



Notice of Meeting and Meeting Agenda Capital Region Housing Corporation Board

Wednesday, May 14, 2025

12:00 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

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

1. TERRITORIAL ACKNOWLEDGEMENT

2. APPROVAL OF THE AGENDA

3. ADOPTION OF MINUTES

- 3.1. [25-0535](#) Minutes of the Capital Region Housing Corporation Board Meeting of March 12, 2025

Recommendation: That the minutes of the Capital Region Housing Corporation Board meeting of March 12, 2025 be adopted as circulated.

Attachments: [Minutes - March 12, 2025](#)

4. REPORT OF THE CHAIR

5. PRESENTATIONS/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. CONSENT AGENDA

- 6.1. [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. ADMINISTRATION REPORTS

- 7.1. [25-0520](#) Capital Region Housing Corporation 2024 Annual Report
- Recommendation:** There is no recommendation. This report is for information only.
- Attachments:** [Staff Report: CRHC 2024 Annual Report](#)
 [Appendix A: CRHC 2024 Annual Report](#)

8. REPORTS OF COMMITTEES

9. NOTICE(S) OF MOTION

10. NEW BUSINESS

11. ADJOURNMENT

Meeting Minutes

Capital Region Housing Corporation Board

Wednesday, March 12, 2025

12:00 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

PRESENT

DIRECTORS: Z. de Vries (Chair), J. Caradonna (Vice Chair), S. Brice, P. Brent, J. Brownoff, C. Coleman, B. Desjardins, S. Goodmanson, C. Harder, G. Holman, P. Jones, D. Kobayashi, M. Little, C. McNeil-Smith, K. Murdoch, D. Murdock, C. Plant, S. Riddell (for R. Windsor), M. Tait, D. Thompson, S. Tobias, A. Wickheim, K. Williams (12:03 pm)

STAFF: T. Robbins, Chief Administrative Officer; N. Chan, Chief Financial Officer; A. Fraser, General Manager, Infrastructure and Water Services; M. MacIntyre, Acting General Manager, Parks, Recreation & Environmental Services; L. Jones, General Manager, Parks, Recreation & Environmental Services; K. Lorette, General Manager, Housing, Planning and Protective Services; K. Morley, General Manager, Corporate Services; M. Barnes, Senior Manager Health and Capital Planning Strategy; D. Elliot, Senior Manager, Regional Housing; V. Samosan, Senior Manager, Financial Services / Deputy CFO; B. Semmens, Manager Financial Planning and Performance; M. Lagoa, Deputy Corporate Officer; S. Orr, Senior Committee Clerk (Recorder)

Regrets: Directors M. Alto, R. Windsor

The meeting was called to order at 12:02 pm.

1. TERRITORIAL ACKNOWLEDGEMENT

Alternate Director Riddell provided a Territorial Acknowledgement.

2. APPROVAL OF THE AGENDA

MOVED by Director Murdoch, **SECONDED** by Director Goodmanson,
That the agenda for the March 12, 2025 Session of the Capital Region Housing Corporation Board be approved.
CARRIED

3. ADOPTION OF MINUTES

- 3.1. [25-0239](#) Minutes of the January 8, 2025 Capital Region Housing Corporation Board Meeting
- MOVED** by Director Little, **SECONDED** by Director Murdoch,
That the minutes of the Capital Region Housing Corporation Board meeting of January 8, 2025 be adopted as circulated.
CARRIED

4. REPORT OF THE CHAIR

There were no Chair's remarks.

5. PRESENTATIONS/DELEGATIONS

There were no presentations or delegations.

Director Williams joined the meeting in person at 12:03 pm.

6. CONSENT AGENDA

**MOVED by Director Murdoch, SECONDED by Director Goodman,son,
That consent agenda items 6.1. and 6.2. be approved.
CARRIED**

- 6.1. [25-0061](#) Capital Region Housing Corporation Investment Portfolio Holdings and
Performance Annual Update

This report was received for information.

- 6.2. [25-0201](#) Castanea Place Mortgage Renewal

1. That the Resolution, Pre-Renewal Checklist and Commitment to Lend required by BC Housing Management Commission to renew the mortgage for Castanea Place through the Canada Mortgage and Housing Corporation Direct Lending Program for a term of 4 years and 8 months be approved; and
2. That Edward Robbins, Chief Administrative Officer, or Nelson Chan, Chief Financial Officer, or their duly authorized delegates, together or with any one officer or director of the Borrower for and on behalf of the Borrower be authorized to sign any documents related to the mortgage renewal.
CARRIED

7. ADMINISTRATION REPORTS

There were no Administration Reports.

8. REPORTS OF COMMITTEES

There were no Reports of Committees.

9. NOTICE(S) OF MOTION

There were no notice(s) of motion.

10. NEW BUSINESS

There was no new business.

11. MOTION TO CLOSE THE MEETING

11.1. [25-0238](#) Motion to Close the Meeting

MOVED by Director Murdoch, SECONDED by Director Little,
1. That the meeting be closed for Land Acquisition in accordance with Section
90(1)(e) of the Community Charter.
CARRIED

MOVED by Director Murdoch, SECONDED by Director Little,
2. That such disclosures could reasonably be expected to harm the interests of
the Regional District.
CARRIED

MOVED by Director Coleman, SECONDED by Director McNeil-Smith,
That the meeting be recessed for the meeting of the Capital Regional District
Board.
CARRIED

The meeting recessed at 12:04 pm to convene the meeting of the Capital
Regional District Board.

The meeting reconvened and went into the Closed Session at 3:28 pm.

12. RISE AND REPORT

The Capital Region Housing Corporation Board rose from its closed session at
3:42 pm without report.

13. ADJOURNMENT

MOVED by Director Coleman, SECONDED by Director Tait,
That the March 12, 2025 Closed Session of the Capital Region Housing
Corporation Board meeting be adjourned at 3:42 pm.
CARRIED

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER

**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

Capital Region Housing Corporation

2024

Financial Statements

British Columbia, Canada
Fiscal year ended December 31, 2024

CRHC
Capital Region Housing Corporation

December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of the Capital Region Housing Corporation

Opinion

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

- the statement of financial position as at December 31, 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.

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



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

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

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.

Capital Region Housing Corporation

Notes to the Financial Statements

For the Year Ended December 31, 2024

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 trustee 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
<u>Umbrella Agreement</u>						
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
<u>ILBC2 Agreement</u>						
Parry Place	173,119	16,600	9,720	(4,429)	(15,543)	179,467
<u>No Operating Agreement</u>						
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
<u>RHFP Agreement</u>						
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
<u>IHI Agreement</u>						
Westview	151,142	63,072	10,011	(1,426)	(10,807)	211,992
<u>CHF Agreement</u>						
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)		
<u>UOA</u>						
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
<u>ILBC2</u>						
Parry Place	(333,578)	-	-	69,238	-	(264,340)
<u>RHFP</u>						
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
<u>IHI</u>						
Westview	479,065	-	-	150,121	-	629,186
<u>CHF</u>						
Twenty-Seven Eighty-Two	(35,557)	-	-	63,101	-	27,544
332 Michigan	-	-	-	(47,678)	-	(47,678)
	(35,557)	-	-	15,423	-	(20,134)
<u>NOA</u>						
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											
<u>Umbrella Agreement</u>											
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
<u>ILBC2 Agreement</u>										
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
<u>RHFP Agreement</u>										
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	-
<u>IHI Agreement</u>										
Westview	May/20	-	-	14,937,177	94,355	10,807	15,042,339	(2,007,897)	13,034,442	13,465,500
<u>CHF Agreement</u>										
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	-
<u>No Operating Agreement</u>										
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		-	-	-	-	-	-	-	-	-
Office Equipment		-	403,473	67,082,151	-	-	67,485,624	(215,186)	67,270,438	58,605,980
Vehicles		-	-	-	613,350	-	613,350	(540,787)	72,563	77,722
		-	-	-	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 Region Housing Corporation

Schedule D

Capital Fund - Mortgages Payable

For the Year Ended December 31, 2024

Rental Property	Interest Rate	Renewal Date	Maturity Date	2024	2023
<u>Umbrella Agreement</u>					
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
<u>ILBC2 Agreement</u>					
Parry Place	4.540%	May 1, 2034	May 1, 2043	3,032,851	3,140,823
<u>RHFP Agreement</u>					
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	-
<u>IHI Agreement</u>					
Westview	1.631%	September 1, 2030	September 1, 2055	6,782,218	6,950,886
<u>No Operating Agreement</u>					
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
<u>CHF Agreement</u>					
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

Capital Region Housing Corporation

Schedule E

Operating Fund - Rental Operations

For the Year Ended December 31, 2024

Revenues													Expenditures and Interfund Transfers					Surplus (Deficit) from operations after interfund transfers	Allocation from/(to) Portfolio Stabilization Reserves
	Number of units	Tenant rent contributions	BCHMC Rental Subsidy	BCHMC fixed funding	Other	Total	Operating costs	Transfer to Replacement Reserve	Debt charges	Total									
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							

Capital Region Housing Corporation

Schedule E

Operating Fund - Rental Operations

For the Year Ended December 31, 2024

	Revenues						Expenditures and Interfund Transfers				Surplus (Deficit) from operations after interfund transfers	Allocation from/(to) Portfolio Stabilization Reserves
	Number of units	Tenant rent contributions	BCHMC Rental Subsidy	BCHMC fixed funding	Other	Total	Operating costs	Transfer to Replacement Reserve	Debt charges	Total		
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)

Capital Region Housing Corporation

Schedule E

Operating Fund - Rental Operations

For the Year Ended December 31, 2024

	Revenues						Expenditures and Interfund Transfers				Surplus (Deficit) from operations after interfund transfers	Allocation from/(to) Portfolio Stabilization Reserves
	Number of units	Tenant rent contributions	BCHMC Rental Subsidy	BCHMC fixed funding	Other	Total	Operating costs	Transfer to Replacement Reserve	Debt charges	Total		
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)



