(1,299)	(3,672)	369,875
	951,856	254,802	65,159	(22,951)	(130,374)	1,118,492

Changes in Replacement Reserve Fund

For the Year Ended December 31, 2024

	Balance at December 31 2023	Transfer from Rental Operating Fund	Interest	Administration Allocation	Transfer to Capital Fund	2024
RHFP Agreement						
Millstream Ridge	449,158	114,048	26,537	(7,554)	(68,748)	513,441
Spencer Close	303,436	112,320	16,810	(3,932)	(122,332)	306,302
West Park	360,756	131,328	23,147	(1,688)	(34,746)	478,797
Hockley House	269,799	103,680	16,002	(4,454)	(74,397)	310,630
Prosser Place	34,653	44,064	3,164	(265)	(1,513)	80,103
330 Michigan	-	-	-	(774)	(6,843)	(7,617)
	1,417,802	505,440	85,660	(18,667)	(308,579)	1,681,656
IHI Agreement						
Westview	151,142	63,072	10,011	(1,426)	(10,807)	211,992
CHF Agreement						
Twenty-Seven Eighty-Two	48,199	50,112	3,212	(1,099)	(32,128)	68,296
332 Michigan	-	-	-	(440)	-	(440)
	48,199	50,112	3,212	(1,539)	(32,128)	67,856
	$ 8,543,170	$ 3,094,735	$ 526,076	$ (274,500)	$ (4,414,673)	$ 7,474,808

Changes in Portfolio Stabilization Reserves

For the Year Ended December 31, 2024

	Balance at December 31, 2023	Reimburse BCHMC	Transfer (to) Replacement Reserve Fund	Transfer from/(to) Rental Operating Fund	Transfer (to) Capital Fund	Balance at December 31, 2024
			(Schedule A)	(Schedule E)		
UOA						
CMHC	$ 9,935,468	$ -	$ -	$ 1,774,655	$ -	$ 11,710,123
BCHMC	(6,596,804)	-	-	(1,157,954)	-	(7,754,758)
Homes BC	(435,352)	-	-	(29,169)	-	(464,521)
	2,903,312	-	-	587,532	-	3,490,844
ILBC2						
Parry Place	(333,578)	-	-	69,238	-	(264,340)
RHFP						
Millstream Ridge	(508,385)	-	-	(163,073)	-	(671,458)
Spencer Close	674,997	-	-	151,387	-	826,384
West Park	151,017	-	-	270,837	-	421,854
Hockley House	14,953	-	-	(46,347)	-	(31,394)
Prosser Place	36,896	-	-	98,507	-	135,403
330 Michigan	-	-	-	(79,182)	-	(79,182)
	369,478	-	-	232,129	-	601,607
IHI						
Westview	479,065	-	-	150,121	-	629,186
CHF						
Twenty-Seven Eighty-Two	(35,557)	-	-	63,101	-	27,544
332 Michigan	-	-	-	(47,678)	-	(47,678)
	(35,557)	-	-	15,423	-	(20,134)
NOA						
Portage Place	365,068	-	-	108,375	-	473,443
Campus View Court	294,107	-	-	79,983	-	374,090

Changes in Portfolio Stabilization Reserves

For the Year Ended December 31, 2024

	Balance at December 31, 2023	Reimburse BCHMC	Transfer (to) Replacement Reserve Fund	Transfer from/(to) Rental Operating Fund	Transfer (to) Capital Fund	Balance at December 31, 2024
			(Schedule A)	(Schedule E)		
Royal Oak Square	341,647	-	-	(5,148)	-	336,499
Village on the Green	887,637	-	-	46,749	-	934,386
334 Michigan	-	-	-	25,753	-	25,753
Vergo	(861,654)	-	-	(114,039)	-	(975,693)
	1,026,805	-	-	141,673	-	1,168,478
	$ 4,409,525	$ -	$ -	$ 1,196,116	$ -	$ 5,605,641

Capital Assets

For the Year Ended December 31, 2024

	Completed	Land	Prepaid Lease	Buildings	Equipment and Other	Transfer from Replacement Reserve Fund	Total	Accumulated Amortization	2024	2023
In Operation										
Umbrella Agreement										
Oakwinds	Feb/85	$ -	$ 830,075	$ 3,158,143	$ 1,731,982	$ 35,108	$ 5,755,308	$ (5,311,650)	**$ 443,658**	$ 499,770
James Yates Gardens	Oct/84	103,200	-	431,227	339,969	162,216	1,036,612	(709,637)	**326,975**	196,764
Pinehurst	Feb/85	277,692	-	1,323,328	1,663,300	452,237	3,716,557	(2,226,925)	**1,489,632**	1,271,144
The Brambles	Jun/85	275,975	-	1,178,876	835,201	49,322	2,339,374	(1,860,363)	**479,011**	461,929
The Terraces	May/85	356,532	-	1,249,544	880,086	19,586	2,505,748	(1,998,461)	**507,287**	507,650
Olympic View	Apr/86	900,000	-	3,735,252	2,585,927	1,625,091	8,846,270	(5,849,658)	**2,996,612**	1,646,530
Swanlea	Dec/85	230,215	-	851,990	520,253	10,307	1,612,765	(1,263,409)	**349,356**	357,588
Firgrove	Feb/86	480,000	-	1,980,946	1,332,560	32,367	3,825,873	(3,036,830)	**789,043**	807,293
Beechwood Park	Feb/86	888,000	-	2,317,930	3,169,548	79,453	6,454,931	(5,194,622)	**1,260,309**	1,264,001
Grey Oak Square	Apr/86	409,015	-	1,281,154	1,063,096	37,932	2,791,197	(2,206,374)	**584,823**	586,105
Willowdene	Sep/87	-	-	884,186	730,246	40,373	1,654,805	(1,531,238)	**123,567**	109,038
Rosewood	Oct/88	-	255,000	1,864,715	982,448	50,451	3,152,614	(2,845,328)	**307,286**	307,157
Gladstone	Jan/89	-	197,000	912,600	551,586	9,471	1,670,657	(1,518,929)	**151,728**	162,593
Camosun Place	Mar/89	-	108,000	489,700	261,583	5,351	864,634	(773,900)	**90,734**	98,400
Parkview	May/89	-	283,250	2,001,474	1,097,789	27,520	3,410,033	(2,989,194)	**420,839**	445,620
Carey Lane	Aug/89	-	283,250	1,432,359	1,101,188	9,316	2,826,113	(2,523,679)	**302,434**	343,956
Colquitz Green	Nov/89	-	160,250	1,504,358	875,800	55,044	2,595,452	(2,358,817)	**236,635**	220,518
Springtide	May/90	-	324,500	2,804,054	1,157,364	23,477	4,309,395	(3,746,238)	**563,157**	683,790
Greenlea	Feb/90	-	305,750	1,560,300	935,220	22,652	2,823,922	(2,553,333)	**270,589**	330,582
Arbutus View	Jul/90	-	370,250	1,591,611	1,138,706	43,492	3,144,059	(2,756,839)	**387,220**	448,206
Amberlea	May/90	-	447,501	2,578,506	1,056,973	79,849	4,162,829	(3,708,016)	**454,813**	513,164
Cloverhurst	May/90	-	197,000	651,500	282,867	55,747	1,187,114	(1,013,342)	**173,772**	155,878
Hamlet	Oct/90	-	152,000	803,000	456,943	23,416	1,435,359	(1,271,473)	**163,886**	188,157
Viewmont	Aug/91	-	402,140	2,377,550	907,660	10,229	3,697,579	(3,313,877)	**383,702**	482,218
Creekside	Apr/92	-	388,250	2,363,830	1,085,360	87,708	3,925,148	(3,359,111)	**566,037**	605,438
The Birches	Aug/92	-	675,000	3,697,965	1,137,490	415,007	5,925,462	(4,803,442)	**1,122,020**	923,597
The Heathers	Apr/93	-	436,279	1,974,683	558,703	59,100	3,028,765	(2,485,333)	**543,432**	583,277
Heron Cove	Oct/93	-	270,000	2,274,691	632,338	18,331	3,195,360	(2,742,493)	**452,867**	534,710
Castanea Place	Feb/95	-	1,277,000	4,841,879	1,436,679	32,422	7,587,980	(5,907,438)	**1,680,542**	1,891,276
Leblond Place	Sep/96	-	900,000	4,506,231	1,388,659	46,596	6,841,486	(5,258,261)	**1,583,225**	1,760,982
Rotary House	Nov/06	-	556,600	2,994,000	861,182	78,650	4,490,432	(3,294,834)	**1,195,598**	1,317,345
Cairns Park	Dec/96	-	240,000	415,314	235,370	11,517	902,201	(646,576)	**255,625**	273,638
Kings Place	N/A	-	-	-	894,987	88,839	983,826	(695,295)	**288,531**	260,723
Carillon Place	Jul/98	-	525,000	1,277,793	772,492	14,807	2,590,092	(1,855,427)	**734,665**	801,654
Brock Place	Jan/00	-	840,000	3,465,836	1,177,237	56,598	5,539,671	(3,795,619)	**1,744,052**	1,859,358

Capital Assets

For the Year Ended December 31, 2024

	Completed	Land	Prepaid Lease	Buildings	Equipment and Other	Transfer from Replacement Reserve Fund	Total	Accumulated Amortization	2024	2023
Harbour Lane	Oct/01	-	825,000	3,607,266	383,402	18,860	4,834,528	(3,127,504)	**1,707,024**	1,822,200
Tillicum Station	Jul/02	-	948,750	4,300,764	688,009	28,799	5,966,322	(3,740,318)	**2,226,004**	2,373,898
Building Envelope Remediation		-	-	-	-	-	-	-	**-**	-
Amberlea	2008	-	-	2,367,415	-	-	2,367,415	(2,367,415)	**-**	130,287
Cloverhurst	2008			1,105,204			1,105,204	(1,105,204)	**-**	60,446
The Birches	2006	-	-	1,635,610	-	-	1,635,610	(1,482,192)	**153,418**	230,088
Heron Cove	2007	-	-	1,756,374	-	-	1,756,374	(1,516,684)	**239,690**	319,525
Castanea Place	2007	-	-	2,531,350	-	-	2,531,350	(1,987,217)	**544,133**	653,008
Leblond Place	2009	-	-	3,337,941	-	-	3,337,941	(2,460,083)	**877,858**	1,024,045
The Heathers	2016	-	-	1,258,358	-	-	1,258,358	(942,692)	**315,666**	421,262
ILBC2 Agreement										
Parry Place	Jun/08	1,400,000	-	4,794,269	276,564	15,543	6,486,376	(2,532,961)	**3,953,415**	4,094,379
RHFP Agreement										
Millstream Ridge	Feb/19	-	35,428,849	-	146,648	68,748	35,644,245	(3,617,978)	**32,026,267**	32,574,482
Spencer Close	Nov/20	-	30,257,329	-	56,229	122,332	30,435,890	(2,092,966)	**28,342,924**	28,746,552
West Park	Nov/20	-	31,253,897	-	60,079	34,746	31,348,722	(2,150,869)	**29,197,853**	29,696,617
Hockley House	Apr/21	-	25,409,982	-	34,666	74,397	25,519,045	(1,605,940)	**23,913,105**	24,275,525
Prosser Place	Apr/23	-	13,230,027	-	3,761	1,513	13,235,301	(387,080)	**12,848,221**	13,068,037
330 Michigan	Sep/24	-	-	18,637,002	-	6,843	18,643,845	(178,180)	**18,465,665**	-
IHI Agreement										
Westview	May/20	-	-	14,937,177	94,355	10,807	15,042,339	(2,007,897)	**13,034,442**	13,465,500
CHF Agreement										
Twenty-Seven Eighty-Two	Nov/22	-	-	19,818,317	3,249	32,128	19,853,694	(1,244,527)	**18,609,167**	19,147,075
332 Michigan	Sep/24	-	-	15,339,378	-	-	15,339,378	(146,089)	**15,193,289**	-
No Operating Agreement										
Village on the Green	Sep/24	910,171	-	2,191,014	1,723,651	1,888	4,826,724	(3,391,526)	**1,435,198**	1,548,424
Vergo	May/12	1,144,327	-	4,226,788	143,795	15,991	5,530,901	(1,668,916)	**3,861,985**	3,979,604
Portage Place	Aug/83	328,659	-	1,070,384	745,767	29,385	2,174,195	(1,677,786)	**496,409**	497,536
Campus View Court	Sep/83	341,224	-	766,592	626,619	11,808	1,746,243	(1,295,707)	**450,536**	458,773
Royal Oak Square	Mar/84	666,280	-	2,323,983	2,016,415	67,630	5,074,308	(3,876,902)	**1,197,406**	1,231,828
334 Michigan	Sep/85	784,763	-	1,910,762	1,533,373	3,672	4,232,570	(3,337,452)	**895,118**	914,913
		-	-	-	-	-	-	-	**-**	-
Buildings Under Construction		-	403,473	67,082,151	-	-	67,485,624	(215,186)	**67,270,438**	58,605,980
Office Equipment		-	-	-	613,350	-	613,350	(540,787)	**72,563**	77,722
Vehicles		-	-	-	147,052	-	147,052	(77,846)	**69,206**	86,508
		$ 9,496,053	$ 148,181,402	$ 241,774,624	$ 45,135,776	$ 4,414,672	$ 449,002,527	$ (148,181,865)	**$ 300,820,662**	$ 262,404,263

