



Notice of Meeting and Meeting Agenda Capital Region Housing Corporation Board

Wednesday, May 13, 2026

12:05 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. [26-0392](#) Minutes of the Capital Region Housing Corporation Board Meeting of March 11, 2026

Recommendation: That the minutes of the Capital Region Housing Corporation Board meeting of March 11, 2026 be adopted as circulated.

Attachments: [Minutes - March 11, 2026](#)

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. [26-0314](#) Capital Region Housing Corporation 2025 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 2025 Audited Financial Statements be approved.

Attachments: [Staff Report: CRHC 2025 Audited Financial Statements](#)
[Appendix A: CRHC 2025 Financial Statements](#)
[Appendix B: CRHC 2025 Audit Findings Report](#)
[Appendix C: CRHC Statement of Financial Position](#)
[Appendix D: CRHC Statement of Operations](#)
[Appendix E: CRHC Other Financial Statement Analysis](#)
[Appendix F: CRHC 2025 Financial Performance Measures](#)

7. ADMINISTRATION REPORTS

7.1. [26-0446](#) Capital Region Housing Corporation 2025 Annual Report

Recommendation: There are no recommendations. This report is for information only.

Attachments: [Staff Report: Capital Region Housing Corp 2025 Annual Report](#)
[Appendix A: CRHC 2025 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 11, 2026

12:00 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

PRESENT

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

STAFF: T. Robbins, Chief Administrative Officer; A. Fraser, General Manager, Infrastructure and Water Services; S. Henderson, General Manager, Electoral Area Services; L. Jones, General Manager, Parks, Recreation and Environmental Services; K. Lorette, General Manager, Housing, Planning and Protective Services; K. Morley, Corporate Officer/General Manager, Corporate Services; V. Somosan, Acting Chief Financial Officer/General Manager, Finance and Technology; M. Alsdorf, Senior Manager, SEAPARC Recreation (EP); M. Barnes, Senior Manager, Health and Capital Planning Strategies; D. Elliott, Senior Manager, Regional Housing; G. Harris, Senior Manager, Environmental Protection (EP); P. Klassen, Senior Manager, Regional Planning; I. Lawrence, Senior Manager, Juan de Fuca Administration (EP); S. Miekle, Senior Manager, Panorama Recreation (EP); D. Ovington, Senior Manager, Salt Spring Island Administration; R. Tooke, Senior Manager, Environmental Innovation; A. Linwood, Controller, Financial Services; B. Semmens, Manager, Financial Planning & Performance; L. Xu, Manager, Local Services and Corporate Grants; M. Lagoa, Deputy Corporate Officer/Senior Manager, Legislative Services; M. Miklea, Deputy Corporate Officer/Manager, Legislative Services; T. Pillipow, Senior Committee Clerk (Recorder)

EP - Electronic Participation

Regrets: Director(s) P. Jones, M. Tait, R. Windsor

The meeting was called to order at 12:00 pm.

1. TERRITORIAL ACKNOWLEDGEMENT

Director Coleman provided a Territorial Acknowledgement.

2. APPROVAL OF THE AGENDA

MOVED by Director Murdoch, **SECONDED** by Director Little,
That the agenda for the Capital Region Housing Corporation Board meeting of
March 11, 2026 be approved.
CARRIED

3. ADOPTION OF MINUTES

- 3.1. [26-0259](#) Minutes of the Capital Region Housing Corporation Board Meeting of February 11, 2026

MOVED by Director Brice, **SECONDED** by Director Coleman,
That the minutes of the Capital Region Housing Corporation Board meeting of February 11, 2026 be adopted as circulated.
CARRIED

4. REPORT OF THE CHAIR

Vice Chair Caradonna congratulated Chair de Vries on the birth of his daughter.

5. PRESENTATIONS/DELEGATIONS

There were no presentations or delegations.

6. CONSENT AGENDA

MOVED by Director Desjardins, **SECONDED** by Director Little,
That consent agenda items 6.1. and 6.2. be approved.
CARRIED

- 6.1. [26-0089](#) Capital Region Housing Corporation Investment Portfolio Holdings and Performance Annual Update

This report was received for information.

- 6.2. [26-0231](#) Cedar Hill Library and Affordable Housing Development - Mortgage Registration and Final Project Approval

1. That the Resolution of Directors for the Repayable Mortgage in the form required by BC Housing Management Commission for authorizing the execution of the Loan and Mortgage documents for the project on the Lands commonly known as 3950 Cedar Hill Road (PID: 032-758-146), substantially in the form attached hereto as Appendix A, be approved;

2. That the Resolution of Directors for the Forgivable Mortgage in the form required by BC Housing Management Commission for authorizing the execution of the Loan and Mortgage documents for the project on the Lands commonly known as 3950 Cedar Hill Road (PID: 032-758-146), substantially in the form attached hereto as Appendix B, be approved; and

3. That Edward Robbins, Chief Administrative Officer or Nelson Chan, Chief Financial Officer, or their respective duly authorized delegates be hereby authorized to do all things necessary to affect the project and take such steps as required to conclude the financing, lease, construction, and operation of the project located at 3950 Cedar Hill Road.

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. ADJOURNMENT

MOVED by Director Little, **SECONDED** by Director Thompson,
That the Capital Region Housing Corporation Board meeting of March 11, 2026 be
adjourned at 12:03 pm.
CARRIED

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER

**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, MAY 06, 2026**

SUBJECT **Capital Region Housing Corporation 2025 Audit Findings Report and Audited Financial Statements**

ISSUE SUMMARY

This report summarizes the Capital Region Housing Corporation (CRHC) 2025 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 2025 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, 2026).

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 2025 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 2025 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 14, 2026, 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, 2025.

ALTERNATIVES

Alternative 1

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

That the Capital Region Housing Corporation 2025 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 2025 Audited Financial Statements be referred back to staff for additional information.

IMPLICATIONS

Financial Implications

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 2025 and 2024.

Table 1 – Change in Assets Year-Over-Year

Assets (\$M)	2025	2024	\$ Change	% Change
Current Assets				
Cash and Cash Equivalents	29.2	18.8	10.4	55.3%
Accounts Receivable	6.6	7.0	(0.4)	(5.7%)
Prepaid Expenses	2.7	0.9	1.8	200.0%
Total Current Assets	38.5	26.7	11.8	44.2%
Non-Current Assets				
Cash and Cash Equivalents (Restricted)	7.7	7.5	0.2	2.7%
Capital Assets	331.0	300.8	30.2	10.0%
Total Non-Current Assets	338.7	308.3	30.4	9.9%
Total Assets	\$377.2	\$335.0	\$42.2	12.6%

The total assets of \$377.2 million consist of current and non-current assets. Current assets of \$38.5 million reflect the organization’s ability to meet short-term payment obligations.

The increase in current assets of \$11.8 million or 44.2% is due to increases in cash and prepaid expenses. Cash balances fluctuated in line with the timing of payments related to planned capital construction activity in 2025. Prepaid expenses increased due to insurance premiums paid in

advance for buildings currently under construction, consistent with the progression of approved capital projects.