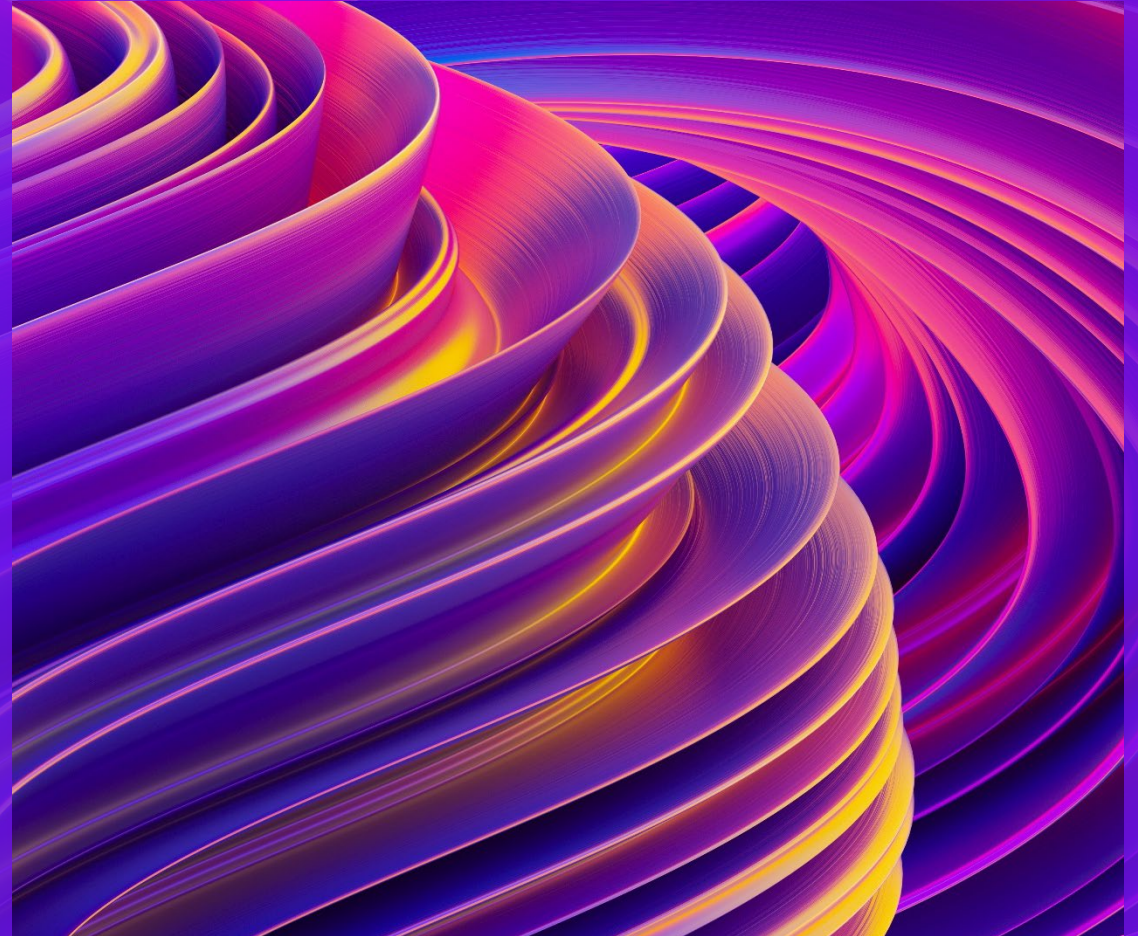
Capital Region Housing Corporation

**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

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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.



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.	Misstatements - uncorrected	<div>Uncorrected misstatements</div> <ul style="list-style-type: none">There are no matters to report.
Significant changes	<div>Significant changes since our audit plan</div> <ul style="list-style-type: none">No change to preliminary risk assessmentNo change to planned audit strategy	Misstatements - Corrected	<div>Corrected misstatements</div> <ul style="list-style-type: none">There are no matters to report.
Risks and results & Significant unusual transactions	<div>Significant risks</div> <ul style="list-style-type: none">Presumed risk of management override of controls	Control deficiencies	<div>Control deficiencies</div> <ul style="list-style-type: none">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.
	<div>Other risks of material misstatement</div>		
	<div>Significant unusual transactions</div>		
Policies and practices & Specific topics	<div>Accounting policies and practices</div>		
	<div>Other financial reporting matters</div>		

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.



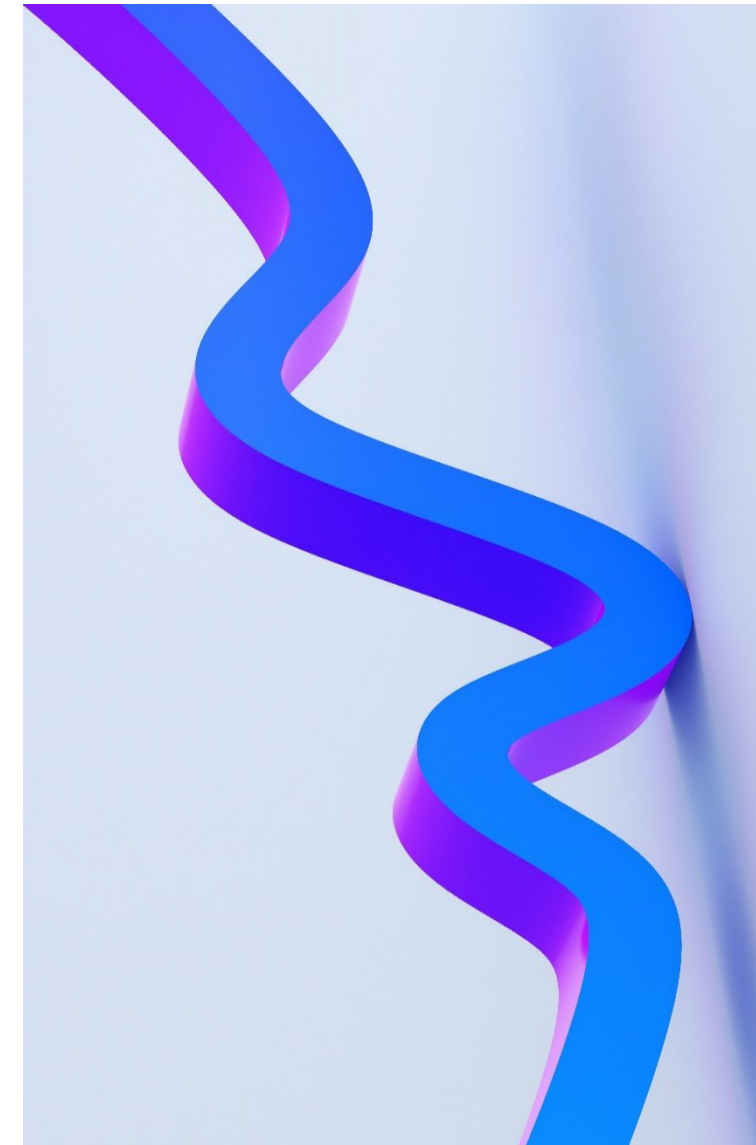
Status

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.





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.





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.

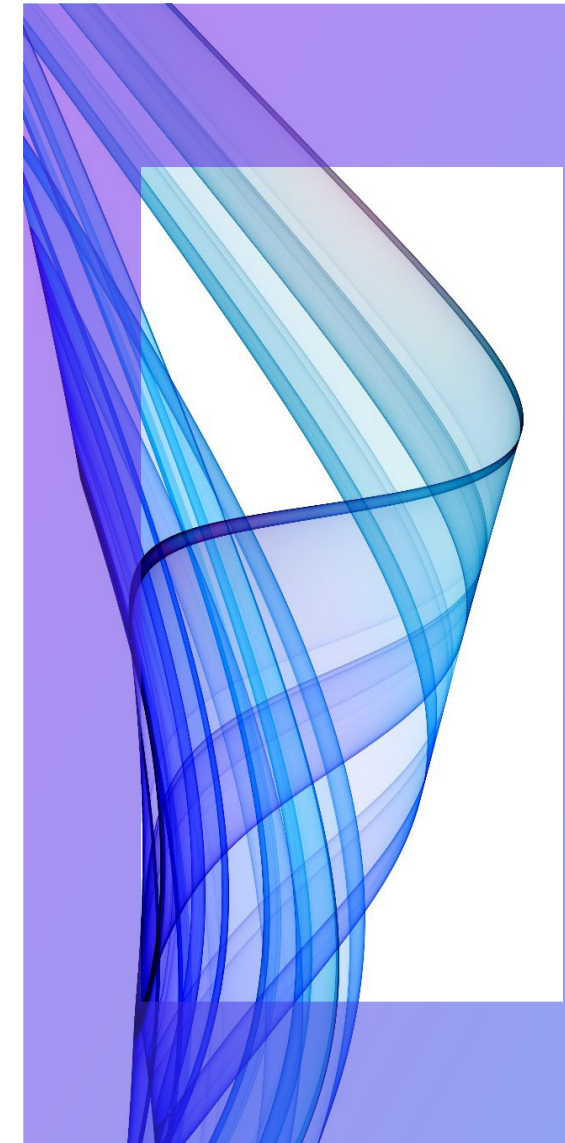
Government contributions revenue of \$10.8M was recognized, comprised of grants and forgivable loans to fund development projects that will result in affordable housing units. During the year the entity received \$32.3M in short-term financing, which will be converted to mortgages upon completion of 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.





Other risks of material misstatement and results



Capital Assets (new building developments and redevelopments)

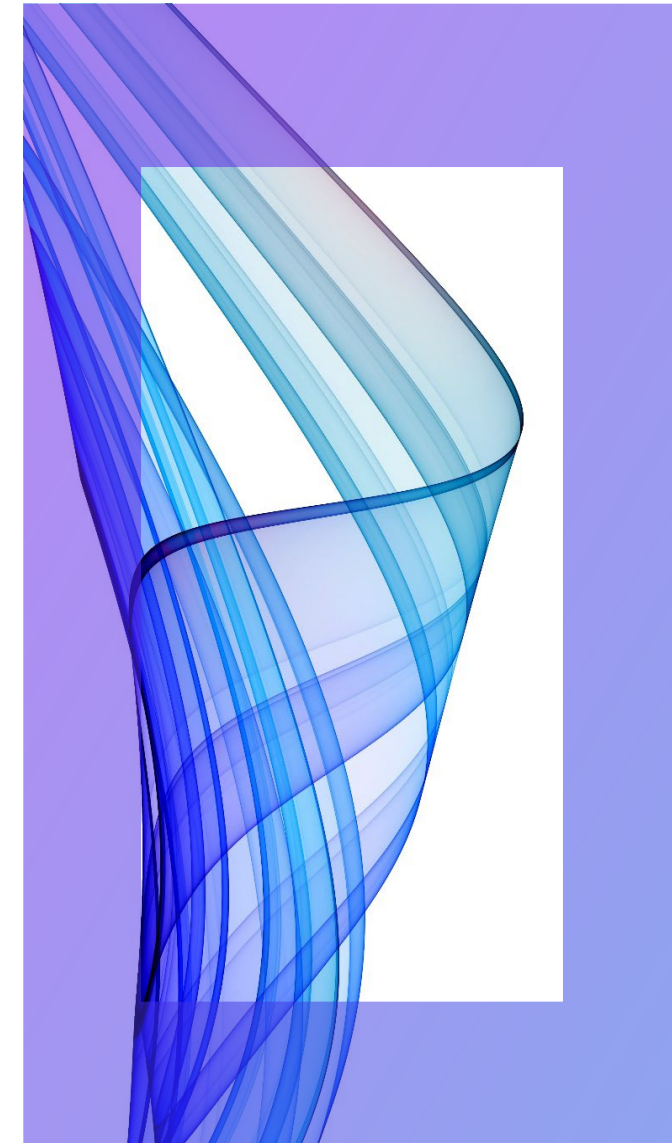
During the year, CRHC invested approximately \$47.1M in the acquisition of capital assets. During the year both Michigan buildings were completed, with tenants moving into both buildings in later 2024.