Capital Fund - Mortgages Payable

For the Year Ended December 31, 2024

Rental Property	Interest Rate	Renewal Date	Maturity Date	2024	2023
Umbrella Agreement					
Gladstone	2.610%		January 1, 2024	$ -	$ 5,316
Camosun Place	1.860%		March 1, 2024	-	7,996
Parkview	1.690%		May 1, 2024	-	49,575
Carey Lane	1.690%		August 1, 2024	-	65,468
Colquitz Green	1.730%		November 1, 2024	-	87,245
Springtide	0.680%		May 1, 2025	65,914	223,354
Greenlea	0.690%		March 1, 2025	26,463	131,863
Arbutus View	0.680%		July 1, 2025	62,609	169,367
Amberlea	0.680%		May 1, 2025	70,415	238,605
Cloverhurst	0.680%		May 1, 2025	19,671	66,657
Hamlet	0.740%		October 1, 2025	44,466	97,472
Viewmont	1.120%		August 1, 2026	242,979	386,607
Creekside	2.600%		April 1, 2027	334,391	471,623
The Birches	2.550%		August 1, 2027	591,203	802,817
The Heathers	2.600%		April 1, 2028	399,876	513,260
Heron Cove	4.180%		October 1, 2028	481,867	595,492
Castanea Place	0.690%	June 1, 2025	February 1, 2030	1,532,450	1,822,805
Leblond Place - 1st mortgage	1.280%		September 1, 2031	1,361,481	1,553,388
Leblond Place - 2nd mortgage	2.150%	March 1, 2025	March 1, 2045	2,191,340	2,276,890
Rotary House	2.510%		March 1, 2028	624,949	807,209
Cairns Park	2.589%		December 1, 2031	211,459	238,678
Carillon Place	4.700%	June 1, 2029	July 1, 2033	703,095	770,688
Brock Place	2.840%	January 1, 2030	January 1, 2035	1,996,126	2,164,885
Harbour Lane	2.200%	October 1, 2026	October 1, 2036	2,068,985	2,220,506
Tillicum Station	4.250%	July 1, 2034	July 1, 2037	2,788,523	2,960,113
ILBC2 Agreement					
Parry Place	4.540%	May 1, 2034	May 1, 2043	3,032,851	3,140,823
RHFP Agreement					
Millstream Ridge	2.860%	February 1, 2029	March 1, 2054	31,805,575	32,490,978
Spencer Close	1.519%	January 1, 2031	February 1, 2056	27,800,216	28,495,405
West Park	1.519%	January 1, 2031	February 1, 2056	28,119,169	28,822,333
Hockley House	2.459%	June 1, 2031	July 1, 2056	23,886,632	24,384,028
Prosser Place	3.580%	July 1, 2033	June 1, 2058	9,217,778	9,358,545
330 Michigan	3.815%	October 1, 2034	October 1, 2059	12,476,408	-
IHI Agreement					
Westview	1.631%	September 1, 2030	September 1, 2055	6,782,218	6,950,886
No Operating Agreement					
Royal Oak Square	4.320%	July 1, 2027	July 1, 2057	4,359,143	4,419,405
Village on the Green	2.250%		Discharged in 2024	-	1,617,869
Vergo	4.950%	September 1, 2027	September 1, 2042	3,221,719	3,332,937
CHF Agreement					
Twenty-Seven Eighty-Two	3.710%	January 1, 2033	January 1, 2058	13,545,577	13,751,500
332 Michigan	3.820%	October 1, 2034	October 1, 2059	10,973,718	-
				191,039,273	175,492,584
Principal Current Portion				(5,959,718)	(6,193,511)
Principal Renewal Portion				(3,556,172)	(8,233,676)
				$ 181,523,387	$ 161,065,397

Operating Fund - Rental Operations

For the Year Ended December 31, 2024

	Number of units	Revenues: Tenant rent contributions	Revenues: BCHMC Rental Subsidy	Revenues: BCHMC fixed funding	Revenues: Other	Revenues: Total	Expenditures and Interfund Transfers: Operating costs	Expenditures and Interfund Transfers: Transfer to Replacement Reserve	Expenditures and Interfund Transfers: Debt charges	Expenditures and Interfund Transfers: Total	Surplus (Deficit) from operations after interfund transfers	Allocation from/(to) Portfolio Stabilization Reserves
Umbrella Agreement												
CMHC												
Oakwinds	50	$ 713,965	$ -	$ -	$ 1,649	$ 715,614	$ 308,205	$ 103,800	$ -	$ 412,005	$ 303,609	$ (303,609)
James Yates Gardens	8	95,561	-	-	-	95,561	55,919	16,608	-	72,527	23,034	(23,034)
Pinehurst	20	302,372	-	-	1,642	304,014	123,991	41,520	-	165,511	138,503	(138,503)
The Brambles	18	291,262	-	-	1,593	292,855	136,198	37,368	-	173,566	119,289	(119,289)
The Terraces	20	287,350	-	-	1,100	288,450	138,505	41,520	-	180,025	108,425	(108,425)
Olympic View	60	901,258	-	-	3,339	904,597	436,372	124,560	-	560,932	343,665	(343,665)
Swanlea	14	206,599	-	-	495	207,094	87,150	29,064	-	116,214	90,880	(90,880)
Firgrove	32	449,477	-	-	2,208	451,685	168,057	66,432	-	234,489	217,196	(217,196)
Beechwood Park	48	688,772	-	-	5,638	694,410	307,572	99,648	-	407,220	287,190	(287,190)
Grey Oak Square	24	353,071	-	-	2,585	355,656	162,968	49,824	-	212,792	142,864	(142,864)
	294	4,289,687	-	-	20,249	4,309,936	1,924,937	610,344	-	2,535,281	1,774,655	(1,774,655)
BCHMC												
Willowdene	15	152,326	-	-	149	152,475	182,828	31,140	-	213,968	(61,493)	61,493
Rosewood	44	277,708	-	-	1,666	279,374	255,296	91,344	-	346,640	(67,266)	67,266
Gladstone	14	162,176	-	-	50	162,226	110,351	29,064	157	139,572	22,654	(22,654)
Camosun Place	8	112,938	-	5,601	-	118,539	52,640	16,608	5,509	74,757	43,782	(43,782)
Parkview	26	291,425	-	38,459	201	330,085	178,136	53,976	39,985	272,097	57,988	(57,988)
Carey Lane	22	151,417	-	48,913	802	201,132	202,013	45,672	57,806	305,491	(104,359)	104,359
Colquitz Green	20	258,870	-	64,039	1,374	324,283	155,592	41,520	80,157	277,269	47,014	(47,014)
Springtide	48	310,278	-	114,338	1,477	426,093	378,755	99,648	158,468	636,871	(210,778)	210,778
Greenlea	21	253,212	-	42,990	1,177	297,379	199,221	43,596	105,977	348,794	(51,415)	51,415
Arbutus View	23	259,141	-	49,970	417	309,528	165,717	47,748	107,576	321,041	(11,513)	11,513
Amberlea	44	323,220	-	114,229	1,470	438,919	311,513	91,344	169,288	572,145	(133,226)	133,226
Cloverhurst	10	72,373	-	41,536	100	114,009	79,690	20,760	47,292	147,742	(33,733)	33,733

Operating Fund - Rental Operations

For the Year Ended December 31, 2024

		Revenues					Expenditures and Interfund Transfers					
	Number of units	Tenant rent contributions	BCHMC Rental Subsidy	BCHMC fixed funding	Other	Total	Operating costs	Transfer to Replacement Reserve	Debt charges	Total	Surplus (Deficit) from operations after interfund transfers	Allocation from/(to) Portfolio Stabilization Reserves
Hamlet	10	117,734	-	50,060	50	167,844	93,603	20,760	53,547	167,910	(66)	66
Viewmont	36	244,550	-	162,705	1,288	408,543	242,761	74,736	147,215	464,712	(56,169)	56,169
Creekside	24	288,133	-	112,472	792	401,397	185,097	49,824	147,813	382,734	18,663	(18,663)
The Birches	56	353,630	-	165,138	1,818	520,586	309,110	116,256	229,534	654,900	(134,314)	134,314
The Heathers	26	183,891	-	109,205	1,707	294,803	171,313	53,976	125,324	350,613	(55,810)	55,810
Heron Cove	24	261,546	-	69,716	871	332,133	203,320	49,824	136,167	389,311	(57,178)	57,178
Castanea Place	59	446,613	-	184,408	1,314	632,335	375,897	122,484	302,000	800,381	(168,046)	168,046
Leblond Place	43	287,062	-	331,270	1,413	619,745	332,703	89,268	344,072	766,043	(146,298)	146,298
Rotary House	41	292,312	-	217,872	1,275	511,459	282,389	85,116	200,345	567,850	(56,391)	56,391
	614	5,100,555	-	1,922,921	19,411	7,042,887	4,467,945	1,274,664	2,458,232	8,200,841	(1,157,954)	1,157,954
Homes BC												
Cairns Park	6	69,923	-	24,026	-	93,949	49,443	12,456	33,045	94,944	(995)	995
Kings Place	35	436,142	-	166,243	2,490	604,875	549,775	72,660	-	622,435	(17,560)	17,560
Carillon Place	15	211,634	-	37,559	584	249,777	98,490	31,140	98,659	228,289	21,488	(21,488)
Brock Place	30	380,513	-	75,006	3,107	458,626	203,347	62,280	227,708	493,335	(34,709)	34,709
Harbour Lane	28	366,739	-	89,644	3,426	459,809	204,777	58,128	198,635	461,540	(1,731)	1,731
Tillicum Station	40	541,610	-	105,217	1,204	648,031	282,826	83,037	277,830	643,693	4,338	(4,338)
	154	2,006,561	-	497,695	10,811	2,515,067	1,388,658	319,701	835,877	2,544,236	(29,169)	29,169
	1,062	11,396,803	-	2,420,616	50,471	13,867,890	7,781,540	2,204,709	3,294,109	13,280,358	587,532	(587,532)
ILBC2 Agreement												
Parry Place	21	359,516	613,543	-	10,733	983,792	662,951	16,600	235,003	914,554	69,238	(69,238)
RHFP Agreement												
Millstream Ridge	132	2,304,449	-	-	41,540	2,345,989	795,473	114,048	1,599,541	2,509,062	(163,073)	163,073
Spencer Close	130	2,207,718	-	-	41,880	2,249,598	865,024	112,320	1,120,867	2,098,211	151,387	(151,387)