Non-current assets of \$338.7 million consist of \$7.7 million in restricted cash and cash equivalents and \$331.0 million in capital assets. These assets increased by \$30.4 million, primarily due to significant completion of Caledonia.

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

Table 2 – Change in Liabilities Year-Over-Year

Liabilities (\$M)	2025	2024	\$ Change	% Change
Current Liabilities				
Accounts Payable	7.7	6.6	1.1	16.7%
Short-Term Capital Financing	53.6	39.1	14.5	37.1%
Mortgage Payable – Current	7.7	9.6	(1.9)	(19.8%)
Deferred Revenue	6.5	0.7	5.8	828.6%
Other Liabilities	2.0	3.1	(1.1)	(35.5%)
Total Current Liabilities	77.5	59.1	18.4	31.1%
Non-Current Liabilities				
Mortgage Payable – Non-Current	177.2	182.0	(4.8)	(2.6%)
Asset Retirement Obligation	7.0	10.0	(3.0)	(30.0%)
Total Non-Current Liabilities	184.2	192.0	(7.8)	(4.0%)
Total Liabilities	\$261.7	\$251.1	\$10.6	4.2%

Total current liabilities of \$77.5 million is an increase of \$18.4 million or 31.1% over 2024. Notable changes over 2024 are:

- Deferred revenue increased by \$5.8 million due to advances for Cedar Hill capital project, and restricted grants received but not spent in 2025 for Village on the Green and Campus View capital projects.
- Short-term capital financing increased by \$14.5 million due to new financing of \$13.6 million for the Caledonia project.
- The decrease of (\$4.8) million in non-current mortgage payable is driven by repayments of all mortgages and no new mortgages added in the year.
- Asset retirement Obligation decreased by (\$3.0) million primarily due to the removal of Oakwinds and the demolition of Campus View and Village on the Green.

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)	2025	2024	\$ Change	% Change
Tenant Rent Contributions	26.0	25.0	1.0	4.0%
Government Contributions	29.2	10.8	18.4	170.4%
Other Revenue	7.0	5.0	2.0	40.0%
Total Revenue	62.2	40.8	21.4	52.5%

Revenue from all sources totaled \$62.2 million in 2025, an increase of \$21.4 million or 52.5%. The increase is driven by higher government contributions for capital construction projects received in 2025. Regional Housing First Program grants totaled \$21.2 million, an increase of \$15.4 million in capital project grant funding from 2024. BC Housing forgivable loan grants to capital projects totaled \$7.4 million, an increase of \$2.8 million from 2024. Federal grants totaled the remaining \$0.2 million increase in government contributions from 2024.

Table 4 – Change in Expenses Year-Over-Year

Expenses (\$M)	2025	2024	\$ Change	% Change
Building Operating and Administrative Expenses	14.5	12.1	2.4	19.8%
Insurance	1.8	1.6	0.2	12.5%
Amortization and Accretion	9.7	9.1	0.6	6.6%
Interest Expense	5.0	4.4	0.6	13.6%
Total Expenses	\$31.0	\$27.2	\$3.8	14.0%

Expenses totaled \$31.0 million in 2025, an increase of \$3.8 million or 14.0%. Expense changes were driven by:

- \$2.4 million increase in building operating and administrative expenses consistent with the annualization of Michigan Square
- \$0.2 million increase in insurance costs due to the new buildings at Michigan Square
- \$0.6 million increase in amortization due to newly acquired assets at Michigan Square
- \$0.6 million increase in interest expense primarily due to Michigan Square full year mortgages and renewed mortgages at higher interest rates

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 2025 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, 2025, 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 2025 Audited Financial Statements be approved.

Submitted by:	Varinia Somosan, CPA, CGA, Senior Manager, Financial Services & Deputy Chief Financial Officer
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer & General Manager, Finance & Technology
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Housing, Planning and Protective Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS:

- Appendix A: CRHC 2025 Financial Statements
- Appendix B: CRHC Audit Findings Report for the year ended December 31, 2025 (KPMG)
- Appendix C: CRHC Statement of Financial Position, Year Ended December 31, 2025, Variance Analytics: Year-Over-Year
- Appendix D: CRHC Statement of Operations, Year Ended December 31, 2025, Variance Analytics: Year-Over-Year
- Appendix E: CRHC Other Financial Statement Analysis
- Appendix F: CRHC 2025 Financial Performance Measures

Capital Region Housing Corporation

2025

Financial Statements

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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, 2025
- 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, 2025, 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

DATE

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, 2025.

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

Nelson Chan, MBA, CPA, CMA
Chief Financial Officer
DATE

Statement of Financial Position

As at December 31, 2025

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 29,218,938	\$ 18,778,037
Accounts receivable	6,575,533	7,017,377
Prepaid expenses	2,656,968	853,311
	38,451,439	26,648,725
Cash and cash equivalents restricted for replacement reserve (Note 2)	7,675,718	7,474,808
Capital assets (Note 3 and Schedule C)	331,040,168	300,820,662
	\$ 377,167,325	\$ 334,944,195
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	7,717,901	6,615,555
Accrued mortgage interest	402,841	416,373
Due to Capital Regional District	278,167	1,470,186
Deferred revenue	6,537,826	749,300
Security deposits	1,300,927	1,224,668
Short-term capital financing (Note 4)	53,563,767	39,117,653
Mortgages payable principal current portion (Note 5 and Schedule D)	5,803,391	5,959,718
Mortgages payable principal renewal portion (Note 5 and Schedule D)	1,914,112	3,556,168
	77,518,932	59,109,621
Mortgages payable (Note 5 and Schedule D)	177,168,429	181,523,387
Asset retirement obligations (Note 6)	6,985,206	9,987,872
Capital stock (Note 7)	1	1
Net assets:		
Invested in capital assets (Note 8)	98,971,189	68,939,223
Externally restricted (Note 9)	12,795,846	11,908,022
Internally restricted (Note 9)	875,504	1,248,911
Unrestricted: Corporation stabilization reserve (Note 10)	3,084,014	2,512,794
	115,726,553	84,608,950
Accumulated remeasurement (gains)	(231,796)	(285,636)
	115,494,757	84,323,314
	\$ 377,167,325	\$ 334,944,195

Commitments and contingencies (Note 11).

Subsequent events (Note 14).

See accompanying notes to the financial statements.