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.





Other procedures performed



Cash, investments and debt

Response and findings

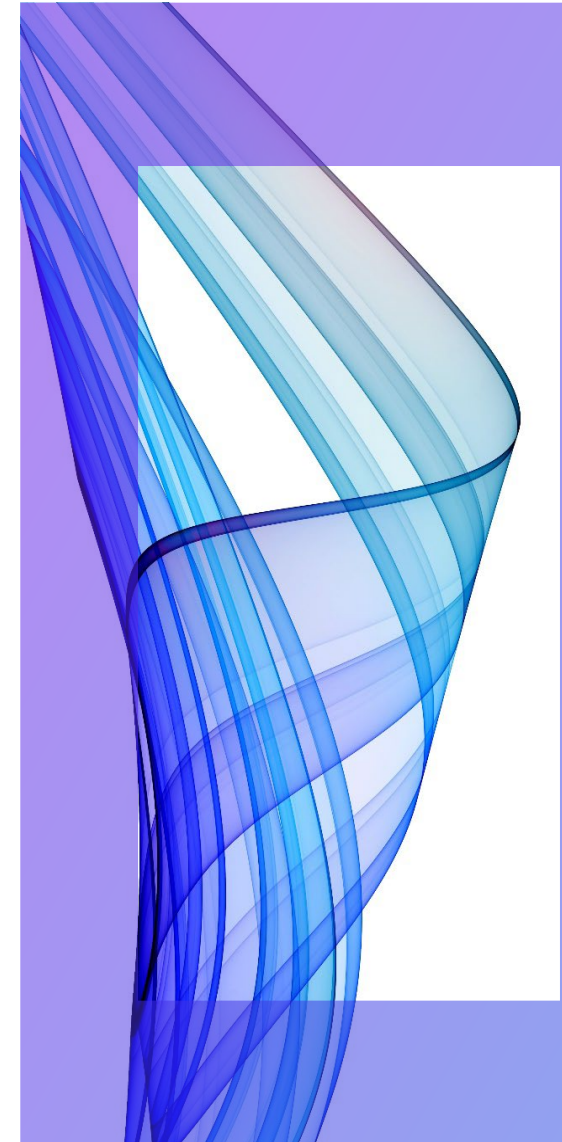
- We confirmed the balances with the respective financial institutions.
- We tested subsequent payments to determine if they were recorded in the correct accounting period.
- No issues were noted in our testing.



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.





Other procedures performed

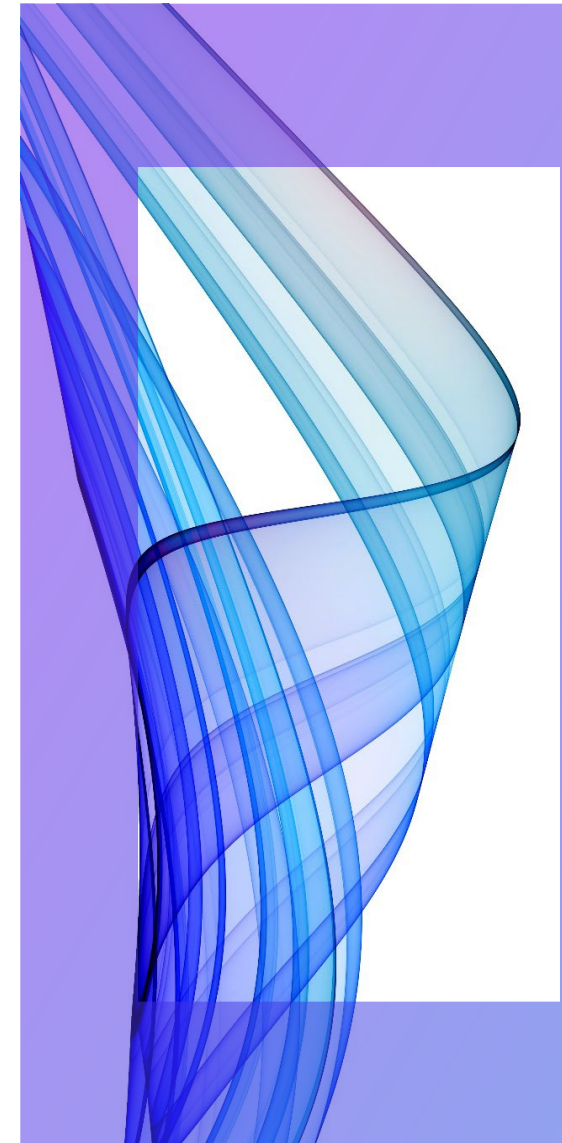


Concluding and reporting

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.





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.

Appendices

1

Required
communications

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Management
representation letter

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Current developments

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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.



Appendix 2: Management representation letter

(Letterhead of Client)

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

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.

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

Internal control over financial reporting:

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

Fraud & non-compliance with laws and regulations:

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

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

Subsequent events:

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

Related parties:

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

Estimates:

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

Going concern:

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

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.

Yours very truly,

Ted Robbins, Chief Administrative Officer

Nelson Chan, Chief Financial Officer

Kevin Lorette, General Manager, Planning and Protective Services

Attachment I – Definitions

Materiality

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

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

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

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

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

Fraud & error

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

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



Appendix 3: Current developments

Accounting standards

Standard	Summary and implications
Concepts Underlying Financial Performance	<ul style="list-style-type: none"> The revised Conceptual Framework is effective for fiscal years beginning on or after April 1, 2026 with 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	<ul style="list-style-type: none"> The proposed section PS 1202 <i>Financial statement presentation</i> will replace the current section PS 1201 <i>Financial statement presentation</i>. PS 1202 <i>Financial statement presentation</i> will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption is permitted. The proposed section includes the following: <ul style="list-style-type: none"> Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained. Separating liabilities into financial liabilities and non-financial liabilities. Restructuring the statement of financial position to present total assets followed by total liabilities. Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”. A new provision whereby an entity can use an amended budget in certain circumstances. Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.



Appendix 3: Current developments (continued)

Accounting standards (continued)

Standard	Summary and implications
Employee Benefits	<ul style="list-style-type: none"> The Public Sector Accounting Board has issued proposed new standard PS 3251 <i>Employee benefits</i> which would replace the current sections PS 3250 <i>Retirement benefits</i> and PS 3255 <i>Post-employment benefits, compensated absences and termination benefits</i>. 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 <i>Employee benefits</i> 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: <ul style="list-style-type: none"> 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 <i>Employee benefits</i> 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



Appendix 3: Current developments (continued)

Accounting standards (continued)

Standard	Summary and implications
Intangible assets	<ul style="list-style-type: none"> The Public Sector Accounting Standards Board has issued proposed new standard PS 3155 <i>Intangible Assets</i> which would replace Public Sector Guideline 8 <i>Purchased Intangibles</i>. 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	<ul style="list-style-type: none"> 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

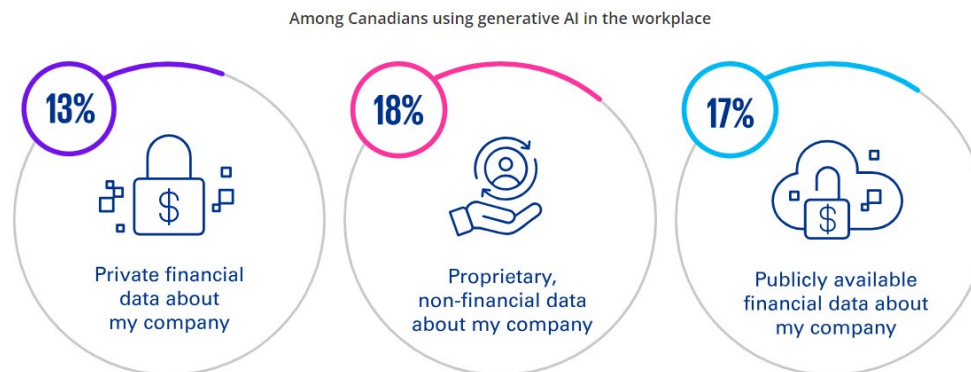


Appendix 4: Thought leadership and insights

Generative AI

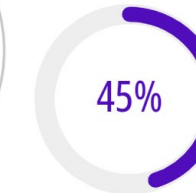
Ever since ChatGPT launched publicly on November 30, 2022, generative AI has caught the attention of users around the world – including Canada. One year after its launch, KPMG in Canada conducted a survey about generative AI use in Canada's workplaces: [Generative AI Adoption Index - KPMG Canada](#)

What type of information have you entered into your AI prompts?



Among Canadians using generative AI in the workplace:

90% of generative AI users say the tools have enhanced the quality of their professional work (up from 84% in May).



Among Canadians using generative AI in the workplace:

There is a concerning trend of significant misuse of generative AI, including entering sensitive data at work, with 45% of users failing to verify outputs that may be inaccurate, misleading, or biased.