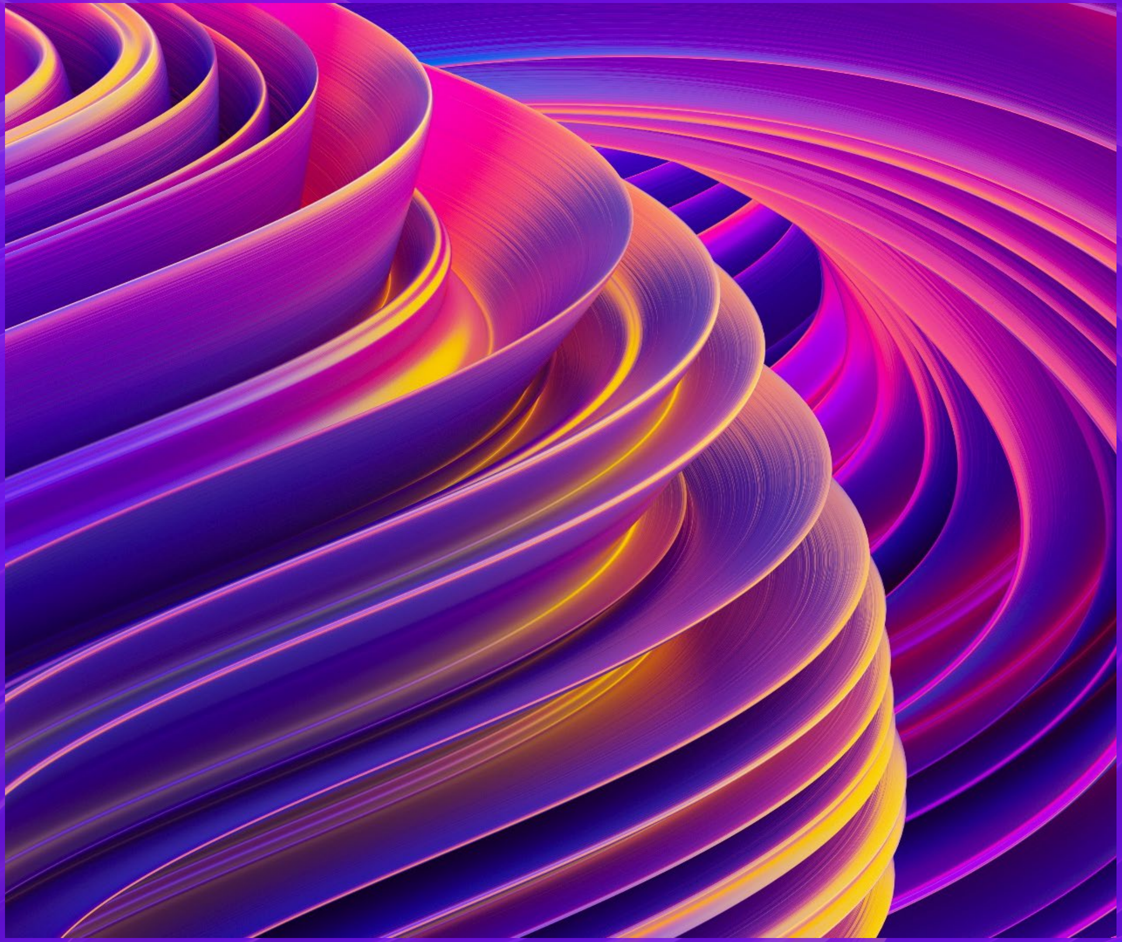
Operating Fund - Rental Operations

For the Year Ended December 31, 2024

	Number of units	Revenues: Tenant rent contributions	BCHMC Rental Subsidy	BCHMC fixed funding	Other	Total	Expenditures and Interfund Transfers: Operating costs	Transfer to Replacement Reserve	Debt charges	Total	Surplus (Deficit) from operations after interfund transfers	Allocation from/(to) Portfolio Stabilization Reserves
West Park	152	2,281,350	-	-	50,635	2,331,985	796,094	131,328	1,133,726	2,061,148	270,837	(270,837)
Hockley House	120	1,877,099	-	-	31,460	1,908,559	763,998	103,680	1,087,228	1,954,906	(46,347)	46,347
Prosser Place	51	863,557	-	-	15,355	878,912	265,790	44,064	470,551	780,405	98,507	(98,507)
330 Michigan	53	142,325	-	-	4,580	146,905	78,551	-	147,536	226,087	(79,182)	79,182
	638	9,676,498	-	-	185,450	9,861,948	3,564,930	505,440	5,559,449	9,629,819	232,129	(232,129)
IHI Agreement												
Westview	73	906,353	-	-	19,863	926,216	432,850	63,072	280,173	776,095	150,121	(150,121)
CHF Agreement												
Twenty-Seven Eighty-Two	58	680,452	466,018	-	125	1,146,595	325,386	50,112	707,996	1,083,494	63,101	(63,101)
332 Michigan	44	79,882	66,679	-	2,790	149,351	67,262	-	129,767	197,029	(47,678)	47,678
	102	760,334	532,697	-	2,915	1,295,946	392,648	50,112	837,763	1,280,523	15,423	(15,423)
No Operating Agreement												
Portage Place	17	258,179	-	-	523	258,702	115,110	35,217	-	150,327	108,375	(108,375)
Campus View Court	12	187,470	-	-	1,110	188,580	83,738	24,859	-	108,597	79,983	(79,983)
Royal Oak Square	38	563,369	-	-	1,212	564,581	242,967	78,719	248,043	569,729	(5,148)	5,148
Village on the Green	38	439,880	-	-	2,450	442,330	211,558	78,719	105,304	395,581	46,749	(46,749)
334 Michigan	9	94,472	-	-	50	94,522	68,769	-	-	68,769	25,753	(25,753)
Vergo	18	312,818	-	-	100	312,918	118,081	37,288	271,588	426,957	(114,039)	114,039
	132	1,856,188	-	-	5,445	1,861,633	840,223	254,802	624,935	1,719,960	141,673	(141,673)
	2,028	$ 24,955,692	$ 1,146,240	$ 2,420,616	$ 274,877	$ 28,797,425	$ 13,675,142	$ 3,094,735	$ 10,831,432	$ 27,601,309	$ 1,196,116	$ (1,196,116)

KPMG

Capital Region Housing Corporation



Audit Findings Report for the year ended December 31, 2024

KPMG LLP

Prepared for the Hospitals and Housing Committee meeting on May 7, 2025

kpmg.ca/audit

KPMG contacts

Key contacts in connection with this engagement

Lenora Lee
Lead Audit Engagement Partner
250-480-3588
lenoramlee@kpmg.ca

Sarah Burden
Senior Manager
250-480-3562
sburden1@kpmg.ca

Cameron Rice-Gural
Senior Manager
250-480-3677
cricegural@kpmg.ca

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Table of contents

Digital use information

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.

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Audit highlights

No matters to report

Matters to report – see link for details

Status

We have completed the audit of the financial statements, with the exception of certain remaining outstanding procedures, which are highlighted on the 'Status' slide of this report.

Significant changes

Significant changes since our audit plan

- No change to preliminary risk assessment
- No change to planned audit strategy

Risks and results & Significant unusual transactions

Significant risks

- Presumed risk of management override of controls

Other risks of material misstatement

Significant unusual transactions

Policies and practices & Specific topics

Accounting policies and practices

Other financial reporting matters

Misstatements - uncorrected

Uncorrected misstatements

- There are no matters to report.

Misstatements - Corrected

Corrected misstatements

- There are no matters to report.

Control deficiencies

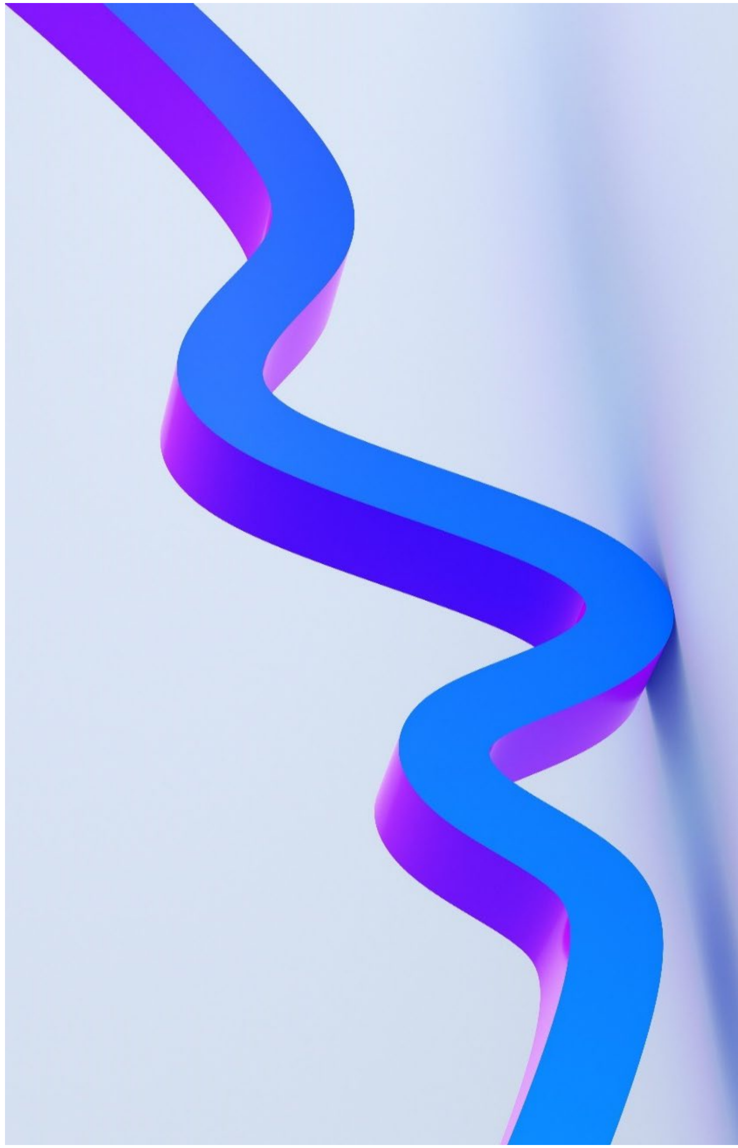
Control deficiencies

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

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 as at and for the period ended December 31, 2024. 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.

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

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:

- Receipt of legal confirmation responses
- Completing our discussions with the Hospitals and Housing Committee
- Obtaining evidence of the Board of Director’s acceptance of the financial statements
- Obtaining a signed management representation letter
- Completing subsequent event review procedures up to the date of the Board of Director’s 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.

KPMG

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Significant risks and results

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.

Findings

- There were no issues noted in our testing.

KPMG

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

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 2024, including Michigan, Caledonia, Carey Lane (building envelope remediation), Campus View, Village on the Green, Pandora, Verdier and Cedar Hill. Michigan was completed during the year.

Government contributions revenue of $10.8M 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 $32.3M in short-term financing, which will be converted to mortgages upon completion of the development projects.

Our response

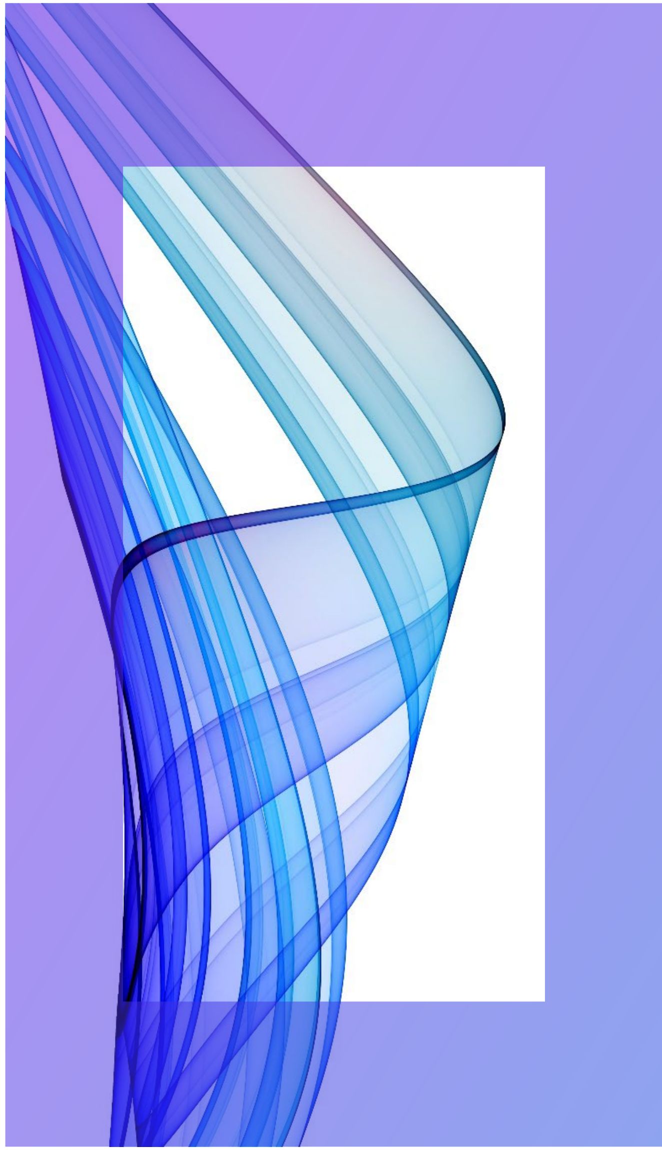
- We updated our understanding of the process activities and controls over government contributions.
- We obtained and reviewed material funding agreements and assessed management’s accounting analysis for recognition of such funding, including assessing funding as forgivable loans, mortgages or government 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.

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Other risks of material misstatement and results



Capital Assets (new building developments and redevelopments)

During the year, CRHC invested approximately $47.1M in the acquisition of capital assets. During the year both Michigan buildings were completed, with tenants moving into both buildings in later 2024.