On behalf of the Board:

Director_____
Director

Statement of Operations

For the Year Ended December 31, 2025

	Operating Funds		Restricted Funds		Total 2025	Total 2024
	Corporation	Rental Housing	Capital Fund	Replacement Reserve Fund		
Revenues:						
Tenant rent contributions	\$ -	\$26,026,913	\$ -	\$ -	\$ 26,026,913	\$ 24,955,692
BCHMC rent subsidy assistance	-	1,275,798	-	-	1,275,798	1,146,240
BCHMC umbrella operating agreement funding	-	2,010,015	-	-	2,010,015	2,420,616
Rental management fees - third parties	1,551	-	-	-	1,551	21,828
Investment income	223,310	-	281,328	389,139	893,776	1,187,045
Guest suites, net	3,983	286	-	-	4,269	974
Miscellaneous	29,882	477,963	-	-	507,845	327,965
Government contributions (Note 11d)	-	-	29,172,994	-	29,172,994	10,765,113
Gain on settlement of asset retirement obligation	-	-	2,263,112	-	2,263,112	-
	258,726	29,790,975	31,717,434	389,139	62,156,273	40,825,473
Expenses:						
Administration and property management	4,779,975	-	-	-	4,779,975	3,542,539
Amortization	-	-	9,293,231	-	9,293,231	8,726,790
Accretion	-	-	426,482	-	426,482	397,043
Property taxes	-	4,500	-	-	4,500	4,500
Insurance	-	1,760,604	-	-	1,760,604	1,626,313
Maintenance	-	2,342,833	-	-	2,342,833	2,089,373
Caretakers	-	1,874,952	-	-	1,874,952	2,265,098
Landscape	-	418,775	-	-	418,775	420,520
Electricity	-	450,685	-	-	450,685	383,207
Land and improvement leases	-	307,137	-	-	307,137	307,137
Water	-	1,691,577	-	-	1,691,577	1,671,879
Oil and gas	-	195,386	-	-	195,386	193,316
Garbage	-	542,319	-	-	542,319	403,074
Rental management fee	(4,458,104)	4,458,104	-	-	-	-
Audit and legal	-	35,310	-	-	35,310	44,432
Miscellaneous	-	286,638	-	-	286,638	224,691
Hospitality services (Parry Place)	-	494,315	-	-	494,315	496,552
Interest on mortgages payable	-	4,959,435	-	-	4,959,435	4,419,525
Loss on disposal of assets and asset retirement obligations	-	-	1,174,516	-	1,174,516	-
	321,871	19,822,570	10,894,229	-	31,038,670	27,215,989
Excess / (deficiency) of revenues over expenses	\$ (63,146)	\$ 9,968,405	\$ 20,823,205	\$ 389,139	\$ 31,117,603	\$ 13,609,484

See accompanying notes to the financial statements.

Statement of Changes in Net Assets & Remeasurement Gains & Losses

For the Year Ended December 31, 2025

	Operating Funds		Restricted Funds		Remeasurement Gains / (Losses)	Total 2025	Total 2024
	Corporation	Rental Housing	Capital Fund	Replacement Reserve Fund			
Net assets, beginning of year	\$ 2,593,227	\$ 5,601,692	\$ 68,939,223	\$ 7,474,808	\$ (285,636)	\$ 84,323,314	\$ 70,525,532
Excess/(deficiency) of revenues over expenses	(63,146)	9,968,405	20,823,205	389,139	-	31,117,603	13,609,484
Interfund transfers:							
Mortgage principal repayments	-	(6,152,555)	6,152,555	-	-	-	-
Replacement reserve transfers	-	(3,366,325)	-	3,366,325	-	-	-
Replacement reserve expenditures	498,348	-	3,056,206	(3,554,554)	-	-	-
	498,348	(9,518,880)	9,208,761	(188,229)	-	-	-
Unrealized gain on investments	-	-	-	-	53,840	53,840	188,298
Net assets, end of year	\$ 3,028,429	\$ 6,051,217	\$ 98,971,189	\$ 7,675,718	\$ (231,796)	\$ 115,494,757	\$ 84,323,314

See accompanying notes to the financial statements.

Statement of Cash Flows

For the Year Ended December 31, 2025

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 31,117,603	\$ 13,609,484
Items not involving cash:		
Amortization	9,293,231	8,726,790
Net gain on asset disposal, ARO settlements and estimates	(1,088,596)	-
Short-term capital financing forgiven	(420,176)	-
Accretion	426,482	397,043
Changes in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	441,844	(986,034)
Decrease (increase) in inventory and prepaid expenses	(1,803,657)	37,257
(Decrease) increase in accounts payable and accrued liabilities	1,102,346	(538,860)
(Decrease) increase in accrued mortgage interest	(13,532)	35,153
Increase in deferred revenue	5,788,526	5,813
Increase in security deposits	76,259	9,737
(Decrease) increase due to Capital Regional District	(1,192,019)	1,185,553
Net change in cash from operating activities	43,728,311	22,481,936
Investing activities:		
Decrease (increase) in restricted cash and cash equivalents	(147,835)	1,256,660
Capital activities:		
Acquisition of capital assets	(41,853,310)	(47,073,786)
Net change in cash from capital activities	(41,853,310)	(47,073,786)
Financing activities:		
Repayment of mortgages payable	(6,152,555)	(7,958,159)
Proceeds from mortgages payable	-	23,504,064
Repayment of short term capital financing	-	(14,048,786)
Proceeds from short term capital financing	14,866,290	25,712,505
	8,713,735	27,209,624
Net change in cash and cash equivalents	10,440,901	3,874,434
Cash and cash equivalents, beginning of year	18,778,037	14,903,603
Cash and cash equivalents, end of year	\$ 29,218,938	\$ 18,778,037

See accompanying notes to the financial statements.

Capital Region Housing Corporation

Notes to the Financial Statements

For the Year Ended December 31, 2025

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. Since 2024, the agreement has been renewed without notice, with each deemed renewal being for a five year period on the same terms and conditions outlined in the original agreement signed.

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. In 2025, the Umbrella Operating Agreement contained 37 buildings and 1,062 units. Starting January 1, 2026, the Umbrella Agreement contains 36 buildings and 1012 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.

1. Significant Accounting Policies (continued)

f. Operating Agreements (continued)

i. Umbrella (continued)

b) BCHMC

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

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.

1. Significant Accounting Policies (continued)

f. Operating Agreements (continued)

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 are provided as approved in the annual building operating budget.

vi. CRHC No Operating Agreement

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

g. Allocation of Investment Income

Funds available for investment are pooled and interest revenue is allocated to restricted funds at the rate of average prime minus 1.02% (2024: average prime minus 0.84%).

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. 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.

3. Capital Assets

December 31, 2025	Cost	Accumulated Amortization	Net Book Value
Land	\$ 10,947,690	\$ -	\$ 10,947,690
Prepaid leases	154,317,212	19,061,054	135,256,158
Buildings	265,363,557	92,251,788	173,111,769
Equipment and other	48,502,357	36,777,806	11,724,551
	\$ 479,130,816	\$ 148,090,648	\$ 331,040,168

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

During the year, two buildings were demolished and a long-term lease expired, resulting in a loss on disposal of capital assets of \$961,811 (2024:nil).

4. Short-term Capital Financing

Short-term capital financing of \$53,563,767 (2024: \$39,117,653) 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.

5. Mortgages Payable

Pursuant to Section 5 of the National Housing Act, CMHC has undertaken to insure all mortgages payable by the Corporation except the mortgage on Vergo. As additional security, the mortgagor holds chattel mortgage and assignment of rent.

Principal due within each of the next five years on these mortgages is as follows:		Assuming no mortgage renewal	Assuming mortgage renewal
	2026	\$ 7,717,503	\$ 5,961,692
	2027	12,694,126	5,840,552
	2028	5,159,008	5,531,061
	2029	33,477,666	5,475,443
	2030	\$ 10,639,217	\$ 5,352,698

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.