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](#)

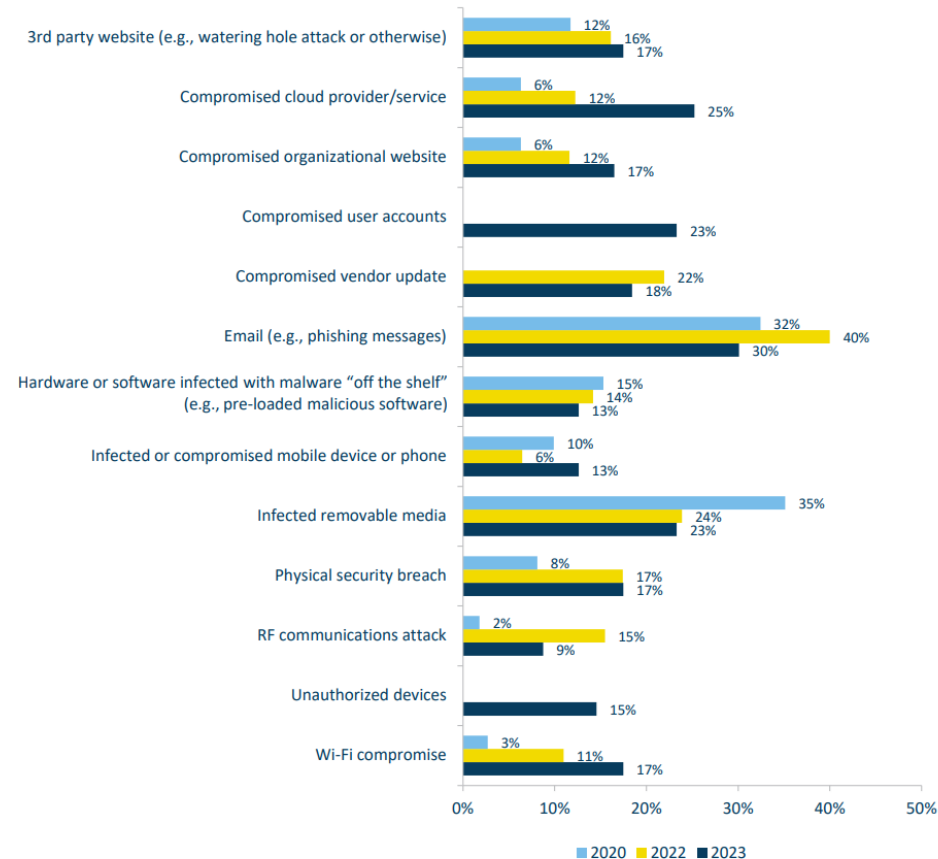


Appendix 4: Thought leadership and insights (continued)

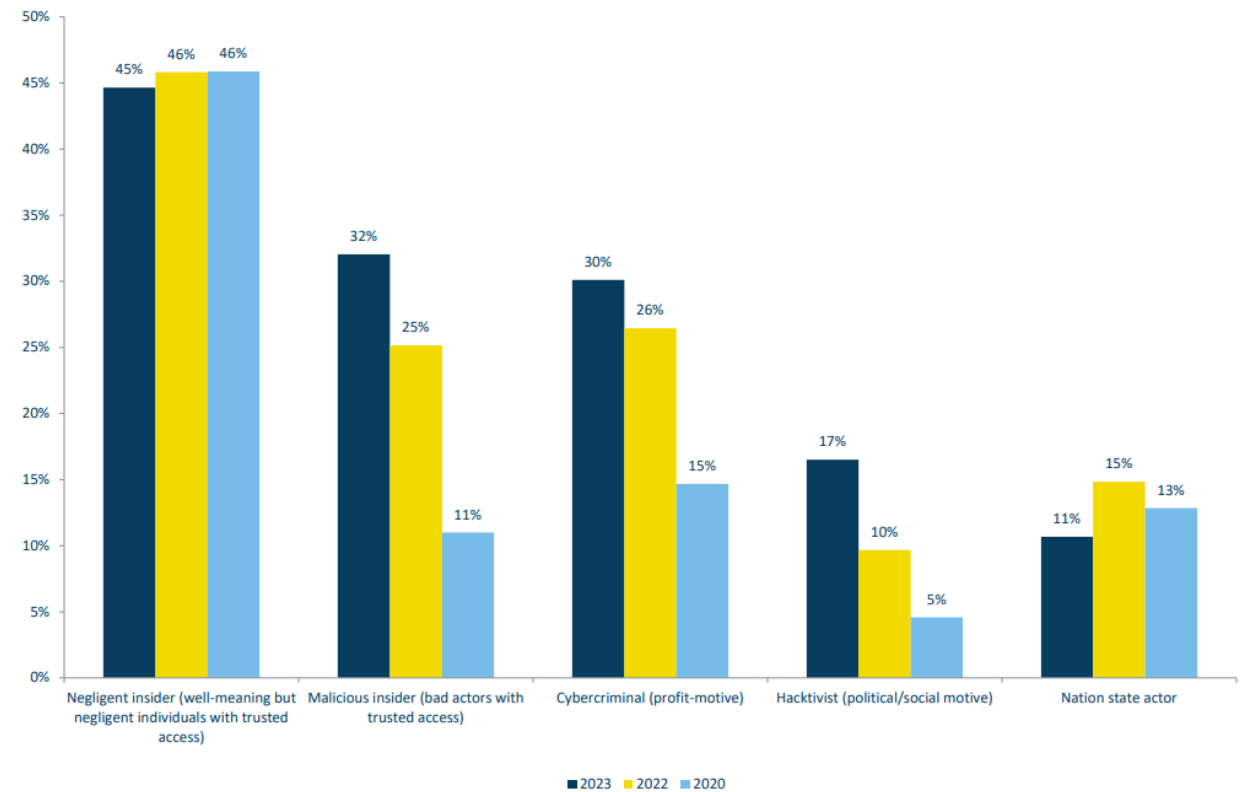
Ransomware in Canada

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



Appendix 4: Thought leadership and insights (continued)

Where are Finance Teams adopting AI

Finance's role as a business partner has put them in 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



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



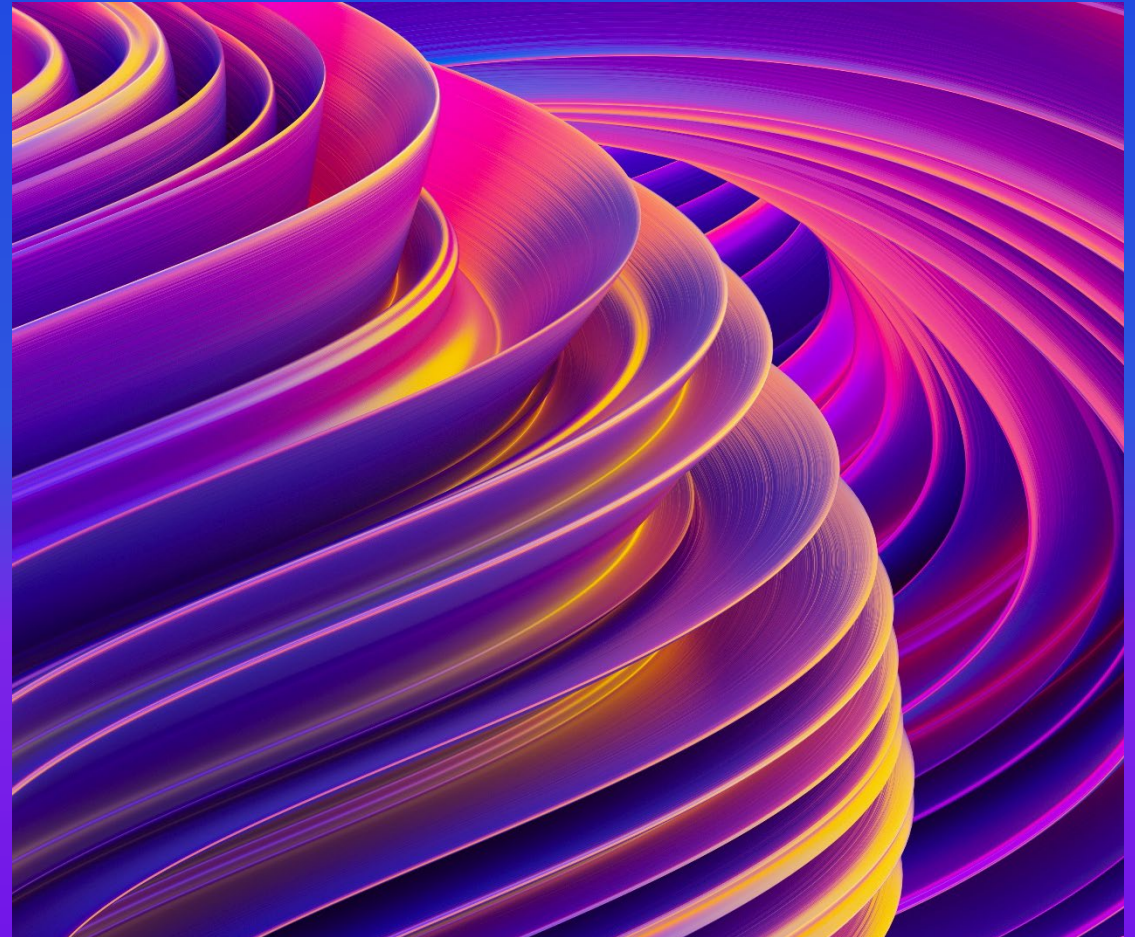
Cybersecurity

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



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

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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%)
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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 Cash 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

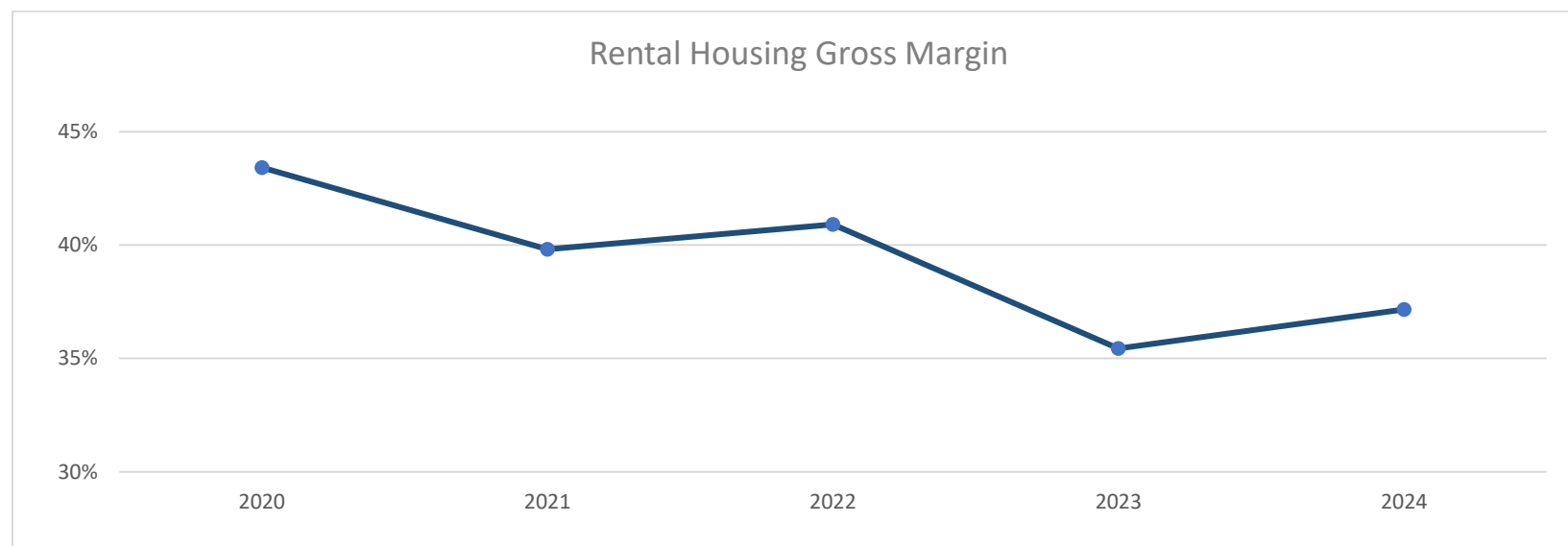
Schedule E provides a summary of each property's annual rental operations, with a focus on revenues and expenditures during the fiscal year. It determines how a surplus or deficit was generated per property and the related transfer to the portfolio stabilization reserve.