Our response

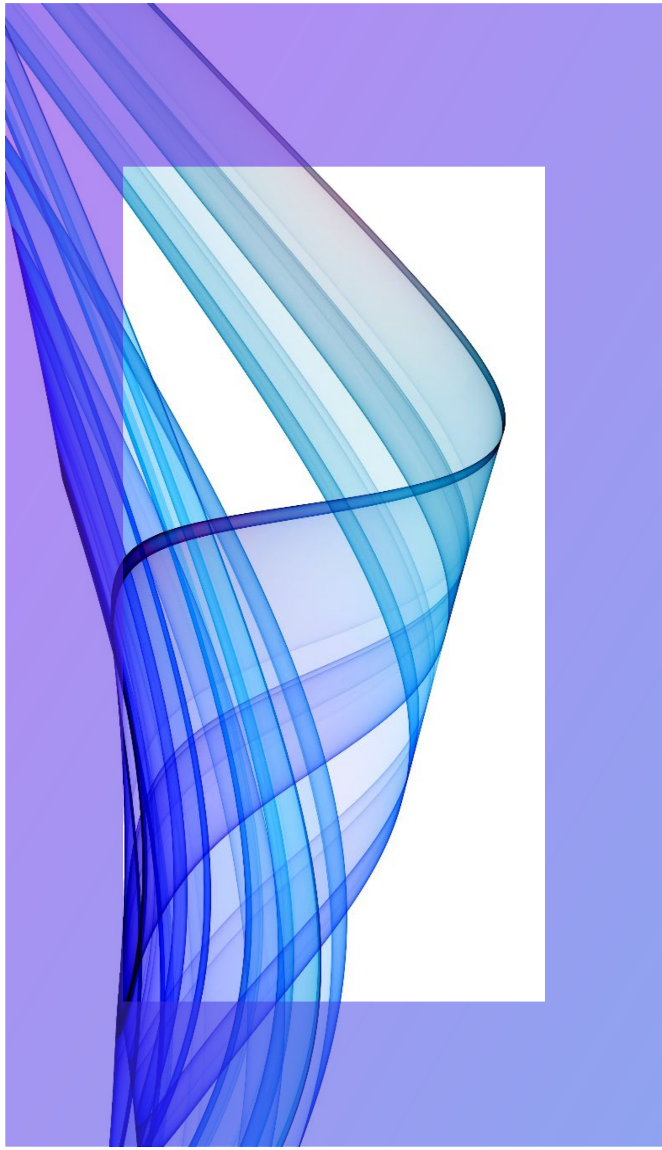
- We updated our understanding of the process activities and controls over new building developments and redevelopments.
- We reviewed Board meeting minutes and performed inquiries with management to obtain an understanding of the status of all new developments and redevelopments, including any remaining commitments under the Regional Housing First Program.
- We obtained and reviewed the contracts and agreements for each new material building and assessed the appropriateness of capital additions, including testing a sample of capital additions incurred during 2024 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.
- We assessed management's assessment of asset retirement obligation (ARO) asset and liabilities after initial implementation of the new standard in 2023. We assessed management's process for updating assets and liabilities for remediation work completed in the year, new liabilities identified and revaluation of AROs from new information obtained or passage of time since initial recognition.

Findings

- There were no issues noted in our testing.

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

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.

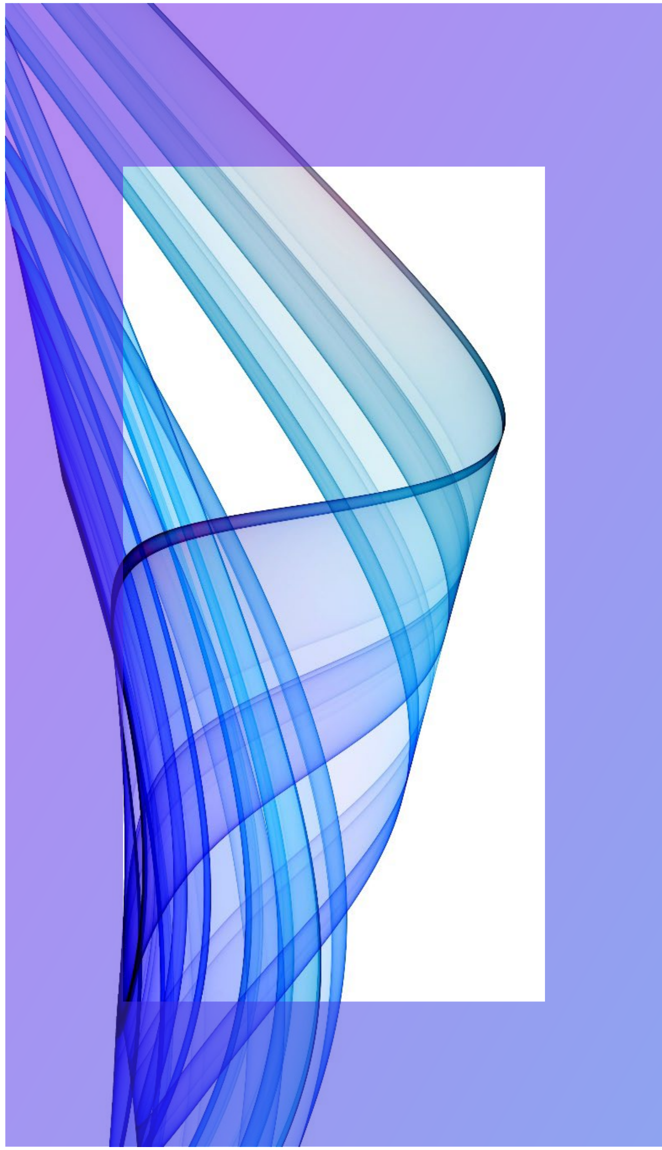
Revenue and expenses

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 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.

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

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.

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

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.

KPMG

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Appendices

1. Required communications
2. Management representation letter
3. Current developments
4. Thought Leadership and Insights

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, 2024 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.

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Appendix 2: Management representation letter

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

(Letterhead of Client)

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

DATE

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, 2024.

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.

DRAFT

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

— others

where 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.

DRAFT

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.

Non-SEC registrants or non-reporting issuers:

11) 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).

12) 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.

DRAFT

Yours very truly,

Ted Robbins, Chief Administrative Officer

Nelson Chan, Chief Financial Officer

Kevin Lorette, General Manager, Planning and Protective Services

DRAFT

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

DRAFT

Appendix 3: Current developments

Accounting standards

Standard	Summary and implications
Concepts Underlying Financial Performance	• The revised Conceptual Framework is effective for fiscal years beginning on or after April 1, 2026 with early 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	• The proposed section PS 1202 *Financial statement presentation* will replace the current section PS 1201 *Financial statement presentation*. PS 1202 *Financial statement presentation* will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption is permitted.
	• The proposed section includes the following:
	  • 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.

KPMG

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Appendix 3: Current developments (continued)

Accounting standards (continued)

Standard	Summary and implications

Employee Benefits	• The Public Sector Accounting Board has issued proposed new standard PS 3251 *Employee benefits* which would replace the current sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*.
	• After evaluating comments received about the July 2021 exposure draft, a new re-exposure draft was released in October 2024. The re-exposure draft continues to use principles from International Public Sector Accounting Standard 39 *Employee benefits* as a starting point to develop the Canadian standard.
	• The proposed standard 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.
	• The re-exposure draft also proposes that fully funded post-employment benefit plans use a discount rate based on the expected market-based return of plan assets and unfunded plans use a discount rate based on the market yield of government bonds, high-quality corporate bonds or another appropriate financial instrument. A simplified approach to determining a plan's funding status is provided.
	• For most other topics, the re-exposure draft is consistent with the original exposure draft. A few exceptions are:
	  • Deferral provisions – Remeasurement gains and losses will be presented as part of accumulated remeasurement gains and losses.
	  • Valuation of plan assets – Public sector entities may continue to recognize non-transferable financial instruments that meet the definition of plan assets under existing PS 3250 guidance.
	  • Joint defined benefit plans – Defined benefit accounting will be used for measurement of the proportionate share of the plan, instead of previously proposed multi-employer plan accounting which was based on defined contribution plan concepts.
	  • Disclosure of other long-term employee benefits and termination benefits – The re-exposure draft does not include prescriptive disclosure requirements for other long-term employee benefits and termination benefits.
	• The proposed section PS 3251 *Employee benefits* will apply to fiscal years beginning on or after April 1, 2029. Early adoption will be permitted and guidance applied retroactively, with or without prior period restatement.
	• Comments on the re-exposure draft were due on January 20, 2025. The re-exposure draft can be viewed at the following link: Click here

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Appendix 3: Current developments (continued)

Accounting standards (continued)

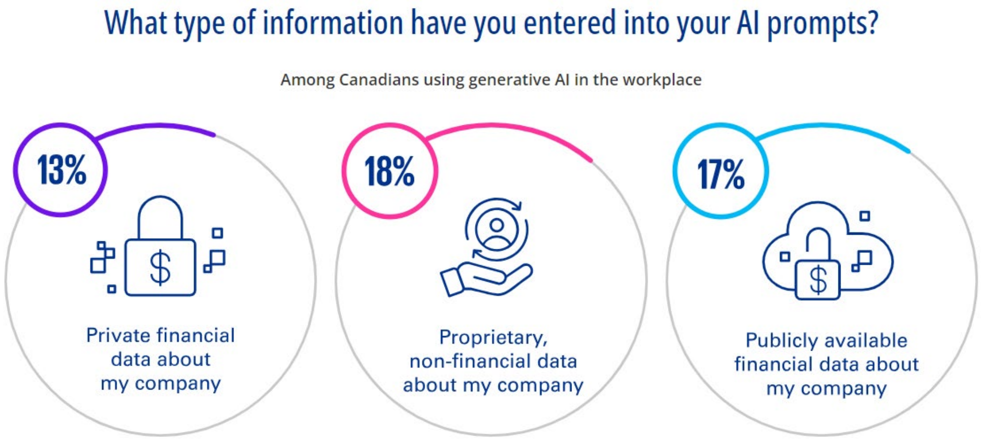
Standard	Summary and implications
Intangible assets	• The Public Sector Accounting Standards Board has issued proposed new standard PS 3155 *Intangible Assets* which would replace Public Sector Guideline 8 *Purchased Intangibles*. The new standard would be effective for fiscal years beginning on or after April 1, 2030 with early adoption permitted. • The standard will include foundational guidance on acquired and internally generated intangibles. It excludes intangible assets addressed in other public sector accounting standards and other intangible items such as exploration and extraction costs for non-renewable resources or intangible assets related to insurance contracts. • The definition of "intangible assets" requires an intangible resource to be separate and identifiable from goodwill. It also requires that the entity has control over the intangible resource, future economic benefits flow from the intangible resource, and the intangible resource is the result of a past transaction and/or other events. • Internally generated goodwill is not permitted to be recognized as an asset. • An intangible resource is recognized when it meets the definition of an intangible asset and the asset's cost can be measured in a faithfully representative way. The generation of the asset is classified into a research phase and a development phase. Expenditures from the research phase of an internally generated project are expensed. An intangible asset arising from the development phase can be recognized if it meets certain requirements. • Intangible assets are initially measured at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets acquired through a non-exchange transaction are measured at fair value as of the date it is acquired. • Comments on the exposure draft are due on May 30, 2025. The exposure draft can be viewed at the following link: Click here
Cloud computing arrangements	• As part of its intangible assets project, the Public Sector Accounting Standards Board is also developing guidance on cloud computing arrangements. To ensure the development of this accounting guidance reflects current practices and needs, a survey has been launched to gather insights. The survey will inform the Public Sector Accounting Board about the types of cloud computing arrangements being encountered, magnitude of costs, key arrangement terms, current accounting policies and unique challenges in practice. • We encourage all entities to complete the survey by May 30, 2025, which is at the following link: Click here

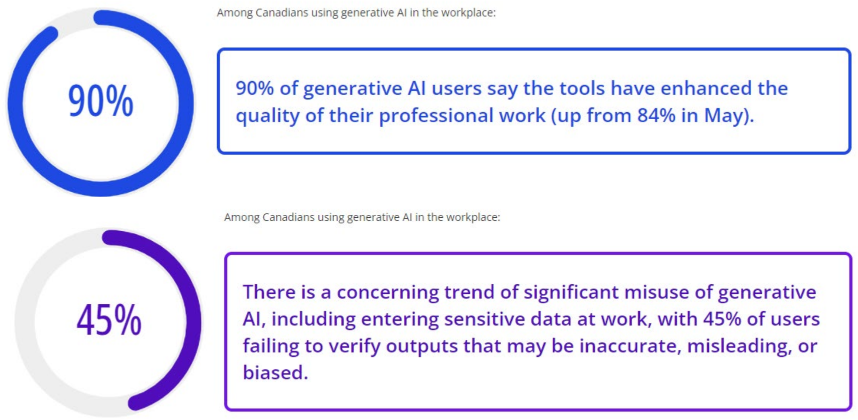
© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Appendix 4: Thought leadership and insights

Generative AI

Ever since ChatGPT launched publicly on November 30, 2022, generative AI has caught the attention of users around the world – including Canada. One year after its launch, KPMG in Canada conducted a survey about generative AI use in Canada's workplaces: [Generative AI Adoption Index - KPMG Canada]





For governance bodies, generative AI stands as a pivotal innovation that offers unprecedented opportunities to drive business value, improve productivity, reach broader audiences, streamline operations, and help address complicated global issues. However, it also raises complex business and ethical questions. To gain the full trust of stakeholders, AI systems need to be designed with governance, risk, legal, and ethical frameworks in mind. The aim is not just to manage these challenges as they emerge, but to proactively elevate your organization's AI practices to achieve Trusted AI.