6. 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 15 years as buildings are demolished or renovated. Retirement costs are estimated to include all costs directly attributable to the abatement of 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%.

	2024	ARO Additions	ARO Settlements	Revisions to Estimate	Accretion Expense	2025
Hazardous Materials	\$ 9,987,872	\$ 212,705	\$(2,338,429)	\$(1,303,424)	\$ 426,482	\$ 6,985,206

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.

	2025	2024
Discount Rate	4.42 %	4.27 %
Inflation rate	2.82 %	2.70 %
Settlement Timing	1 to 15 years	9 to 16 years

During the year, three buildings with associated asset retirement obligations were disposed of. The estimated AROs exceeded the actual settlement costs, resulting in a gain of \$1,862,586 (2024:nil).

7. 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.

8. Invested in Capital Assets

Investment in capital assets is calculated as follows:

	December 31, 2025	December 31, 2024
Capital assets	\$ 331,040,168	\$ 300,820,662
Accounts receivable	6,012,123	6,575,092
Interfund due from rental housing operating fund	(168,573)	1,688,267
Prepaid expense	1,675,456	-
Deferred Revenue	5,846,919	-
Mortgages payable	(184,885,931)	(191,039,273)
Short-term capital financing	(53,563,767)	(39,117,653)
Net asset retirement obligations	(6,985,206)	(9,987,872)
	\$ 98,971,189	\$ 68,939,223

9. Restricted Net Assets

Externally restricted net assets:

	December 31, 2025	December 31, 2024
Replacement reserve fund	\$ 7,675,718	\$ 7,474,808
CMHC/BCHMC/Homes BC operating agreements	(3,949)	(3,949)
Portfolio stabilization reserve - umbrella agreement	4,684,930	3,490,844
Portfolio stabilization reserve - ILBC2 agreement	(222,530)	(264,340)
Portfolio stabilization reserve - RHFP agreement	413,614	601,607
Portfolio stabilization reserve - IHI	780,730	629,186
Portfolio stabilization reserve - CHF	(532,667)	(20,134)
	\$ 12,795,846	\$ 11,908,022

9. Restricted Net Assets (continued)

Internally restricted net assets:

	December 31, 2025	December 31, 2024
Portfolio stabilization reserve - no operating agreement	\$ 931,089	\$ 1,168,478
Guest suite surplus	46,464	42,475
Vehicle replacement reserve	(105,373)	16,430
Equipment replacement reserve	3,324	21,528
	\$ 875,504	\$ 1,248,911

Rental housing operating fund balance:

	December 31, 2025	December 31, 2024
Portfolio stabilization reserve - umbrella agreement	\$ 4,684,930	\$ 3,490,844
Portfolio stabilization reserve - ILBC2 agreement	(222,530)	(264,340)
Portfolio stabilization reserve - RHFP agreement	413,614	601,607
Portfolio stabilization reserve - IHI agreement	780,730	629,186
Portfolio stabilization reserve - CHF agreement	(532,667)	(20,134)
Portfolio stabilization reserve - no operating agreement	931,089	1,168,478
CMHC/BCHMC/Homes BC operating agreements	(3,949)	(3,949)
	\$ 6,051,217	\$ 5,601,692

The Portfolio stabilization reserves are detailed in Schedule B.

10. Unrestricted Net Assets

Unrestricted net assets - corporation stabilization reserve:

	December 31, 2025	December 31, 2024
Operating net assets, ending balance	\$ 3,028,429	\$ 2,593,227
Less: Internally restricted net assets		
Guest suite surplus	(46,464)	(42,475)
Vehicle replacement reserve	105,373	(16,430)
Equipment replacement reserve	(3,324)	(21,528)
	\$ 3,084,014	\$ 2,512,794

11. 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.

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.

On May 7, 2025, as part of the RHFP, the CRD purchased Verdier and entered into a 60-year prepaid lease in the amount of \$6,135,809 and a 35-year operator agreement with the Corporation prior to start of construction.

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.

11. 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 2024, BCHMC increased its agreement with the Corporation to fund the Carey Lane BER with a 35-year forgivable mortgage up to \$9,939,332 from \$5,450,000.

d. Government Contributions

The Corporation receives 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.

12. 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, 2024 the Plan has about 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 contributors from local governments.

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, 2024 indicated a \$2.675 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2027.

The Corporation's employer contributions to the Plan for the fiscal year ended December 31, 2025 were \$390,814 (2024: \$292,881).

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.

13. 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, 2025 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, 2025 is \$0 (2024: \$0). There have been no significant changes to the credit risk exposure from 2024.

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 5. There have been no significant changes to the liquidity risk exposure from 2024.

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 2024.

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.

13. 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, 2025 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 2024.

iii. 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 tariff.

14. Subsequent Events

Effective March 1, 2026 CRHC transferred ownership of the Parry Place building to Beacon Community Services together with the related mortgage, replacement reserves, and other balances. As of December 31, 2025 the building had a carrying value of \$3,806,879. The mortgage assumed totaled \$2,897,567, and the replacement reserve and security deposits transferred amounted to \$196,869.