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.

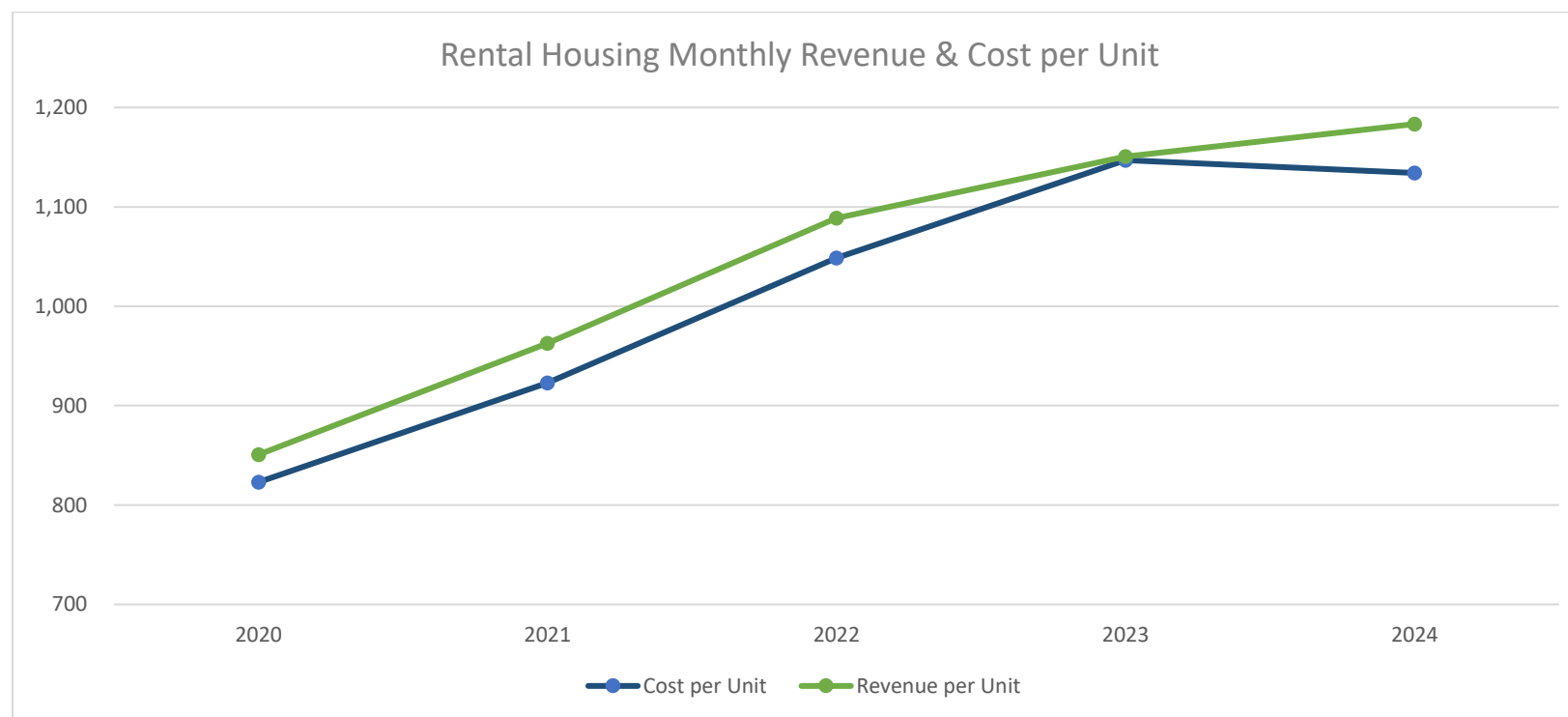
1. Gross Margin

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

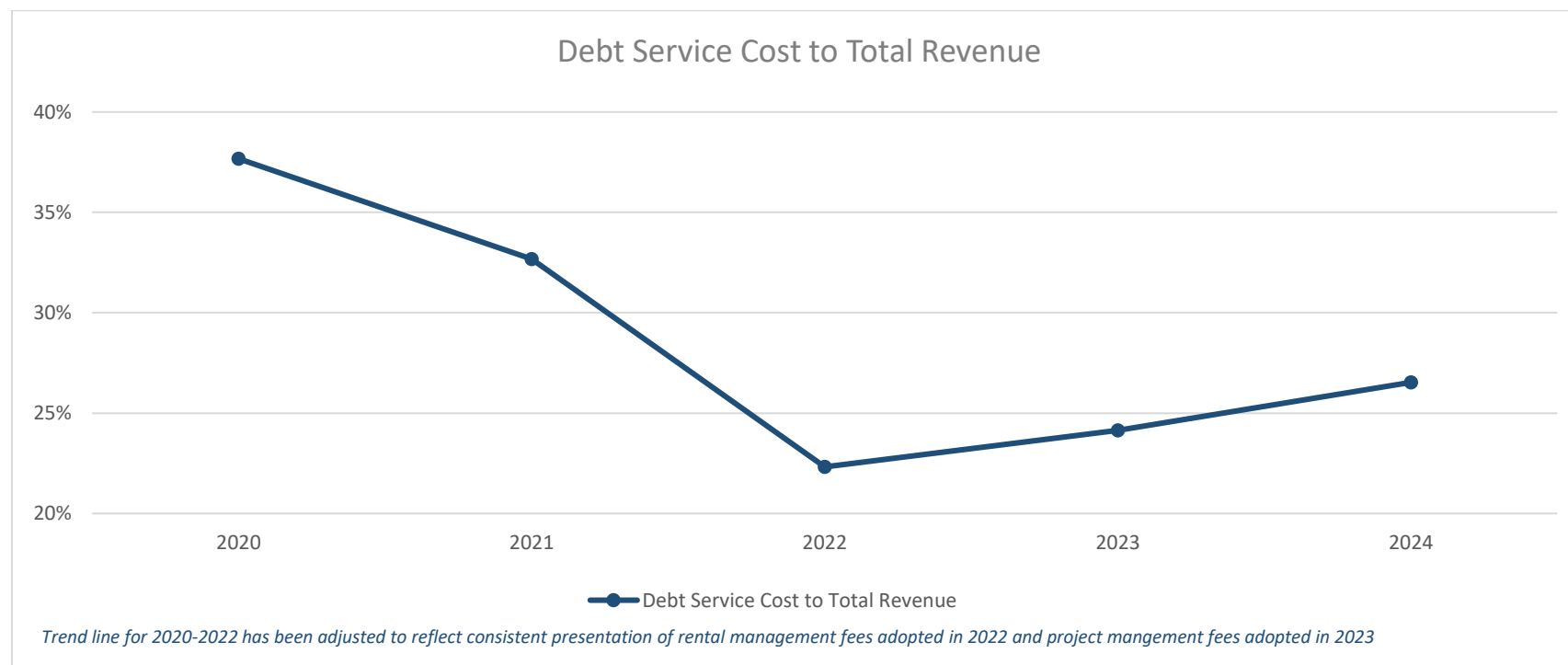
The revenue and cost per rental unit serves as a financial metric for evaluating the cost effectiveness of managing an entity's rental properties. Data extracted from Schedule E Rental Operations was utilized to analyze this trend, encompassing total expenditures including principal and interest payments 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

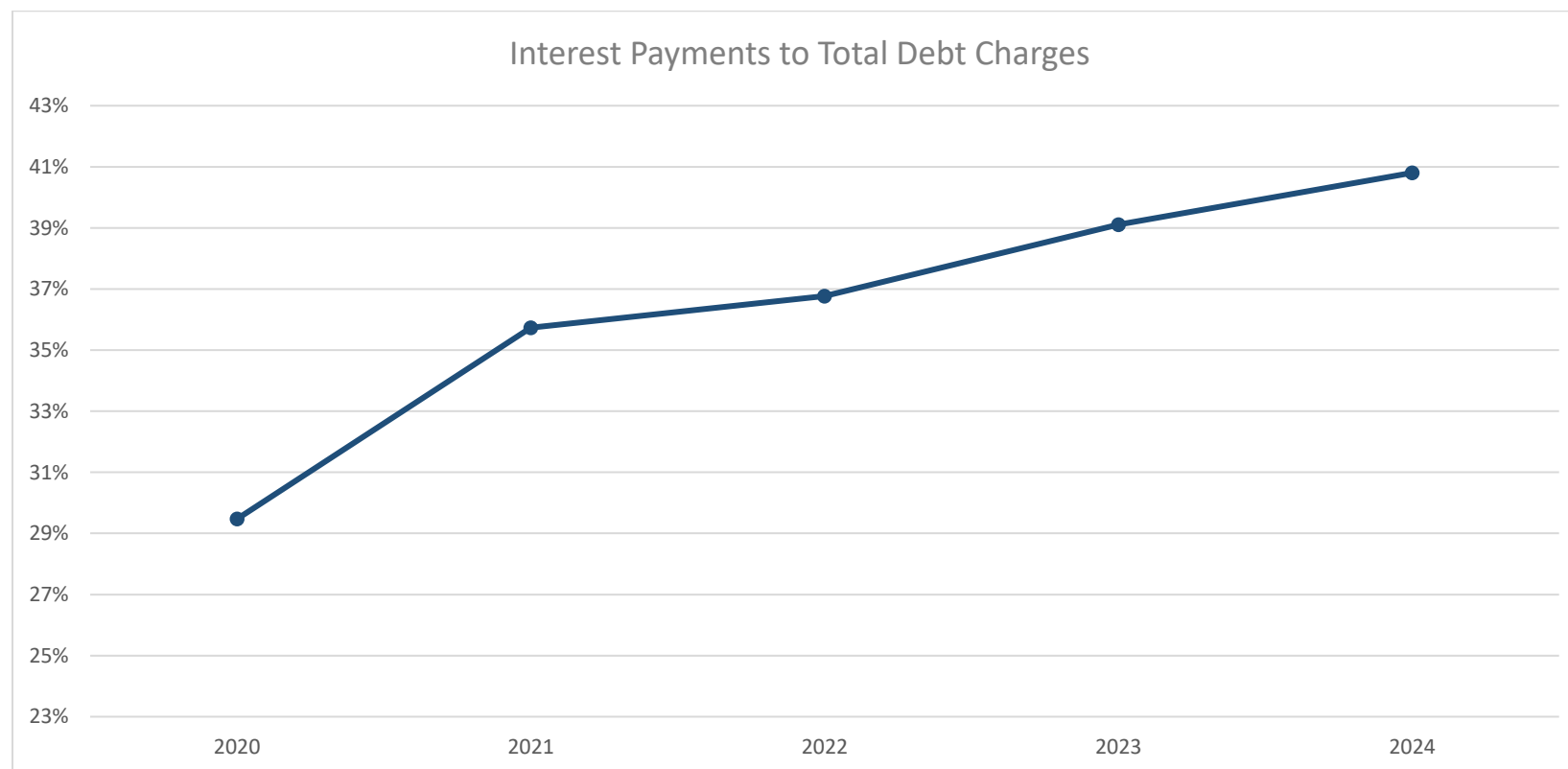
The debt service costs to total revenue ratio signifies the portion of revenue allocated towards servicing interest and principal payments on both short-term and long-term debts. A higher ratio suggests a larger proportion of revenue dedicated to debt repayment, limiting flexibility in responding to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