3 key guiding principles that can help boards achieve their Trusted AI objectives

- Ensure AI applications align with ethical and legal standards, safeguarding the organization from potential financial, operational, and reputational risks
- Foster innovation, enabling the business to gain a competitive edge through trustworthy AI development
- Establish a commitment to Trusted AI, enhancing trust and brand value among stakeholders and employees

Learn more about how generative AI affects governance responsibilities and tools to emerge as leaders of responsible innovation that serves the greater good: [Preparing your board for generative AI]

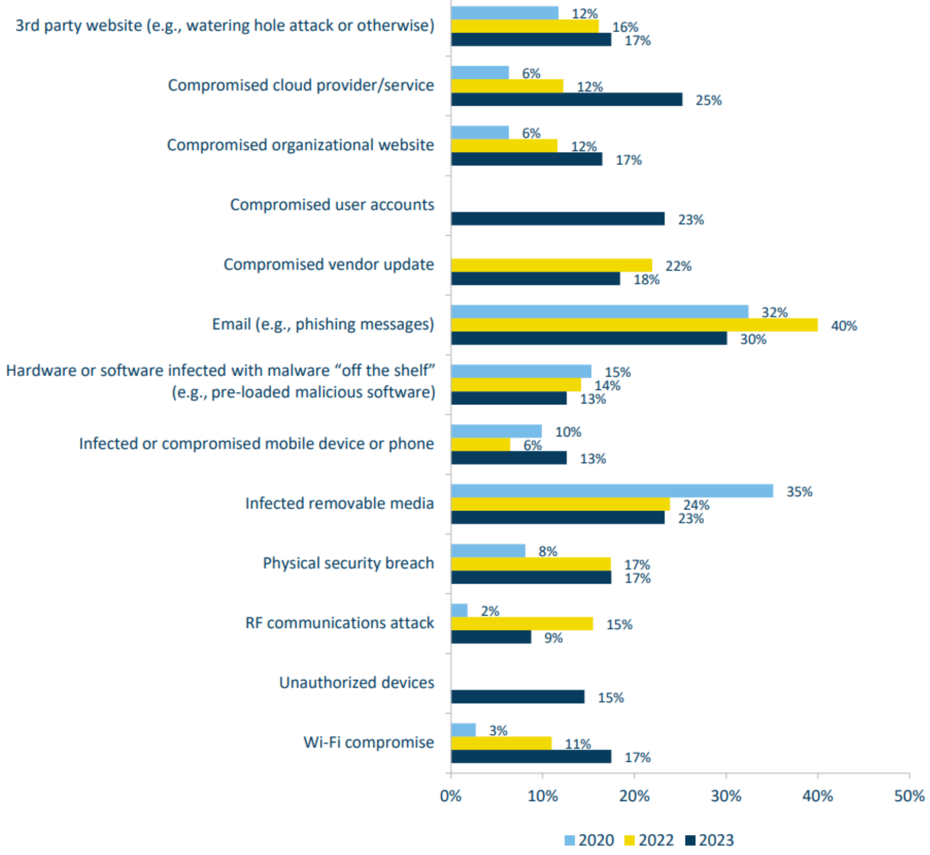
© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Appendix 4: Thought leadership and insights (continued)

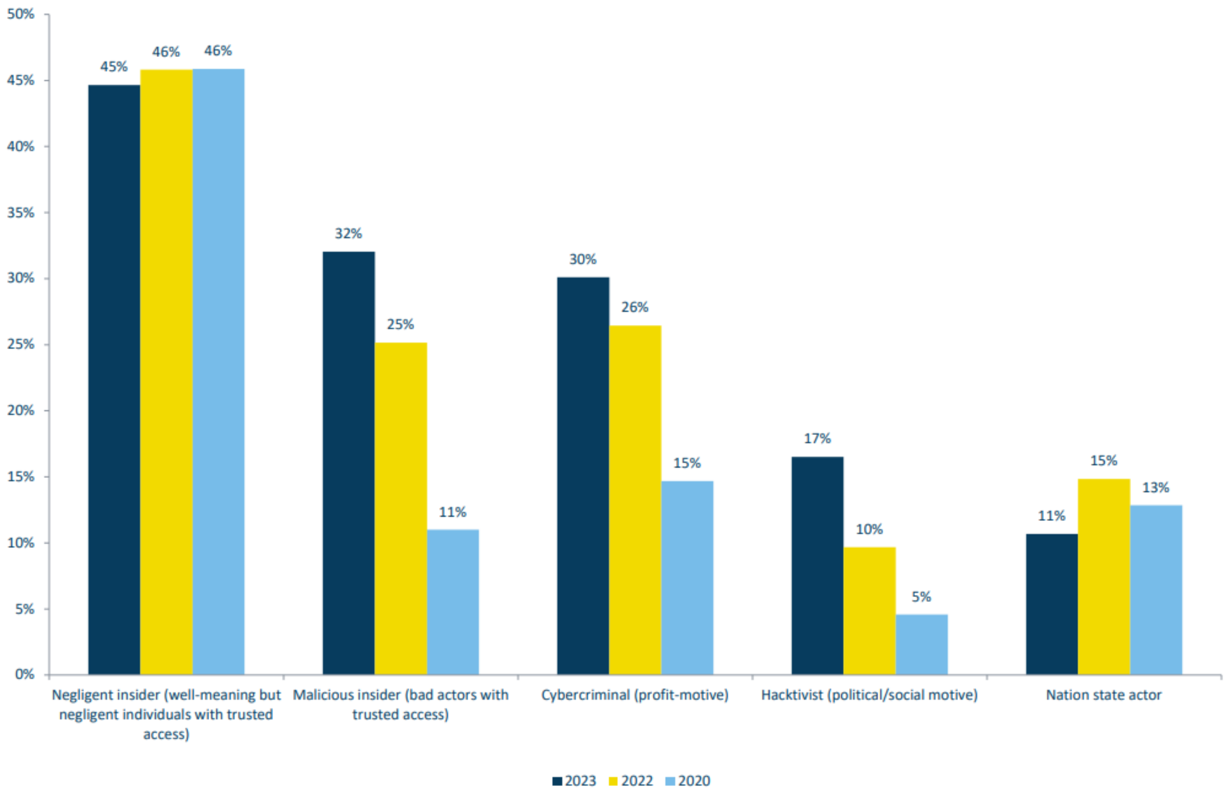
Ransomware in Canada

Canada is the fourth highest victim of ransomware attacks after the US, UK and Malaysia. Where ransomware attacks are successful, the costs can be substantial. COVID-19, lockdown and a shift to remote working has seen a rise in ransomware incidents. Vulnerabilities in people, process and technology controls, due to a shift to remote working over this period, have presented opportunities for cyber criminals.

Trends in types and frequency of cyber incidents



Trends in how cyber incidents arise



Source: The (CS)2 AI-KPMG Control System Cybersecurity Annual Report

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Appendix 4: Thought leadership and insights (continued)

Where are Finance Teams adopting AI

Finance's role as a business partner has put them an ideal position to lead enterprise adoption

Generating commentary

Reduce the time and effort needed to create recurring materials required for financial reporting, business reviews, management reports, and board meetings.

Generating strategic insights

Partner with other functions to provide insights across the business. Use finance's position to inform strategic decisions and solve problems with pricing, performance, and benchmarking metrics.

Managing contracts

Generative AI tools can draft contracts with preferred term and prioritize contract reviews based on deviations from standard terms and conditions.

Forecasting & budgeting

Integrating predictive models, creating scenarios, and generating insights on potential financial outcomes.

Collecting marketing intelligence

Powerful research tool able to find and synthesize public data to generate insights on markets, competitors, and customers.

Detecting anomalies

Generative AI shows promise as a tool for detecting errors and potential fraud. It can compare new data with past patterns to identify anomalies.

AI naturally aligns to CFO's existing responsibilities related to business strategy, digital transformation, and risk management

KPMG

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Appendix 4: Thought leadership and insights (continued)

AI brings Risks as well as Opportunities

Internal Risks & Considerations

Breaking Confidentiality

Many Generative AI models are built to absorb user-inputted data to improve the model over time. This could lead to exposure of key confidential information

Employee Misuse and Inaccuracies

Models generate responses based on input, so there is a risk of providing false or malicious content. Employees need to be cautious and review AI-generated content with a critical

Talent Implications

Professionals need to be made aware of their role in training and evolving the solution as high- quality output can only be achieved through high- quality, expert queries

Policies and Regulations

As the world's understanding of AI evolves, more policies and regulations will be brought upon by regulators which in turn need to be complied with

External Risks & Considerations

Misinformation, Bias and Discrimination

The model could generate a response containing inappropriate information or language. In cases where the model does not have an accurate response, it may 'hallucinate' with a false response.

Financial, Brand & Reputational Risk

Copying AI-produced information or code into any deliverable or product could constitute copyright infringement leading to legal and reputational harm

Intellectual Property and Copyright

Risks in copyright includes the potential creation of unauthorized plagiarized content, leading to infringement and violations of intellectual property rights

Cybersecurity

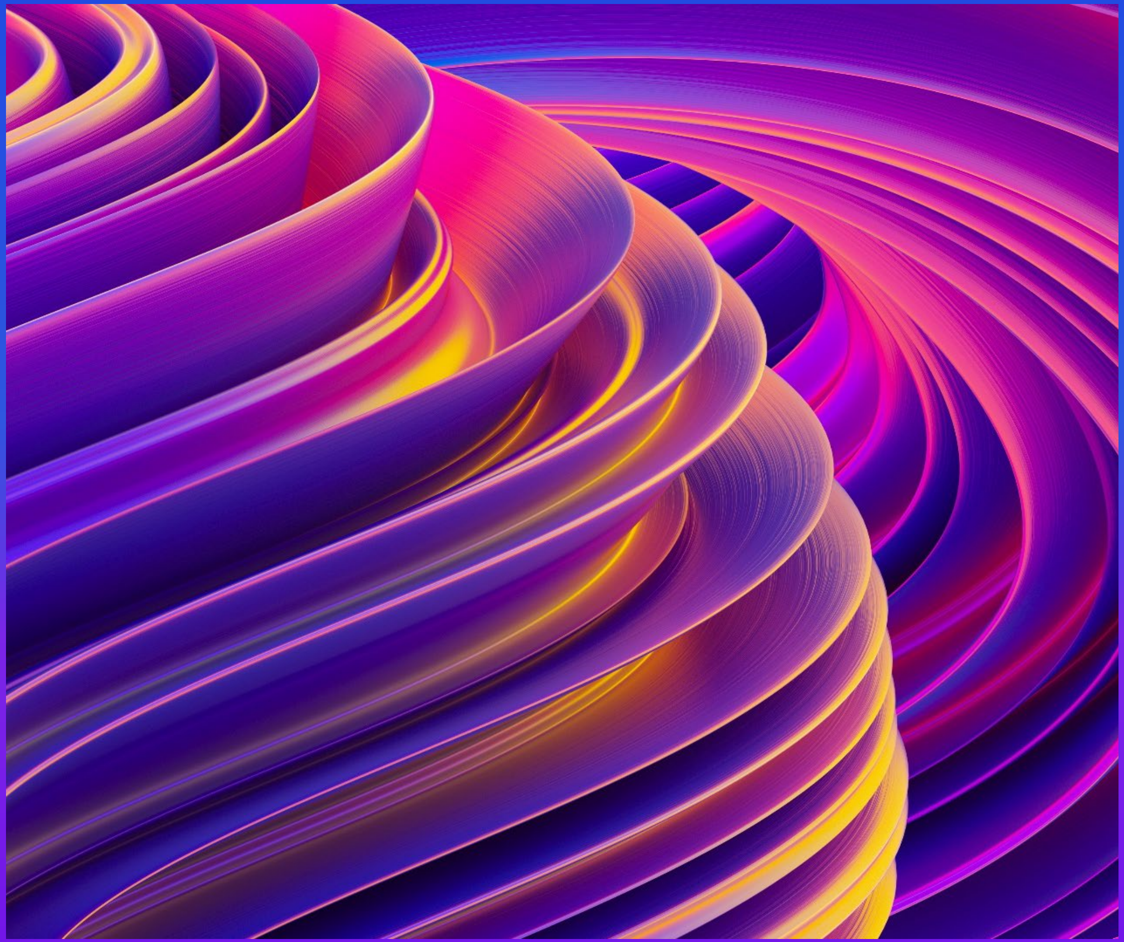
Generative AI models could be trained and employed for many cybersecurity attacks such as phishing scams, malware, data poisoning etc.