Changes in Replacement Reserve Fund

For the Year Ended December 31, 2025

	Balance at December 31 2024	Transfer from Rental Operating Fund	Interest	Administration Allocation	Transfer to Capital Fund	2025
<u>Umbrella Agreement</u>						
James Yates Gardens	\$ 4,610	\$ 17,280	\$ -	\$ (8,979)	\$ (59,250)	\$ (46,339)
Pinehurst	(809,978)	43,200	-	(9,789)	(139,198)	(915,766)
The Brambles	203,014	38,880	7,927	(11,655)	(17,120)	221,047
The Terraces	785,974	43,200	29,567	(16,255)	(46,803)	795,683
Olympic View	(1,435,342)	129,600	-	(95,563)	(245,084)	(1,646,390)
Swanlea	215,481	30,240	8,444	(12,702)	(5,234)	236,227
Firgrove	122,935	69,120	5,253	(8,888)	(30,366)	158,053
Beechwood Park	177,145	103,680	7,384	(27,222)	(43,159)	217,827
Grey Oak Square	78,117	51,840	2,905	(9,871)	(45,713)	77,278
Willowdene	37,775	32,400	1,918	(5,541)	(1,702)	64,850
Rosewood	295,429	95,040	12,945	(4,935)	(1,445)	397,034
Gladstone	102,619	30,240	2,285	(5,942)	(109,570)	19,632
Camosun Place	96,599	17,280	3,179	(3,724)	(39,882)	73,452
Parkview	132,490	56,160	4,765	(5,304)	(65,717)	122,394
Carey Lane	(2,800)	47,520	-	(5,991)	(42,183)	(3,454)
Colquitz Green	(18,433)	43,200	-	(11,409)	(35,743)	(22,385)
Springtide	220,970	103,680	9,464	(6,122)	(42,689)	285,303
Greenlea	65,144	45,360	2,541	(6,130)	(36,116)	70,799
Arbutus View	(33,302)	49,680	-	(5,271)	(64,247)	(53,140)
Amberlea	373,636	95,040	14,504	(9,200)	(71,746)	402,234
Cloverhurst	43,733	21,600	1,532	(9,257)	(19,399)	38,209
Hamlet	(20,781)	21,600	-	(2,889)	(83,689)	(85,759)
Viewmont	342,989	77,760	14,039	(7,047)	(19,752)	407,989
Creekside	(46,589)	51,840	-	(5,836)	(46,279)	(46,864)
The Birches	(122,632)	120,960	-	(32,493)	(49,194)	(83,359)
The Heathers	204,832	56,160	8,384	(6,220)	(19,512)	243,644
Heron Cove	213,706	51,840	7,504	(4,731)	(80,592)	187,727
Castanea Place	570,216	127,440	21,711	(7,145)	(121,016)	591,206
Leblond Place	56,738	92,880	1,209	(6,400)	(136,469)	7,958
Rotary House	71,004	88,560	111	(5,656)	(219,100)	(65,081)
Cairns Park	(14,816)	12,960	-	(3,159)	(25,728)	(30,743)
Kings Place	53,264	75,600	-	(5,230)	(198,618)	(74,984)
Carillon Place	83,673	32,400	3,140	(6,343)	(28,561)	84,309
Brock Place	118,375	64,800	4,079	(14,716)	(72,738)	99,800
Harbour Lane	438,258	60,480	16,972	(11,458)	(34,601)	469,651
Tillicum Station	476,634	86,397	18,962	(5,696)	(38,609)	537,688
Unallocated	1,114,047	108,000	42,546	(4,608)	(98,104)	1,161,881
	4,194,733	2,293,917	253,272	(409,377)	(2,434,927)	3,897,612
<u>ILBC2 Agreement</u>						
Parry Place	179,467	16,600	6,810	(8,037)	(10,030)	184,812
<u>No Operating Agreement</u>						
Village on the Green	(109,589)	82,080	-	(5,115)	-	(32,625)
Vergo	156,281	38,880	6,012	(8,758)	(27,094)	165,322
Portage Place	256,781	36,720	9,498	(14,323)	(37,346)	251,331
Campus View Court	222,822	25,920	8,881	(4,019)	(1,355)	252,251
Royal Oak Square	222,322	82,080	8,334	(7,096)	(82,133)	223,507
334 Michigan	369,875	19,440	14,317	(2,357)	(5,305)	395,970
	1,118,492	285,120	47,042	(41,668)	(153,233)	1,255,755

Changes in Replacement Reserve Fund

For the Year Ended December 31, 2025

	Balance at December 31 2024	Transfer from Rental Operating Fund	Interest	Administration Allocation	Transfer to Capital Fund	2025
<u>RHFP Agreement</u>						
Millstream Ridge	513,441	114,048	18,313	(13,717)	(165,910)	466,175
Spencer Close	306,302	112,320	10,654	(7,137)	(158,533)	263,606
West Park	478,797	131,328	20,079	(3,061)	(31,847)	595,296
Hockley House	310,630	103,680	13,117	(8,078)	(28,322)	391,027
Prosser Place	80,103	44,064	3,708	(483)	(9,118)	118,274
330 Michigan	(7,617)	45,792	914	(1,408)	(12,776)	24,906
	1,681,656	551,232	66,785	(33,884)	(406,506)	1,859,284
<u>IHI Agreement</u>						
Westview	211,992	63,072	8,444	(2,586)	(41,216)	239,706
<u>CHF Agreement</u>						
Twenty-Seven Eighty-Two	68,296	50,112	3,345	(1,997)	(9,097)	110,659
332 Michigan	(440)	38,016	1,356	(802)	(1,196)	36,934
Caledonia - CHF	20,612	68,256	2,086	-	-	90,954
	88,468	156,384	6,787	(2,799)	(10,293)	238,547
	\$ 7,474,808	\$ 3,366,325	\$ 389,139	\$ (498,348)	\$ (3,056,206)	\$ 7,675,718

Changes in Portfolio Stabilization Reserves

For the Year Ended December 31, 2025

	Balance at December 31, 2024	Reimburse BCHMC	Transfer (to) Replacement Reserve Fund (Schedule A)	Transfer from/(to) Rental Operating Fund (Schedule E)	Transfer (to) Capital Fund	Balance at December 31, 2025
<u>UOA</u>						
CMHC	\$ 11,710,123	\$ -	\$ -	\$ 1,824,707	\$ -	\$ 13,534,830
BCHMC	(7,754,758)	-	-	(772,365)	-	(8,527,123)
Homes BC	(464,521)	-	-	141,744	-	(322,777)
	3,490,844	-	-	1,194,086	-	4,684,930
<u>ILBC2</u>						
Parry Place	(264,340)	-	-	41,810	-	(222,530)
<u>RHFP</u>						
Millstream Ridge	(671,458)	-	-	(275,193)	-	(946,651)
Spencer Close	826,384	-	-	170,339	-	996,723
West Park	421,854	-	-	189,250	-	611,104
Hockley House	(31,394)	-	-	(137,203)	-	(168,597)
Prosser Place	135,403	-	-	(26,311)	-	109,092
330 Michigan	(79,182)	-	-	(108,875)	-	(188,057)
	601,607	-	-	(187,993)	-	413,614
<u>IHI</u>						
Westview	629,186	-	-	151,544	-	780,730
<u>CHF</u>						
Twenty-Seven Eighty-Two	27,544	-	-	(128,745)	-	(101,201)
332 Michigan	(47,678)	-	-	(90,097)	-	(137,775)
Caledonia	-	-	-	(293,691)	-	(293,691)
	(20,134)	-	-	(512,533)	-	(532,667)
<u>NOA</u>						
Portage Place	473,443	-	-	97,956	-	571,399
Campus View Court	374,090	-	-	(41,296)	-	332,794

Changes in Portfolio Stabilization Reserves

For the Year Ended December 31, 2025

	Balance at December 31, 2024	Reimburse BCHMC	Transfer (to) Replacement Reserve Fund <small>(Schedule A)</small>	Transfer from/(to) Rental Operating Fund <small>(Schedule E)</small>	Transfer (to) Capital Fund	Balance at December 31, 2025
Royal Oak Square	336,499	-	-	21,586	-	358,085
Village on the Green	934,386	-	-	(170,869)	-	763,517
334 Michigan	25,753	-	-	(17,628)	-	8,125
Vergo	(975,693)	-	-	(127,138)	-	(1,102,831)
	1,168,478	-	-	(237,389)	-	931,089
	\$ 5,605,641	\$ -	\$ -	\$ 449,525	\$ -	\$ 6,055,166