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

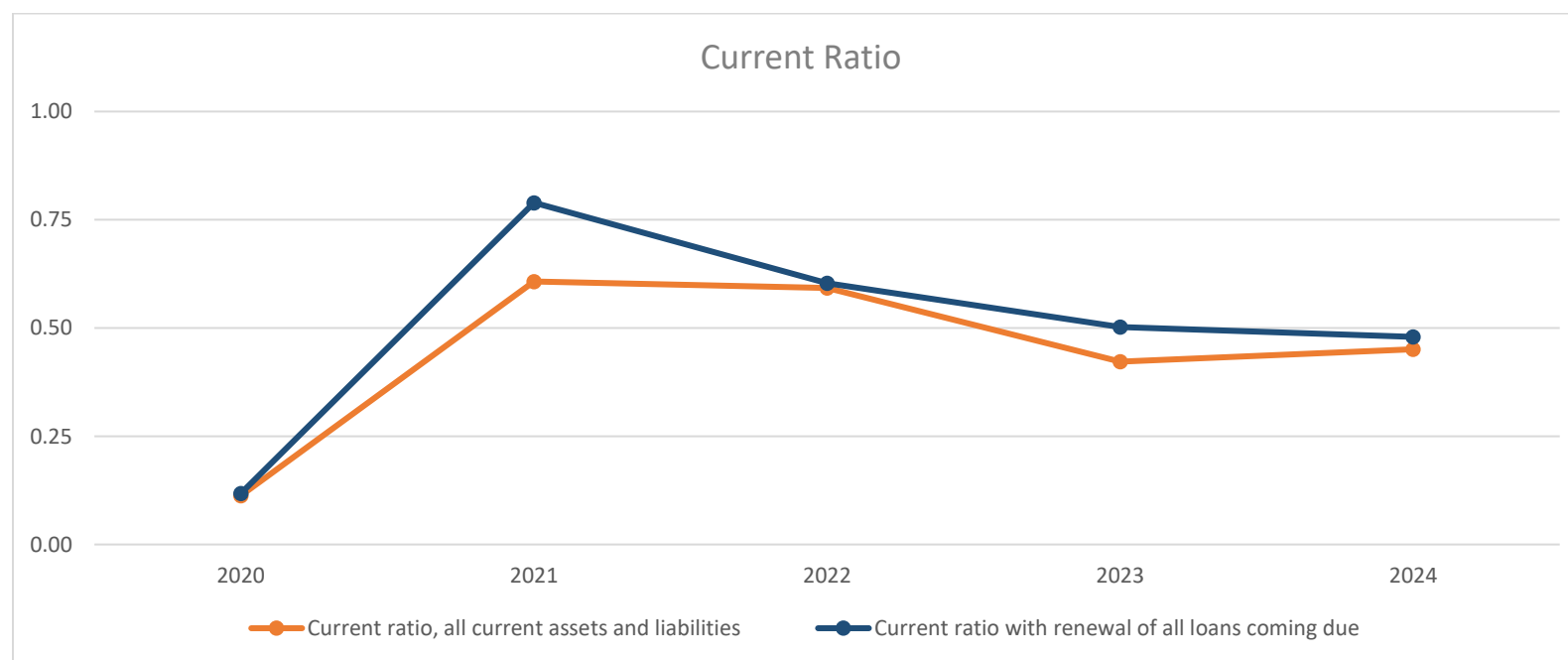
Principal and interest are the main components of a mortgage. Principal refers to the amount of money borrowed from the lender, while interest refers to the cost of borrowing. At the beginning of the mortgage term, more interest than principal is paid. In 2024, of the total mortgage debt servicing costs, 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.

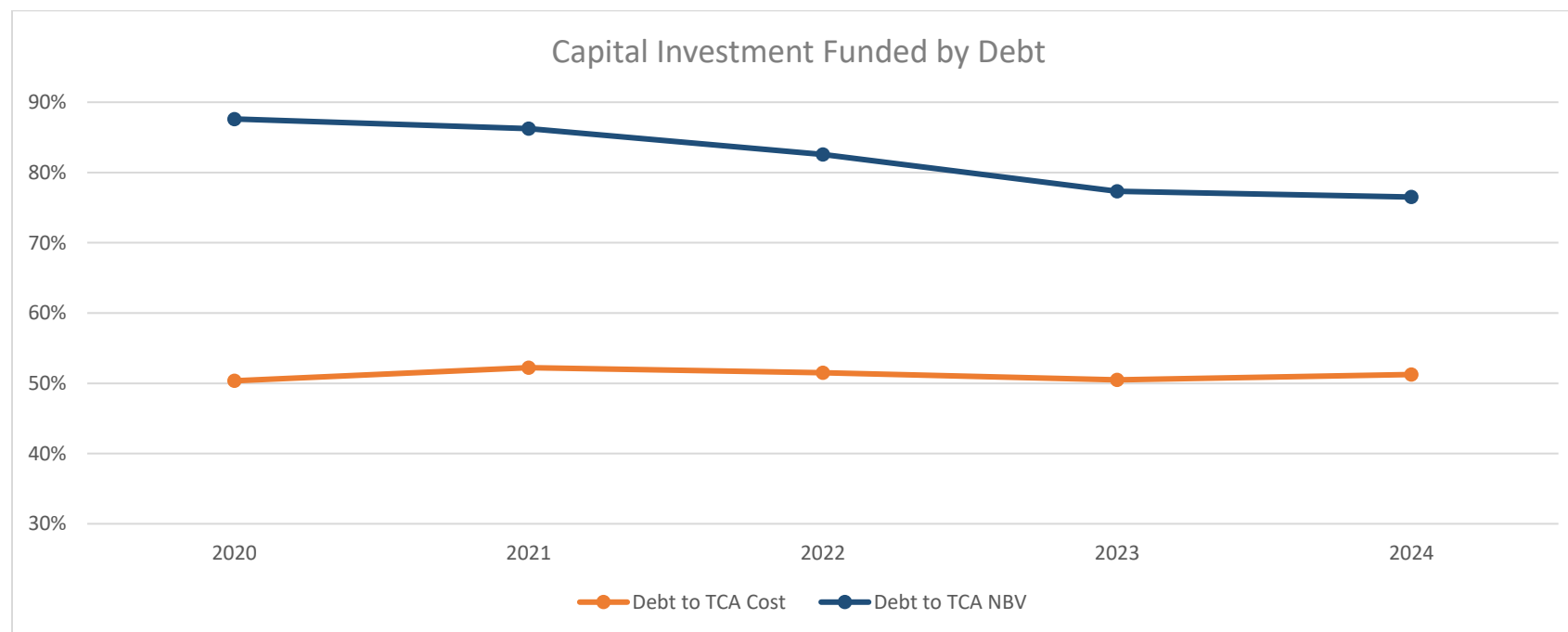
Mortgages with due dates in the upcoming fiscal year are categorized as current assets in financial statements. The Capital Region Housing Corporation usually renews loans rather than paying off the full mortgage balance. Two trend lines are observed: one assuming no mortgage renewals (aligning with 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

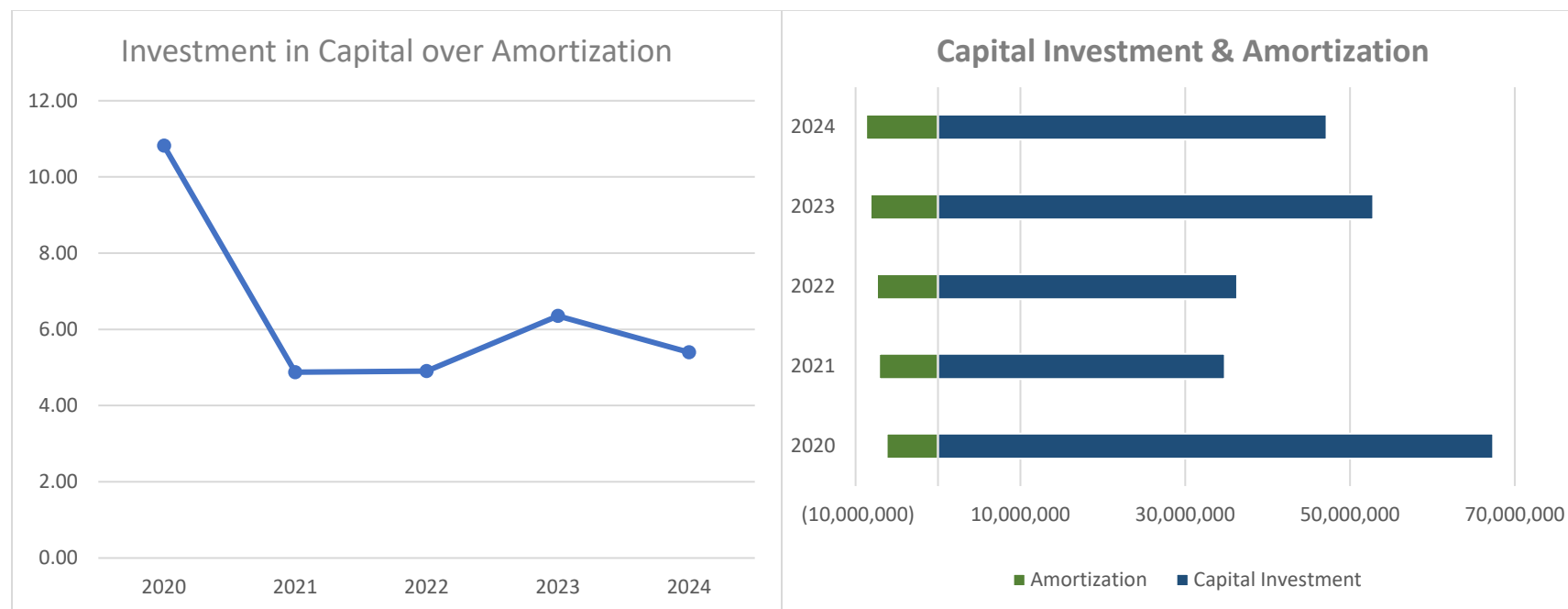
Capital investment funded by debt illustrates how much of an entity's tangible capital assets (TCA) have been purchased using debt. Over the past five years, the debt to total capital assets net book value (TCA NBV) ratio has consistently ranged between 77% and 88%. This signifies that a significant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