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

KPMG

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

© 2025 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.



Capital Region Housing Corporation
Statement of Financial Position
Year Ended December 31, 2024
Variance Analytics: Year-Over-Year

	2024	2023	Variance $	Variance %	Explanation (variance greater than $150k and 10%)
Financial Assets					
Cash and cash equivalents	18,778,037	14,903,603	3,874,434	26%	Cash increase primarily related to increases in capital project activity and capital financing. Refer to Statement of Cash Flows for more detail.
Accounts receivable	7,017,377	6,031,343	986,034	16%	Accounts receivable increased primarily due to capital project funds receivable at year end.
Prepaid expenses	853,311	890,568	(37,257)	-4%	
Cash and cash equivalents restricted for RR	7,474,808	8,543,170	(1,068,362)	-13%	Decrease of RR due to increase in spending on minor capital items.
Capital Assets	300,820,662	262,404,263	38,416,399	15%	Increase primarily due to new buildings opened at Michigan and significant WIP at the Caledonia redevelopment.
Total Financial Assets	**334,944,195**	**292,772,947**	**42,171,248**	**14%**	
Financial Liabilities & Net Assets					
Current Liabilities					
Accounts payable and other liabilities	6,615,555	7,154,414	(538,859)	-8%	
Accrual mortgage interest	416,373	381,220	35,153	9%	
Due to CRD	1,470,186	284,633	1,185,553	417%	Due to timing of clearing accounts and funds transfer.
Deferred Revenue	749,300	743,487	5,813	1%	
Security Deposits	1,224,668	1,214,931	9,737	1%	
Short-term capital financing	39,117,653	27,454,719	11,662,934	42%	Due to significant progress on Caledonia redevelopment.
Mortgage payable - current	5,959,718	6,193,511	(233,793)	-4%	
Mortgage payable - renewal	3,556,168	8,233,676	(4,677,508)	-57%	Mortgages payable renewal portion decreased as a result of fewer mortgages renewing in 2025 than 2024.
Total Current Liabilities	59,109,621	51,660,591	7,449,030	14%	
Mortgages Payable	181,523,387	161,065,397	20,457,990	13%	Increase due to new mortgages at new Michigan buildings.
Asset retirement obligations	9,987,872	9,521,426	466,446	5%	Increase in ARO a result of increased rate of inflation and fewer years to potential settlement of liability.
Capital Stock	1	1	-	0%	
Net Assets					
Invested in capital assets	68,939,223	56,115,448	12,823,775	23%	Increase driven by increase in capital assets.
Externally restricted	11,908,022	11,921,941	(13,919)	0%	
Internally restricted	1,248,911	1,106,227	142,684	13%	
Unrestricted	2,512,794	1,855,850	656,944	35%	Increase due to corporate fund net income and transfer from replacement reserve fund.
Accumulated remeasurement gains (losses)	(285,636)	(473,934)	188,298	40%	Due to change in unrealized losses on investments.
Total Financial Liabilities & Net Assets	**334,944,195**	**292,772,947**	**42,171,248**	**14%**	

Capital Region Housing Corporation
Statement of Operations
Year Ended December 31, 2024
Variance Analytics: Year-Over-Year

	2024	2023	Variance $	Variance %	Explanation (variance greater than $150k and 10%)
Revenue					
Tenant rent contributions	24,955,692	23,002,135	1,953,557	8.5%	
BCHMC rent subsidy assistance	1,146,240	710,400	435,840	61.4%	Increase due to increased funding at Parry Place.
BCHMC umbrella operating agreement funding	2,420,616	2,674,751	(254,135)	-9.5%	
Rental management fees - third parties	21,828	63,342	(41,514)	-65.5%	
Investment income	1,187,045	1,181,831	5,214	0.4%	
Guest suites, net	974	1,801	(827)	-45.9%	
Miscellaneous	327,965	314,965	13,000	4.1%	
Government contributions	10,765,113	16,135,301	(5,370,188)	-33.3%	Decreased due to construction timelines; current year grants relate to Carey Lane, Campus View, and Village on the Green projects.
Total Revenues	**40,825,473**	**44,084,526**	**(3,259,053)**	**-7.4%**	
Expenses					
Administration and property management	3,542,539	3,275,841	266,698	8.1%	
Amortization	8,726,790	8,181,223	545,567	6.7%	
Accretion	397,043	377,533	19,510	5.2%	
Property taxes	4,500	33,806	(29,306)	-86.7%	
Insurance	1,626,313	1,464,647	161,666	11.0%	Increased as a result of new properties beginning operations.
Maintenance	2,089,373	2,099,650	(10,277)	-0.5%	
Caretakers	2,265,098	2,009,149	255,949	12.7%	Increased due to the cost of additional FTEs to support the new buildings.
Landscape	420,520	422,936	(2,416)	-0.6%	
Electricity	383,207	368,374	14,833	4.0%	
Land and Improvement leases	307,137	307,137	-	0.0%	
Water	1,671,879	1,403,759	268,120	19.1%	Increased as a result of new properties beginning operations.
Oil and gas	193,316	240,871	(47,555)	-19.7%	
Garbage	403,074	466,901	(63,827)	-13.7%	
Audit and legal	44,432	41,438	2,994	7.2%	
Miscellaneous	224,691	190,446	34,245	18.0%	
Hospitality services (Parry Place)	496,552	492,595	3,957	0.8%	
Interest on mortgages payable	4,419,525	4,163,763	255,762	6.1%	
Total Expenses	**27,215,989**	**25,540,069**	**1,675,920**	**6.6%**	
Excess (deficiency) of revenues over expenses	**13,609,484**	**18,544,457**	**(4,934,973)**	**-27%**	

Capital Region Housing Corporation Other Financial Statement Analysis

The 2024 Audited Financial Statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS). Under PSAS, governments are required to present five statements with explanatory notes. The first two statements are summarized in the staff report. This appendix provides a summary of the remaining statements.

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 2024 compared to 2023.

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

Statement of Net Assets and Remeasurement Gains ($M)	2024	2023
Net Assets, Beginning of Year	70.5	51.8
Annual Surplus	13.6	18.5
Subtotal	**84.1**	**70.3**
Unrealized Gain (Loss) on Investments	0.2	0.2
Net Assets, End of Year	**$84.3**	**$70.5**

Total net assets increased from 2023 by $13.8 million or 20%. $10.8 of the $13.6 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 2024. Net assets have increased by $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 four distinct categories: operating activities, investing activities, capital 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 2024 to 2023.

Table 6 – Change in Cash and Cash Equivalents Year-Over-Year

Statement of Cash Flows ($M)	2024	2023
Operating Activities	22.5	27.0
Investing Activities	1.3	6.3
Capital Activities	(47.1)	(52.0)
Financing Activities	27.2	23.2
Net Change in Cash and Cash Equivalents	**3.9**	**4.5**
Cash and Cash Equivalents, Beginning of Year	14.9	10.4
Cash and Eash equivalents, End of Year	**$18.8**	**$14.9**

In 2024, the cash position increased by $3.9 million. The change in cash was due to $22.5 million generated from operating activities reflecting net revenue after expenses, $27.2 million from financing activities for debt proceeds received and $47.1 million paid towards construction costs, primarily directed at Caledonia and Michigan Square redevelopments.

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 CRHC 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

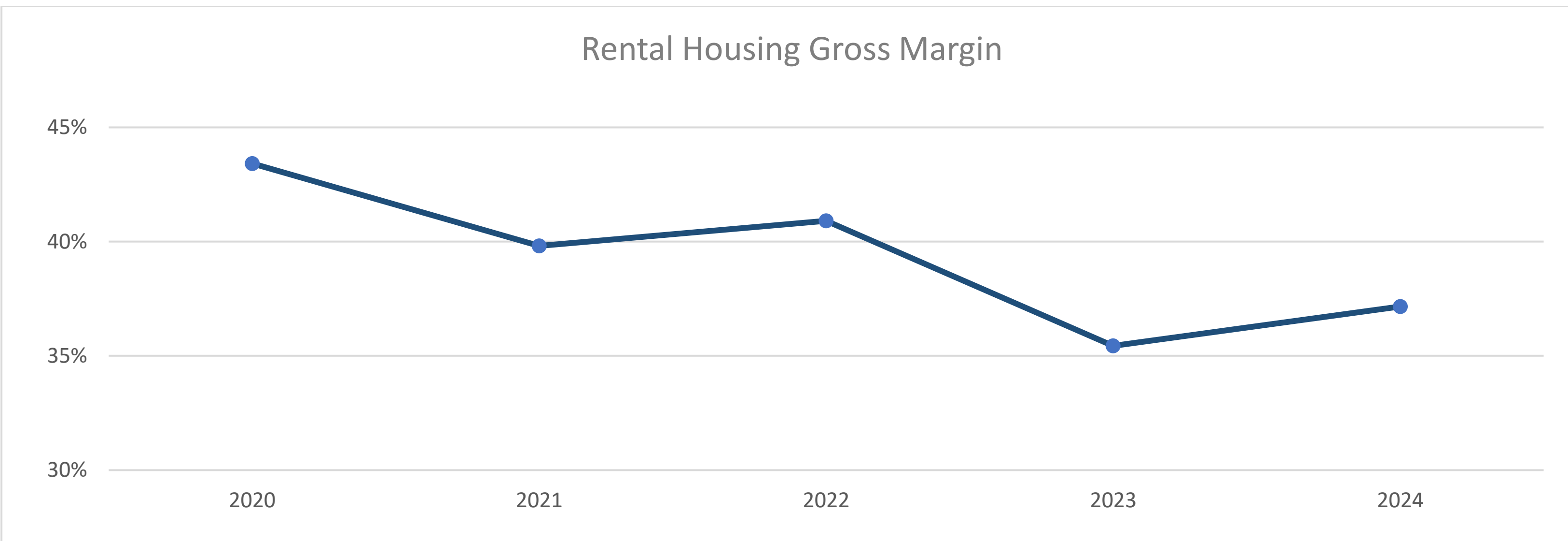
Schedule E provides a summary of each property's annual rental operations, with a focus on revenues and expenditures during the fiscal year. It determines how a surplus or deficit was generated per property and the related transfer to the portfolio stabilization reserve.

Capital Region Housing Corporation 2024 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.