Capital Region Housing Corporation
 Capital Assets

Schedule C

For the Year Ended December 31, 2025

In Operation	Completed	Land	Prepaid Lease	Buildings	Equipment and Other	Transfer from Replacement Reserve Fund	Total	Accumulated Amortization & Disposals	2025	2024
Umbrella Agreement										
Oakwinds	Feb/85	\$ -	\$ 830,075	\$ -	\$ (98,104)	\$ 98,104	\$ 830,075	\$ (830,075)	\$ -	\$ 443,658
James Yates Gardens	Oct/84	103,200	-	415,223	502,185	59,250	1,079,858	(756,938)	322,920	326,975
Pinehurst	Feb/85	277,692	-	1,269,710	2,115,537	139,198	3,802,137	(2,471,924)	1,330,213	1,489,632
The Brambles	Jun/85	275,975	-	1,126,752	884,523	17,120	2,304,370	(1,891,689)	412,681	479,011
The Terraces	May/85	356,532	-	1,185,021	899,672	46,803	2,488,028	(2,019,684)	468,344	507,287
Olympic View	Apr/86	900,000	-	3,543,556	4,214,019	245,084	8,902,659	(6,253,748)	2,648,911	2,996,612
Swanlea	Dec/85	230,215	-	809,965	530,559	5,234	1,575,973	(1,278,897)	297,076	349,356
Firgrove	Feb/86	480,000	-	1,888,262	1,364,926	30,366	3,763,554	(3,082,155)	681,399	789,043
Beechwood Park	Feb/86	888,000	-	2,317,623	3,249,308	43,159	6,498,090	(5,273,400)	1,224,690	1,260,309
Grey Oak Square	Apr/86	409,015	-	1,290,393	1,091,788	45,713	2,836,909	(2,246,107)	590,802	584,823
Willowdene	Sep/87	-	-	884,186	770,619	1,702	1,656,507	(1,556,122)	100,385	123,567
Rosewood	Oct/88	-	255,000	1,864,715	1,032,899	1,445	3,154,059	(2,891,629)	262,430	307,286
Gladstone	Jan/89	-	197,000	912,600	561,058	109,570	1,780,228	(1,547,755)	232,473	151,728
Camosun Place	Mar/89	-	108,000	489,700	266,934	39,882	904,516	(789,195)	115,321	90,734
Parkview	May/89	-	283,250	1,900,175	1,125,760	65,717	3,374,902	(3,040,861)	334,041	420,839
Carey Lane	Aug/89	-	283,250	1,443,751	1,099,110	42,183	2,868,294	(2,570,445)	297,849	302,434
Colquitz Green	Nov/89	-	160,250	1,504,000	931,202	35,743	2,631,195	(2,399,569)	231,626	236,635
Springtide	May/90	-	324,500	2,658,076	1,182,681	42,689	4,207,946	(3,811,352)	396,594	563,157
Greenlea	Feb/90	-	305,750	1,560,300	957,872	36,116	2,860,038	(2,590,679)	269,359	270,589
Arbutus View	Jul/90	-	370,250	1,592,750	1,181,060	64,247	3,208,307	(2,816,025)	392,282	387,220
Amberlea	May/90	-	447,501	2,578,479	1,136,821	71,746	4,234,547	(3,776,314)	458,233	454,813
Cloverhurst	May/90	-	197,000	651,500	338,613	19,399	1,206,512	(1,036,903)	169,609	173,772
Hamlet	Oct/90	-	152,000	803,000	480,358	83,689	1,519,047	(1,302,486)	216,561	163,886
Viewmont	Aug/91	-	402,140	2,378,046	917,393	19,752	3,717,331	(3,418,798)	298,533	383,702
Creekside	Apr/92	-	388,250	2,363,830	1,173,068	46,279	3,971,427	(3,488,997)	482,430	566,037
The Birches	Aug/92	-	675,000	3,684,875	1,565,614	49,194	5,974,683	(4,969,691)	1,004,992	1,122,020
The Heathers	Apr/93	-	436,279	1,974,683	617,803	19,512	3,048,277	(2,585,090)	463,187	543,432
Heron Cove	Oct/93	-	270,000	2,274,691	650,669	80,592	3,275,952	(2,846,422)	429,530	452,867
Castanea Place	Feb/95	-	1,277,000	4,841,879	1,469,101	121,016	7,708,996	(6,149,231)	1,559,765	1,680,542
Leblond Place	Sep/96	-	900,000	4,506,232	1,435,255	136,469	6,977,956	(5,484,804)	1,493,152	1,583,225
Rotary House	Nov/06	-	556,600	2,994,000	939,833	219,100	4,709,533	(3,512,719)	1,196,814	1,195,598
Cairns Park	Dec/96	-	240,000	415,314	246,887	25,728	927,929	(677,101)	250,828	255,625
Kings Place	N/A	-	-	-	983,827	198,618	1,182,445	(772,863)	409,582	288,531
Carillon Place	Jul/98	-	525,000	1,280,389	784,704	28,561	2,618,654	(1,934,267)	684,387	734,665
Brock Place	Jan/00	-	840,000	3,465,836	1,233,835	72,738	5,612,409	(3,968,679)	1,643,730	1,744,052

Capital Region Housing Corporation

Capital Assets

For the Year Ended December 31, 2025

	Completed	Land	Prepaid Lease	Buildings	Equipment and Other	Transfer from Replacement Reserve Fund	Total	Accumulated Amortization & Disposals	2025	2024
Harbour Lane	Oct/01	-	825,000	3,607,266	402,262	34,601	4,869,129	(3,263,441)	1,605,688	1,707,024
Tillicum Station	Jul/02	-	948,750	4,300,764	716,807	38,609	6,004,930	(3,916,149)	2,088,781	2,226,004
Building Envelope Remediation										
Amberlea	2008	-	-	2,367,415	-	-	2,367,415	(2,367,415)	-	-
Cloverhurst	2008	-	-	1,105,204	-	-	1,105,204	(1,105,204)	-	-
The Birches	2006	-	-	1,635,610	-	-	1,635,610	(1,635,610)	-	153,418
Heron Cove	2007	-	-	1,756,374	-	-	1,756,374	(1,596,519)	159,855	239,690
Castanea Place	2007	-	-	2,531,350	-	-	2,531,350	(2,096,092)	435,258	544,133
Leblond Place	2009	-	-	3,337,941	-	-	3,337,941	(2,606,271)	731,670	877,858
The Heathers	2016	-	-	1,258,358	-	-	1,258,358	(1,048,289)	210,069	315,666
<u>ILBC2 Agreement</u>										
Parry Place	Jun/08	1,400,000	-	4,794,269	292,107	10,030	6,496,406	(2,689,527)	3,806,879	3,953,415
<u>RHFP Agreement</u>										
Millstream Ridge	Feb/19	-	35,428,849	-	215,396	165,910	35,810,155	(4,253,111)	31,557,044	32,026,267
Spencer Close	Nov/20	-	30,257,329	-	178,561	158,533	30,594,423	(2,642,052)	27,952,371	28,342,924
West Park	Nov/20	-	31,253,897	-	94,825	31,847	31,380,569	(2,689,142)	28,691,427	29,197,853
Hockley House	Apr/21	-	25,409,982	-	109,063	28,322	25,547,367	(2,050,367)	23,497,000	23,913,105
Prosser Place	Apr/23	-	13,230,027	-	5,274	9,118	13,244,419	(609,307)	12,635,112	12,848,221
330 Michigan	Sep/24	-	-	19,166,538	7,084	12,776	19,186,398	(727,068)	18,459,330	18,465,665
<u>IHI Agreement</u>										
Westview	May/20	-	-	14,937,177	105,162	41,216	15,083,555	(2,452,124)	12,631,431	13,034,442
<u>CHF Agreement</u>										
Twenty-Seven Eighty-Two	Nov/22	-	-	19,818,317	35,377	9,097	19,862,791	(1,817,925)	18,044,866	18,609,167
332 Michigan	Sep/24	-	-	15,429,884	203	1,196	15,431,283	(586,728)	14,844,555	15,193,289
Caledonia	Nov/25	-	-	72,914,968	-	-	72,914,968	(396,690)	72,518,278	-
<u>No Operating Agreement</u>										
Village on the Green	Sep/24	910,171	-	-	-	-	910,171	-	910,171	1,435,198
Vergo	May/12	1,144,327	-	4,226,788	159,785	27,094	5,557,994	(1,804,265)	3,753,729	3,861,985
Portage Place	Aug/83	328,659	-	1,034,955	775,152	37,346	2,176,112	(1,707,591)	468,521	496,409
Campus View Court	Sep/83	341,224	-	-	(1,355)	1,355	341,224	-	341,224	450,536
Royal Oak Square	Mar/84	666,280	-	2,217,838	2,092,834	82,133	5,059,085	(3,970,788)	1,088,297	1,197,406
334 Michigan	Sep/85	784,763	-	1,898,308	1,533,602	5,305	4,221,978	(3,356,750)	865,228	895,118
Buildings Under Construction										
Office Equipment										
Vehicles										
		1,451,637	6,539,283	24,154,722	-	-	32,145,642	-	32,145,642	67,270,438
		-	-	631,986	-	-	631,986	(557,162)	74,824	72,563
		-	-	254,635	-	-	254,635	(102,446)	152,189	69,206
		\$ 10,947,690	\$ 154,317,212	\$ 265,363,557	\$ 45,446,149	\$ 3,056,206	\$ 479,130,814	\$ (148,090,646)	\$ 331,040,168	\$ 300,820,662