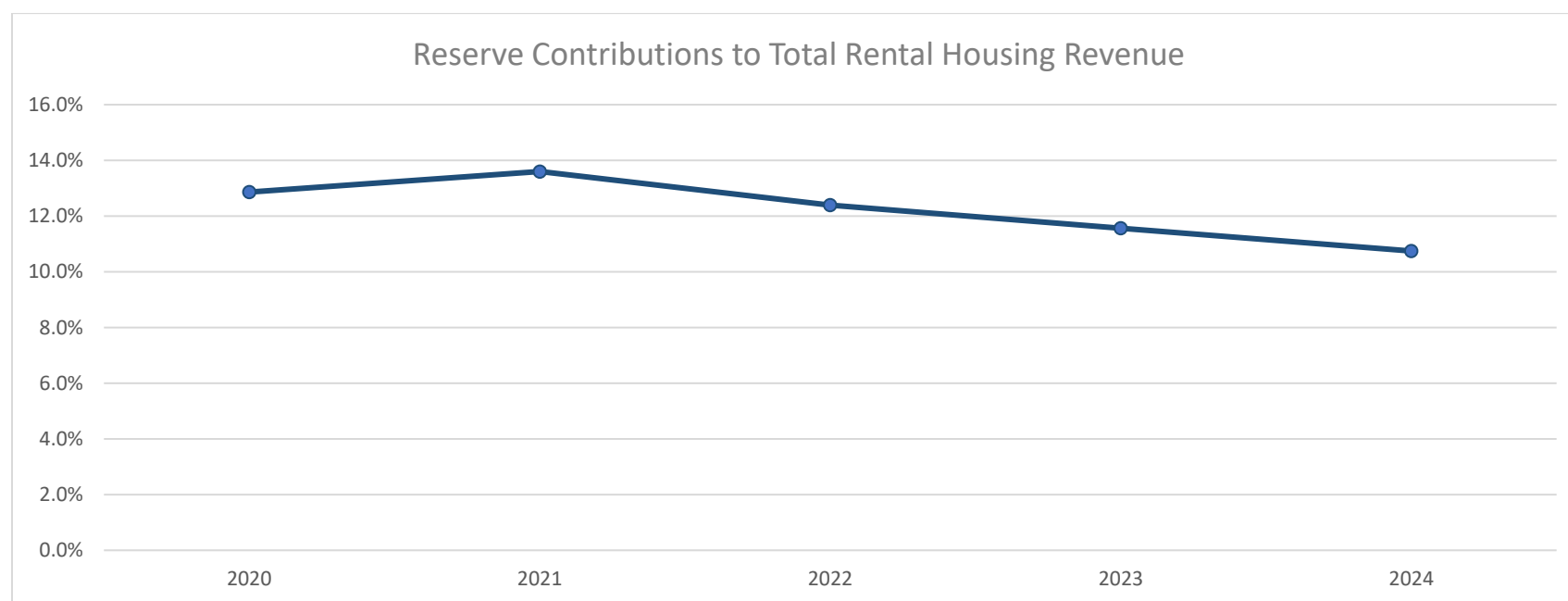
The charts below demonstrate the capital investment-to-amortization ratio which indicates the level of capital expenditure relative to the annual depreciation of assets. A higher ratio suggests that the entity is allocating more capital towards investments compared to the depreciation incurred on older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

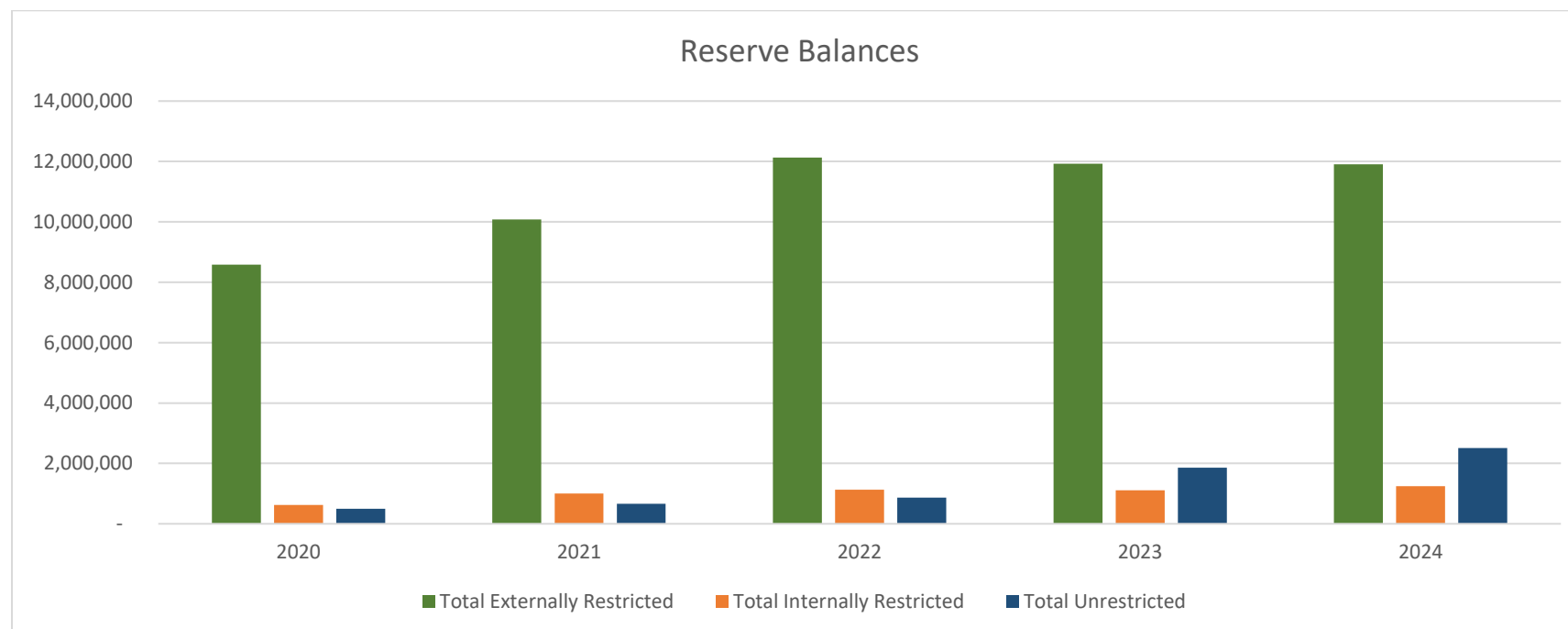
8. Contributions to Reserves as a Percentage of Total Revenue

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.



**REPORT TO CAPITAL REGION HOUSING CORPORATION BOARD
MEETING OF WEDNESDAY, MAY 14, 2025**

SUBJECT **Capital Region Housing Corporation 2024 Annual Report**

ISSUE SUMMARY

To present the Capital Region Housing Corporation (CRHC) 2024 Annual Report.

BACKGROUND

The CRHC 2024 Annual Report (Appendix A) provides a profile of CRHC services, progress and accomplishments in advancing corporate priorities, together with service delivery results and financial highlights. The report also features key activities of the CRHC.

The report is prepared to give stakeholders information about the CRHC's activities and performance and together with the approval of the 2024 financial statements, will close-out the prior year.

The CRHC operates as an independent corporation registered under the *Business Corporations Act* and is wholly owned by the Capital Regional District. The 2024 Annual Report outlines the work done in the last year to deliver on the corporation's vision of delivering affordable, attractive, inclusive, sustainable housing.

A major accomplishment in 2024 was the completion of Michigan Square, located in the City of Victoria. This project consists of 97 affordable rental homes and was supported through the Regional Housing First Program and the Community Housing Fund.

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

RECOMMENDATION

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

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

ATTACHMENTS

Appendix A: Capital Region Housing Corporation 2024 Annual Report

CAPITAL REGION HOUSING CORPORATION 2024 ANNUAL REPORT

Greater Victoria,
British Columbia, Canada
Year ended December 31, 2024

CRD | CRHC

TERRITORIAL ACKNOWLEDGEMENT

The CRHC conducts its business within the Territories of many First Nations, including but not limited to BOKÉĆEN (Pauquachin), MÁLEXEŁ (Malahat), paaʔčiidʔatx (Pacheedaht), Spune'luxutth (Penelekut), Sc'ianew (Beecher Bay), Songhees, SṪÁUTW_ (Tsawout), T'Sou-ke, WJOŁEŁP (Tsartlip), WŚIḲEM (Tseycum), and xʷsepsum (Kosapsum) Nations, all of whom have a long-standing relationship with the land and waters from time immemorial that continues to this day.



Front cover image: Michigan Square, Victoria

Back cover image: Caledonia, Victoria

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Message from the CRHC Board Chair



Zac de Vries

Board Chair

Capital Region Housing Corporation

I am pleased to present the 2024 Annual Report, which reflects our unwavering commitment as the largest non-profit social housing provider in the capital region, providing safe, affordable, and inclusive housing for residents across the region. The CRHC is creating housing opportunities in the capital region by building, redeveloping, and delivering more new homes than ever before.

Over the past year, the CRHC has continued to respond to the growing need for affordable housing as well as managing homes under guidelines set by the provincial government. Each home we build is part of a broader strategy to address housing affordability. In 2024, the average rent for a CRHC two-bedroom unit was \$1,327 per month, which is \$629 per month less than the Canada Mortgage and Housing Corporation (CMHC) average for the region, and up to \$1,396 less than the private market.

To create hope in uncertain times, we continue creating more housing opportunities for people in our community by reviewing our ageing housing stock and redeveloping properties where it makes the most sense. Such redevelopment is occurring with our Village on the Green and Campus View projects, with more exciting progress to be announced in 2025.