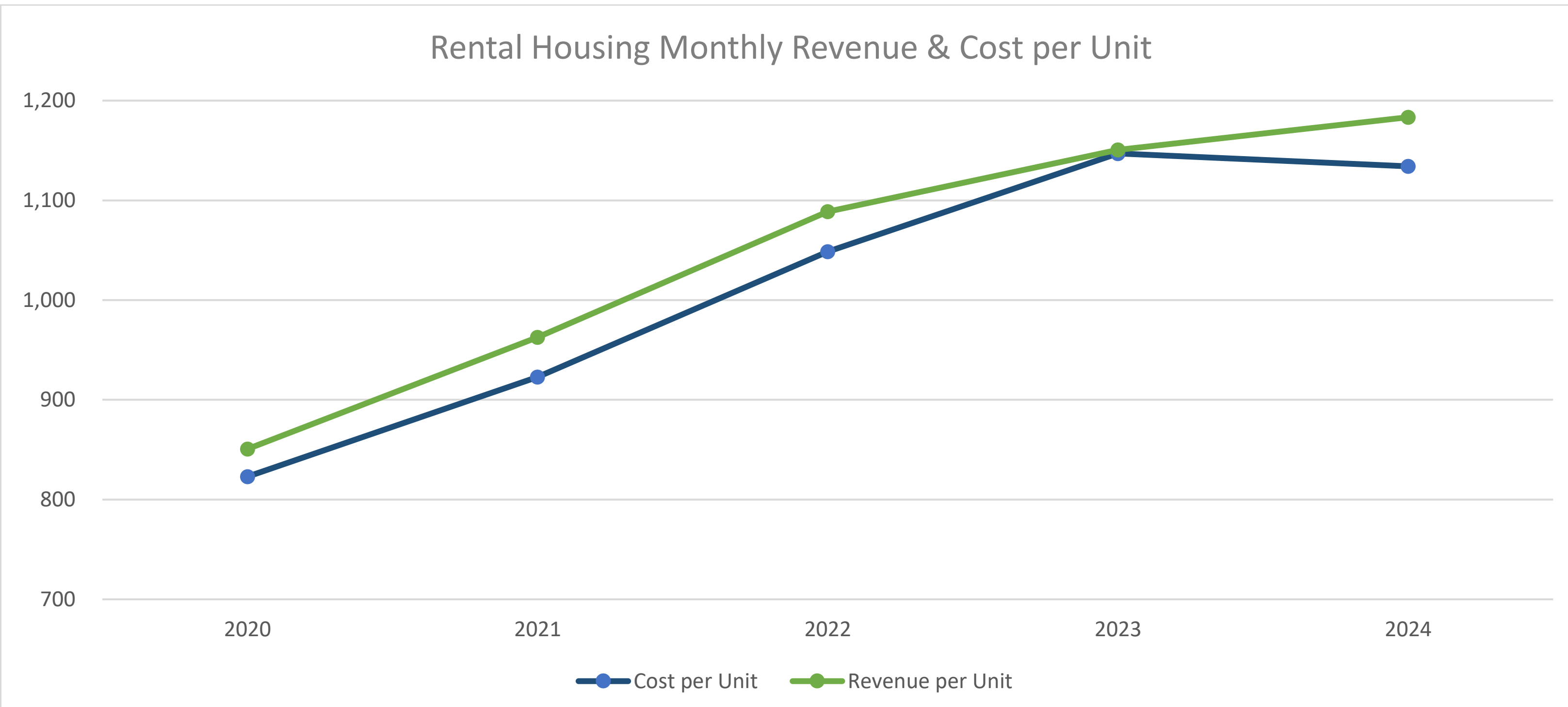
1. Gross Margin

Gross margin is a critical measure that evaluates an organization's retained revenue after direct expenses, such as labour 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 2020 to 2024, rental housing revenue has consistently increased, a compound annual growth rate (CAGR) of 10%. Despite revenue growth, gross margin has shown a decreasing trend over the same period, declining from 43% in 2020 to 37% in 2024. Indirect expenses are increasing primarily due to inflation and interest on new mortgages required to support the addition of new rental units. In 2024, the revenue increased by 8% compared to 2023 which outpaced the increase in expenses of 5% resulting in a slight upward swing in gross margin.



2. Rental Housing Monthly Revenue and Cost Per Unit

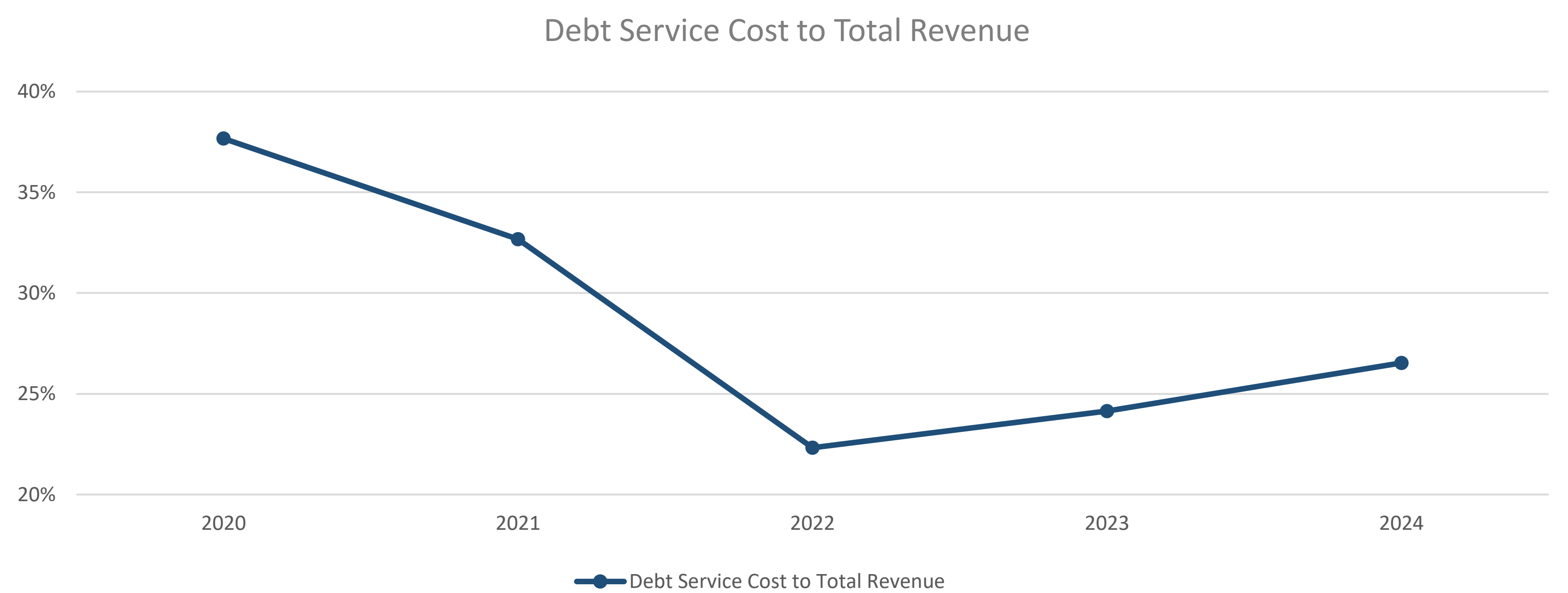
The revenue and cost per rental unit serves as a financial metric for evaluating the cost effectiveness of managing an entity's rental properties. Data extracted from Schedule E Rental Operations was utilized to analyze this trend, encompassing total expenditures including principal and interest payments 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 2024, the monthly cost per unit presented an upward trend, reaching $1,134 in 2024 (2023: $1,147). 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 2024 monthly cost per unit is $689 (2023: $688). 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.

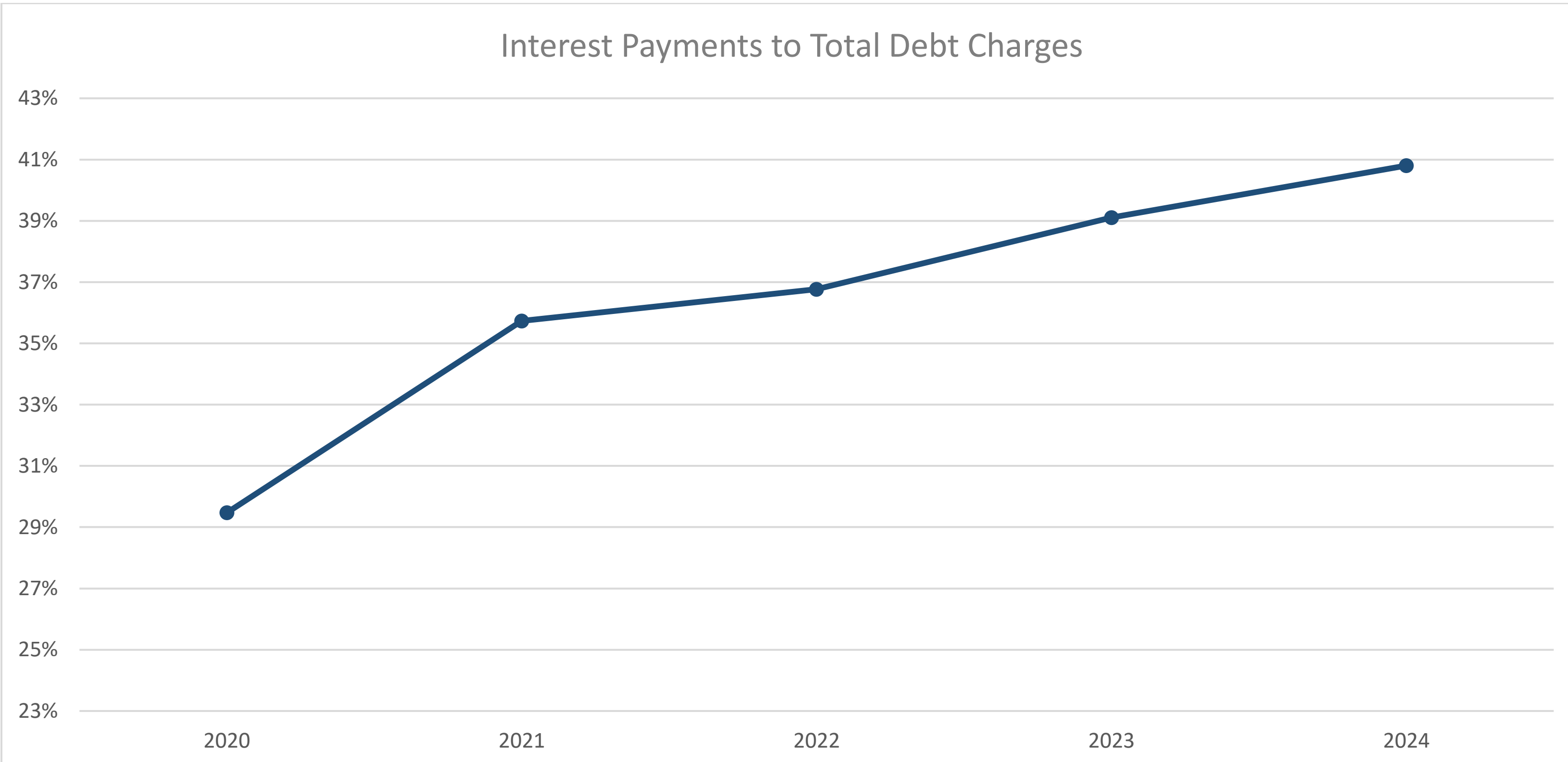
With various funding sources secured, such as forgivable loans and grants, coupled with enhanced tenant rent contributions from new properties, from 2022 revenue experienced a notable upsurge compared to the incremental interest and principal repayments on new debt, which resulted in a sharp decline in the ratio. In 2024, the debt service cost to total revenue is 27% (2023: 24%). The same indicator calculated as a percentage of rental revenue only is 38% in 2024 (2023: 40%), indicating the increase in operating revenue was sufficient to cover the increase in debt charges, though the ratio decreased slightly year over year.



Trend line for 2020-2022 has been adjusted to reflect consistent presentation of rental management fees adopted in 2022 and project mangement fees adopted in 2023

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

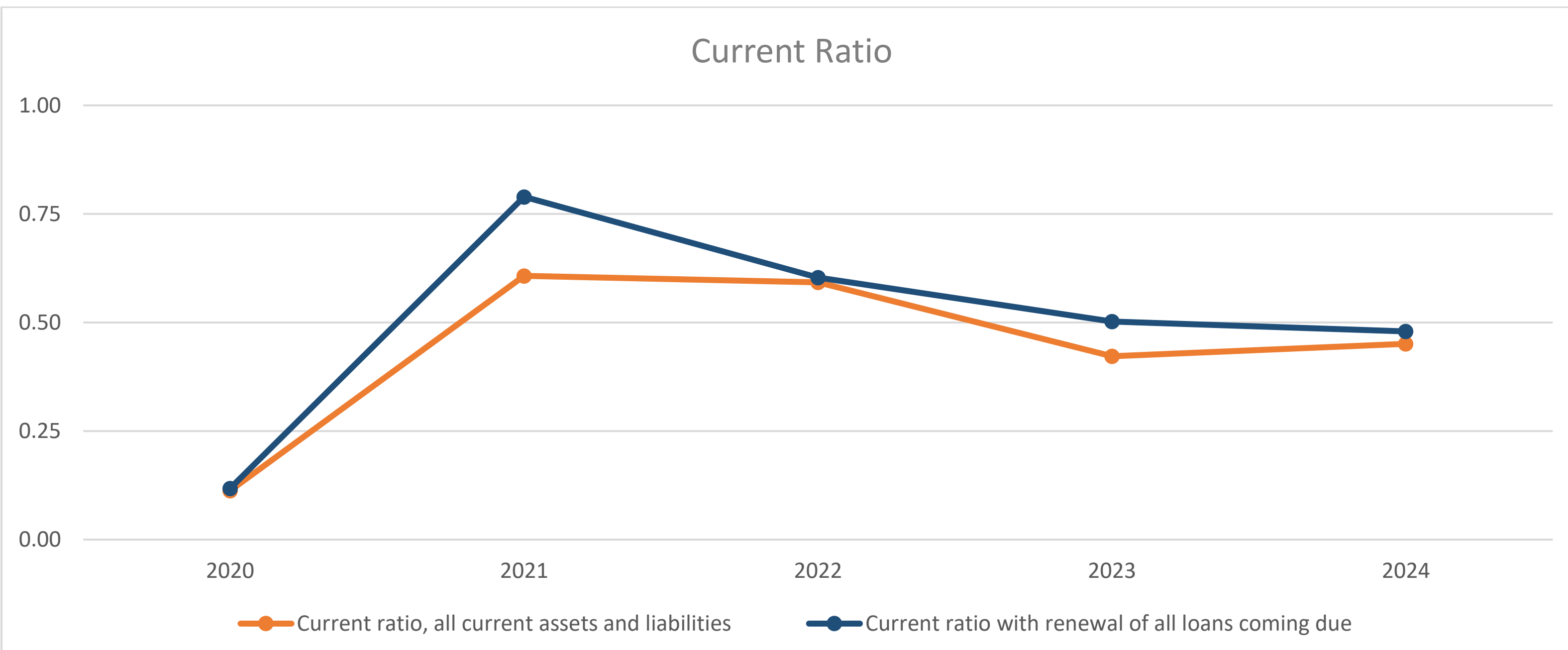
Principal and interest are the main components of a mortgage. Principal refers to the amount of money borrowed from the lender, while interest refers to the cost of borrowing. At the beginning of the mortgage term, more interest than principal is paid. In 2024, of the total mortgage debt servicing costs, 41% were attributed to interest payments (2023: 39%), an increase due to interest on new mortgages for properties at 330 and 332 Michigan.