Capital Fund - Mortgages Payable

For the Year Ended December 31, 2025

Rental Property	Interest Rate	Renewal Date	Maturity Date	2025	2024
<u>Umbrella Agreement</u>					
Springtide	0.680%		May 1, 2025	\$ -	\$ 65,914
Greenlea	0.690%		March 1, 2025	-	26,463
Arbutus View	0.680%		July 1, 2025	-	62,609
Amberlea	0.680%		May 1, 2025	-	70,415
Cloverhurst	0.680%		May 1, 2025	-	19,671
Hamlet	0.740%		October 1, 2025	-	44,466
Viewmont	1.120%		August 1, 2026	97,735	242,979
Creekside	2.600%		April 1, 2027	193,560	334,391
The Birches	2.550%		August 1, 2027	374,147	591,203
The Heathers	2.600%		April 1, 2028	283,516	399,876
Heron Cove	4.180%		October 1, 2028	363,427	481,867
Castanea Place	3.190%		February 1, 2030	1,247,617	1,532,450
Leblond Place - 1st mortgage	1.280%		September 1, 2031	1,167,101	1,361,481
Leblond Place - 2nd mortgage	3.751%	March 1, 2035	March 1, 2045	2,114,057	2,191,340
Rotary House	2.510%		March 1, 2028	438,073	624,949
Cairns Park	2.589%		December 1, 2031	183,531	211,459
Carillon Place	4.700%	June 1, 2029	July 1, 2033	634,857	703,095
Brock Place	2.840%	January 1, 2030	January 1, 2035	1,822,541	1,996,126
Harbour Lane	2.200%	October 1, 2026	October 1, 2036	1,914,112	2,068,985
Tillicum Station	4.250%	July 1, 2034	July 1, 2037	2,616,853	2,788,523
<u>ILBC2 Agreement</u>					
Parry Place	4.540%	May 1, 2034	May 1, 2043	2,925,234	3,032,851
<u>RHFP Agreement</u>					
Millstream Ridge	2.860%	February 1, 2029	March 1, 2054	31,097,897	31,805,579
Spencer Close	1.519%	January 1, 2031	February 1, 2056	27,094,428	27,800,216
West Park	1.519%	January 1, 2031	February 1, 2056	27,405,283	28,119,169
Hockley House	2.459%	June 1, 2031	July 1, 2056	23,376,930	23,886,632
Prosser Place	3.580%	July 1, 2033	June 1, 2058	9,071,926	9,217,778
330 Michigan	3.815%	October 1, 2034	October 1, 2059	12,300,387	12,476,408
<u>IHI Agreement</u>					
Westview	1.631%	September 1, 2030	September 1, 2055	6,610,787	6,782,218
<u>No Operating Agreement</u>					
Royal Oak Square	4.320%	July 1, 2027	July 1, 2057	4,296,249	4,359,143
Vergo	2.250%	September 1, 2027	September 1, 2042	3,104,840	3,221,719
<u>CHF Agreement</u>					
Twenty-Seven Eighty-Two	3.710%	January 1, 2033	January 1, 2058	13,331,943	13,545,577
332 Michigan	3.815%	October 1, 2034	October 1, 2059	10,818,900	10,973,721
				184,885,931	191,039,273
Principal Current Portion				(5,803,391)	(5,959,718)
Principal Renewal Portion				(1,914,112)	(3,556,168)
				<u>\$ 177,168,429</u>	<u>\$ 181,523,387</u>

Capital Region Housing Corporation
 Operating Fund - Rental Operations

For the Year Ended December 31, 2025

		Revenues					Expenditures and Interfund Transfers				Total	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	\$ 752,911	\$ -	\$ -	\$ 2,425	\$ 755,336	\$ 333,837	\$ 108,000	\$ -	\$ 441,837	\$ 313,499	\$ (313,499)	
James Yates Gardens	8	102,272	-	-	50	102,322	64,797	17,280	-	82,077	20,245	(20,245)	
Pinehurst	20	316,768	-	-	2,217	318,985	127,391	43,200	-	170,591	148,394	(148,394)	
The Brambles	18	307,510	-	-	2,464	309,974	150,770	38,880	-	189,650	120,324	(120,324)	
The Terraces	20	303,563	-	-	1,895	305,458	136,550	43,200	-	179,750	125,708	(125,708)	
Olympic View	60	959,159	-	-	9,193	968,352	423,930	129,600	-	553,530	414,822	(414,822)	
Swanlea	14	181,694	-	-	486	182,180	109,610	30,240	-	139,850	42,330	(42,330)	
Firgrove	32	491,620	-	-	2,678	494,298	218,096	69,120	-	287,216	207,082	(207,082)	
Beechwood Park	48	727,854	-	-	8,157	736,011	325,688	103,680	-	429,368	306,643	(306,643)	
Grey Oak Square	24	361,742	-	-	3,928	365,670	188,170	51,840	-	240,010	125,660	(125,660)	
	294	4,505,093	-	-	33,493	4,538,586	2,078,839	635,040	-	2,713,879	1,824,707	(1,824,707)	
BCHMC													
Willowdene	15	163,057	-	-	380	163,437	172,430	32,400	-	204,830	(41,393)	41,393	
Rosewood	44	282,096	-	-	1,977	284,073	284,961	95,040	154	380,155	(96,082)	96,082	
Gladstone	14	183,468	-	-	100	183,568	118,176	30,240	-	148,416	35,152	(35,152)	
Camosun Place	8	129,210	-	-	-	129,210	82,725	17,280	-	100,005	29,205	(29,205)	
Parkview	26	352,399	-	-	116	352,515	194,447	56,160	-	250,607	101,908	(101,908)	
Carey Lane	22	-	-	-	-	-	139,168	47,520	-	186,688	(186,688)	186,688	
Colquitz Green	20	314,023	-	978	1,785	316,786	174,941	43,200	-	218,141	98,645	(98,645)	
Springtide	48	331,875	-	42,125	1,737	375,737	445,391	103,680	52,970	602,041	(226,304)	226,304	
Greenlea	21	287,256	-	9,736	1,909	298,901	146,713	45,360	17,821	209,894	89,007	(89,007)	
Arbutus View	23	301,951	-	26,300	228	328,479	164,733	49,680	53,935	268,348	60,131	(60,131)	
Amberlea	44	376,147	-	41,776	9,502	427,425	366,749	95,040	56,576	518,365	(90,940)	90,940	
Cloverthurst	10	91,010	-	14,879	25	105,914	78,929	21,600	15,913	116,442	(10,528)	10,528	