As we look ahead, the CRHC remains focused on innovation, sustainability, and expanding the supply of affordable housing. Together, we are building stronger communities for all who live in the capital region.

Message from the Chief Administrative Officer



Ted Robbins

Chief Administrative Officer

Capital Regional District

Capital Region Housing Corporation

Capital Regional Hospital District

I am pleased to highlight the progress the CRHC continues to make on the Capital Regional District (CRD) Board's goal to increase the number of housing units across the region. The advancement of projects in 2024 demonstrates our commitment to delivering safe, affordable housing across the region.

In 2024, 97 homes were completed in Victoria's Michigan Square project, and progress was made towards completing the Caledonia project, featuring 158 affordable rental homes in Fernwood. First steps of development were also realized for the Village on the Green, Campus View and Verdier projects. These projects are not just buildings – they are homes that create stability, opportunity, and a sense of belonging for members of our communities.

The CRHC has seen significant growth since 2019, with the addition of 813 homes. This growth has added an average of 135 new affordable rental homes per year, representing an annual unit growth of approximately 8%. The CRHC is going into 2025 owning and operating 53 buildings and 2,028 homes.

In 2024, our dedicated staff continued to deliver high-quality service to our tenants and to manage complex projects. We also worked closely with our partners including member municipalities and senior orders of government to align our work with broader regional housing goals. These partnerships are essential in building a sustainable housing system that responds to current and future needs.

With a strong foundation and a clear vision, the CRHC is well-positioned to continue making a meaningful impact in the years to come.



Spencer Close - Langford

For more that 40 years, the CRHC has built a proud reputation of working with community partners to deliver affordable housing to those who need it most in our region.

CRHC Profile

The Capital Region Housing Corporation is a wholly owned subsidiary of the Capital Regional District and is the largest non-profit housing provider on Vancouver Island.

For more that 40 years, the CRHC has built a proud reputation of working with community partners to deliver quality, affordable housing to those who need it most in our region. Following an accelerated period of growth from 2019–2024, CRHC now provides 2,028 homes for over 4,300 tenants in 53 properties across eight municipalities.

The CRHC will continue to develop more homes to meet our community's current and future housing needs. The projects recently completed, under development and in planning are highlighted in 2024 Progress as are the total number of properties delivered since 2018.

Vision

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

Mission

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

Tenant Advisory Committee

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

2024 Progress

UNDER DEVELOPMENT



CALEDONIA — *under development*

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



CAMPUS VIEW — *under development*

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



VILLAGE ON THE GREEN — *under development*

Located in Victoria's Fernwood neighbourhood, Village on the Green is a redevelopment project which will feature 160 below market rental homes within two apartment style buildings.



VERDIER — *under development*

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



PANDORA — *under development*

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

NEW



CEDAR HILL — *NEW development*

Located in Saanich, the Cedar Hill project will be 200 homes in a 12-storey mixed-use building with 11 storeys of below market rental housing over a single level new library and two levels of underground parking. The project is slated to begin development in 2025.

COMPLETED



MICHIGAN SQUARE — *completed*

In 2024, the CRHC celebrated the completion of the redevelopment of Michigan Square in the James Bay neighbourhood of Victoria. Michigan Square is a 97-unit community for individuals, families, seniors, and people with disabilities. It's close to shopping centres, restaurants, bus routes, schools, and a medical clinic. Operated by the CRHC it includes below market units for tenants with moderate income levels. Ten units are rented at provincial income assistance rates under the Regional Housing First Program (RHFP). The provincial income assistance units are offered to individuals who have experienced homelessness and are ready to live independently.

The project includes:

- ▶ 10 studio units
- ▶ 30 1-bedroom units
- ▶ 47 2-bedroom units
- ▶ 10 3-bedroom units
- ▶ Underground parking
- ▶ Designed and constructed to achieve BC Energy Step Code – Step 3

CRHC Overview

Properties



8

Municipalities



53

Complexes



\$714M

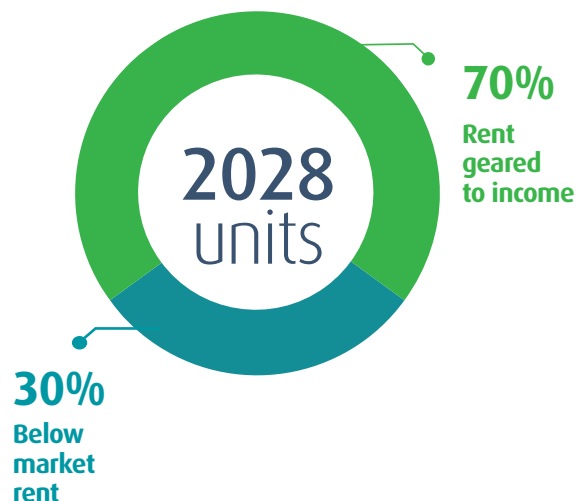
Insured Value



2028

Units

CRHC Rental Rates



CRHC Housing Delivery 2019–2024

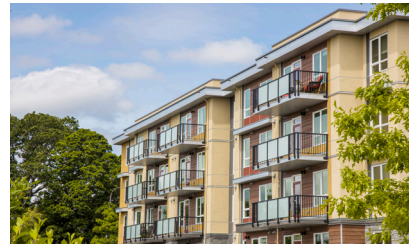
Since 2019, the CRHC, along with funding partners at the provincial and federal levels, have delivered eight new properties and 813 homes to the capital region. During this extraordinary period of growth, the CRHC has maintained a lower two-bedroom unit rental rate than both the Canada Mortgage and Housing Corporation (CMHC) average established for the area, and the local market average.

In 2024, the average cost of a CRHC two-bedroom home was \$1,327/month, which is \$629/month less than the CMHC average. When compared to average two-bedroom homes in the private rental market, CRHC two-bedroom homes are \$1,396/month less.

HOUSING DELIVERED



MILLSTREAM
(Langford)
compl. 2019
132 homes



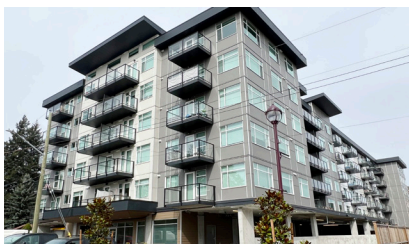
WESTVIEW
(Saanich)
compl. 2020
73 homes



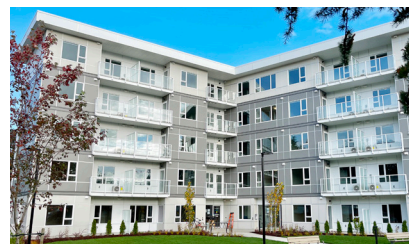
SPENCER
(Langford)
compl. 2020
130 homes



WEST PARK
(View Royal)
compl. 2020
152 homes



HOCKLEY
(Langford)
compl. 2021
120 homes



2782
(Langford)
compl. 2022
58 homes



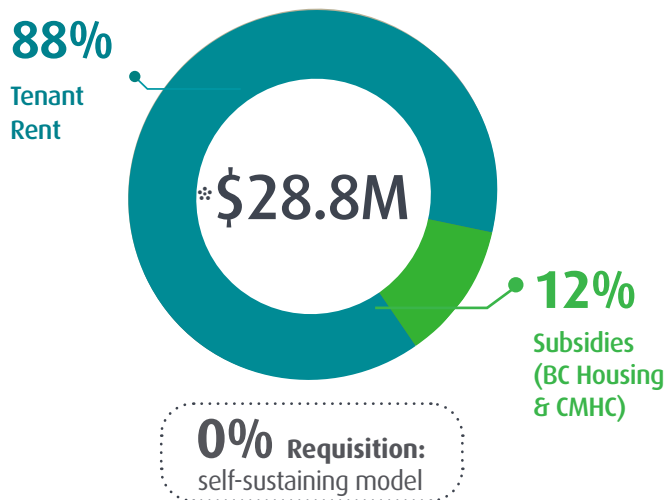
PROSSER
(Central
Saanich)
compl. 2023
51 homes



MICHIGAN
(Victoria)
compl. 2024
97 homes

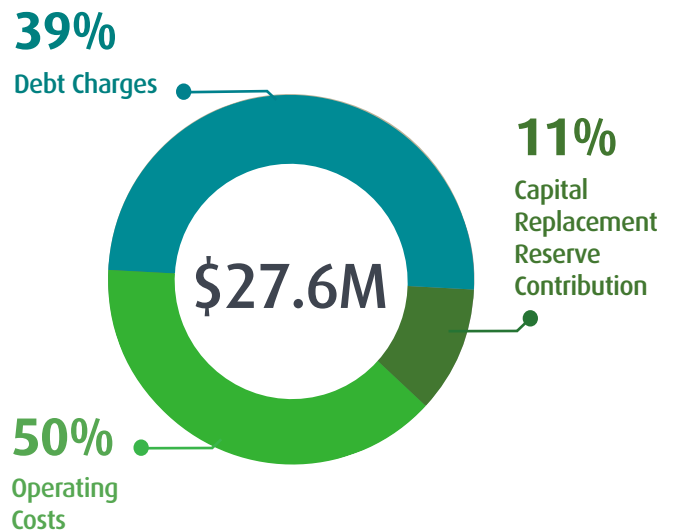
2024 Financial Highlights

Operating Income

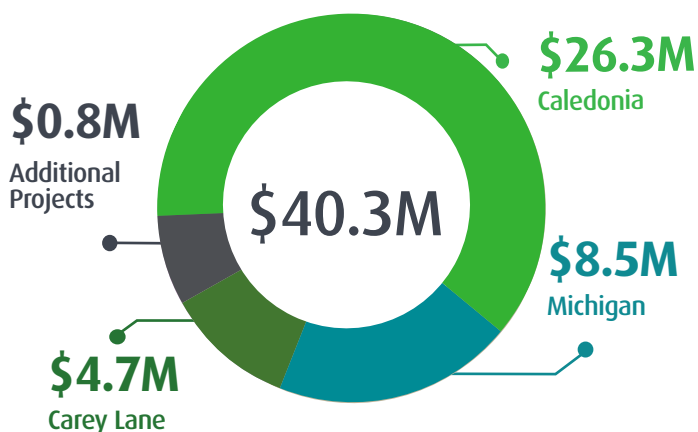


*Based on 2024 Audited Financial Statements. Includes transfers from Corporate Stabilization Reserve and capital project surpluses.

Operating Expenses



Capital Projects



*Includes pre-development and post-construction costs.

Routine Capital Improvements



\$4.4M

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



CRD | CRHC

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Facebook: Capital Regional District