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 starting in 2022, and in 2024 it increased with the construction of 330 and 332 Michigan.

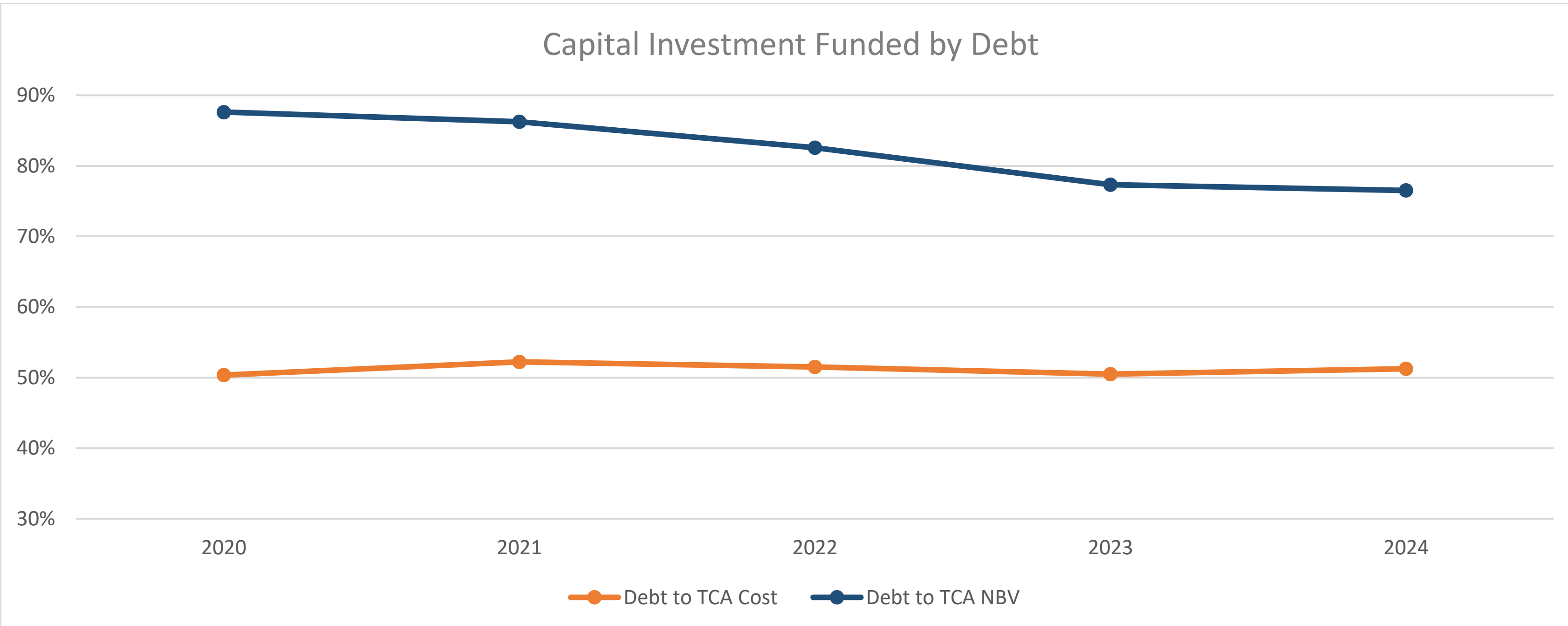
Mortgages with due dates in the upcoming fiscal year are categorized as current assets in financial statements. The Capital Region Housing Corporation usually renews loans rather than paying off the full mortgage balance. Two trend lines are observed: one assuming no mortgage renewals (aligning with 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 2024, there is a spread between the ratios due to $3.6 million in mortgages coming due in 2025 and the renewal portion of the mortgage's payable is removed from the calculation as not considered a current liability.



6. Capital Investment Funded by Debt

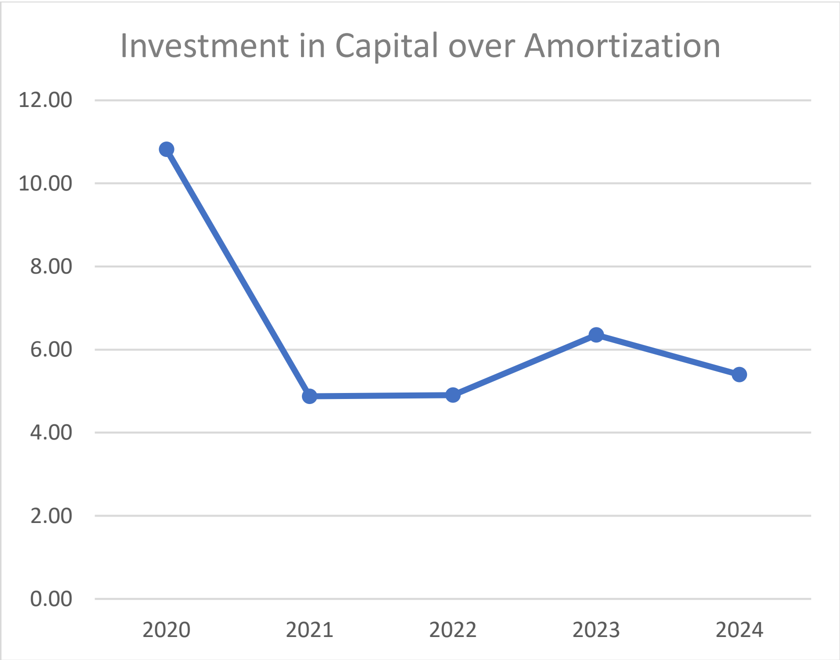
Capital investment funded by debt illustrates how much of an entity's tangible capital assets (TCA) have been purchased using debt. Over the past five years, the debt to total capital assets net book value (TCA NBV) ratio has consistently ranged between 77% and 88%. This signifies that a significant 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.

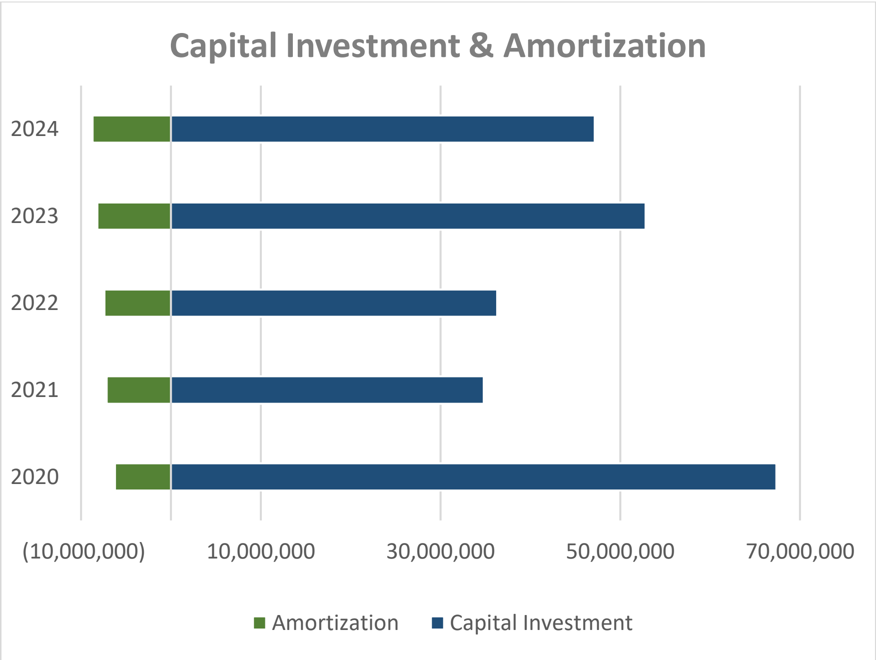
In contrast, the debt to total capital assets cost ratio averaging 51% indicates a steady percentage of new property costs financed through debt. Notably, this ratio does not encompass the Capital Regional District's equity in the new leased buildings under the Regional Housing First Program.



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 2024, capital investment outpaced amortization by 5.39 times.

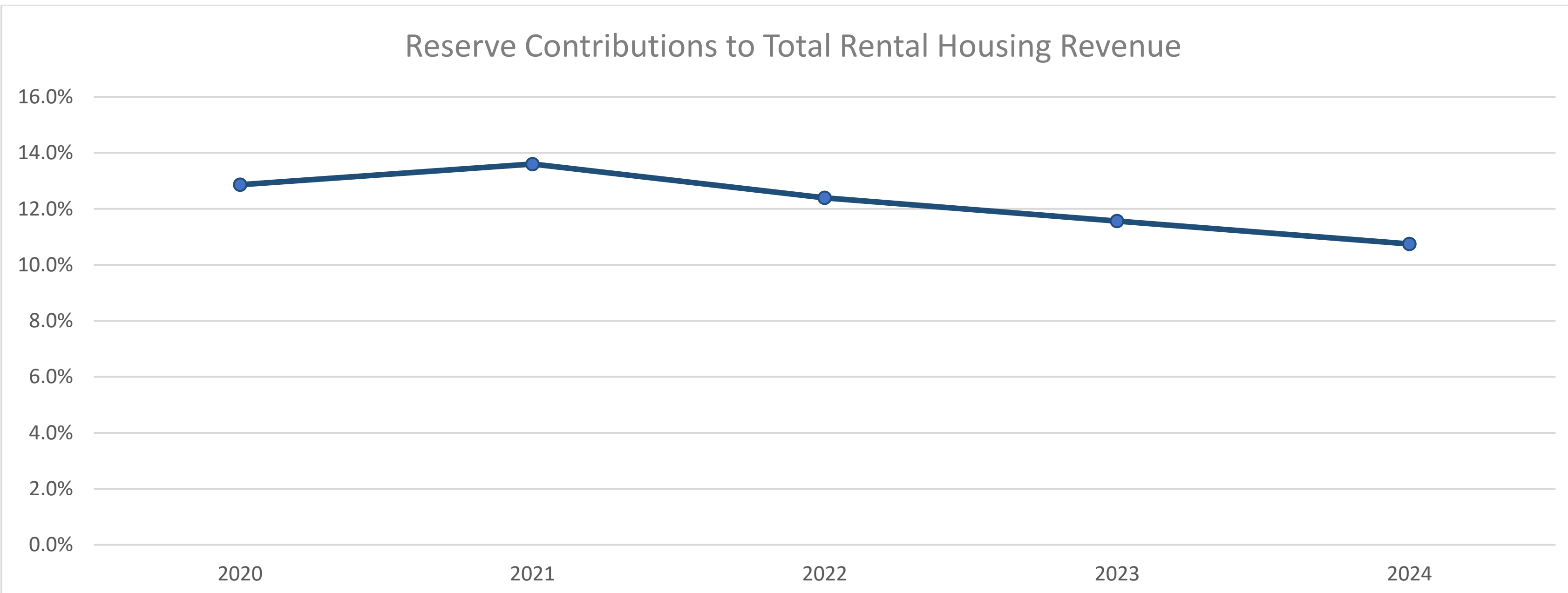




Data for 2019-2021 was not adjusted for ARO, standard was adopted in 2023.

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 2024, contributions to the RRF were based on a calculation of $173/unit per month and resulted in a contribution level of 10.7% (2022: 11.6%) 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 2020 to 2024 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 2024).



9. Reserve Balances

The entity's net assets comprise of 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 2020-2022 signifies additions to replacement reserves surpassing expenditures from the reserve.