Capital Region Housing Corporation
Operating Fund - Rental Operations

For the Year Ended December 31, 2025

		Revenues					Expenditures and Interfund Transfers					Total	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	124,300	-	38,840	50	163,190	84,626	21,600	40,303	146,529	16,661	(16,661)		
Viewmont	36	261,266	-	163,520	1,717	426,503	217,763	77,760	147,215	442,738	(16,235)	16,235		
Creekside	24	299,334	-	113,277	276	412,887	172,869	51,840	147,813	372,522	40,365	(40,365)		
The Birches	56	372,797	-	165,971	2,873	541,641	312,432	120,960	229,534	662,926	(121,285)	121,285		
The Heathers	26	170,612	-	110,010	14,360	294,982	237,417	56,160	125,324	418,901	(123,919)	123,919		
Heron Cove	24	271,865	-	70,109	920	342,894	176,544	51,840	136,167	364,551	(21,657)	21,657		
Castanea Place	59	543,641	-	195,750	1,808	741,199	373,859	127,440	312,506	813,805	(72,606)	72,606		
Leblond Place	43	348,380	-	284,894	1,674	634,948	353,774	92,880	361,184	807,838	(172,890)	172,890		
Rotary House	41	336,074	-	218,691	3,937	558,702	332,709	88,560	200,345	621,614	(62,912)	62,912		
Homes BC	614	5,540,761	-	1,496,856	45,374	7,082,991	4,631,356	1,326,240	1,897,760	7,855,356	(772,365)	772,365		
Cairns Park	6	82,746	-	24,811	62	107,619	50,503	12,960	33,045	96,508	11,111	(11,111)		
Kings Place	35	462,592	-	167,055	2,628	632,275	513,087	75,600	-	588,687	43,588	(43,588)		
Carillon Place	15	224,804	-	40,871	715	266,390	104,665	32,400	99,521	236,586	29,804	(29,804)		
Brock Place	30	445,319	-	75,815	3,966	525,100	193,893	64,800	227,708	486,401	38,699	(38,699)		
Harbour Lane	28	394,145	-	90,458	2,765	487,368	194,514	60,480	198,635	453,629	33,739	(33,739)		
Tillicum Station	40	560,849	-	114,149	758	675,756	318,620	86,397	285,936	690,953	(15,197)	15,197		
	154	2,170,455	-	513,159	10,894	2,694,508	1,375,282	332,637	844,845	2,552,764	141,744	(141,744)		
ILBC2 Agreement	1,062	12,216,309	-	2,010,015	89,761	14,316,085	8,085,477	2,293,917	2,742,605	13,121,999	1,194,086	(1,194,086)		
Parry Place	21	330,780	627,783	-	12,529	971,092	670,976	16,600	241,706	929,282	41,810	(41,810)		
RHFP Agreement														
Millstream Ridge	132	2,301,433	-	-	68,795	2,370,228	931,886	114,048	1,599,487	2,645,421	(275,193)	275,193		
Spencer Close	130	2,191,727	-	-	72,740	2,264,467	861,415	112,320	1,120,393	2,094,128	170,339	(170,339)		
West Park	152	2,207,764	-	-	88,874	2,296,638	842,813	131,328	1,133,247	2,107,388	189,250	(189,250)		
Hockley House	120	1,720,577	-	-	46,999	1,767,576	714,540	103,680	1,086,559	1,904,779	(137,203)	137,203		

Capital Region Housing Corporation
Operating Fund - Rental Operations

For the Year Ended December 31, 2025

		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				
51	759,362	-	-	21,275	780,637	292,710	44,064	470,174	806,948	(26,311)	26,311		
53	847,067	-	-	24,935	872,002	291,063	45,792	644,022	980,877	(108,875)	108,875		
638	10,027,930	-	-	323,618	10,351,548	3,934,427	551,232	6,053,882	10,539,541	(187,993)	187,993		
IHI Agreement													
Westview	947,090	-	-	30,160	977,250	482,465	63,072	280,169	825,706	151,544	(151,544)		
CHF Agreement													
Twenty-Seven Eighty-Two	582,575	380,698	-	175	963,448	334,665	50,112	707,416	1,092,193	(128,745)	128,745		
332 Michigan	490,162	267,317	-	17,025	774,504	260,131	38,016	566,454	864,601	(90,097)	90,097		
Caledonia	-	-	-	-	-	225,435	68,256	-	293,691	(293,691)	293,691		
260	1,072,737	648,015	-	17,200	1,737,952	820,231	156,384	1,273,870	2,250,485	(512,533)	512,533		
No Operating Agreement													
Portage Place	266,542	-	-	675	267,217	132,541	36,720	-	169,261	97,956	(97,956)		
Campus View Court	61,008	-	-	450	61,458	76,834	25,920	-	102,754	(41,296)	41,296		
Royal Oak Square	600,243	-	-	2,111	602,354	250,568	82,080	248,120	580,768	21,586	(21,586)		
Village on the Green	93,411	-	-	249	93,660	182,449	82,080	-	264,529	(170,869)	170,869		
334 Michigan	98,185	-	-	600	98,785	96,973	19,440	-	116,413	(17,628)	17,628		
Vergo	312,678	-	-	896	313,574	130,194	38,880	271,638	440,712	(127,138)	127,138		
82	1,432,067	-	-	4,981	1,437,048	869,559	285,120	519,758	1,674,437	(237,389)	237,389		
2,136	\$ 26,026,913	\$ 1,275,798	\$ 2,010,015	\$ 478,249	\$ 29,790,975	\$ 14,863,135	\$ 3,366,325	\$ 11,111,990	\$ 29,341,450	\$ 449,525	\$ (449,525)		



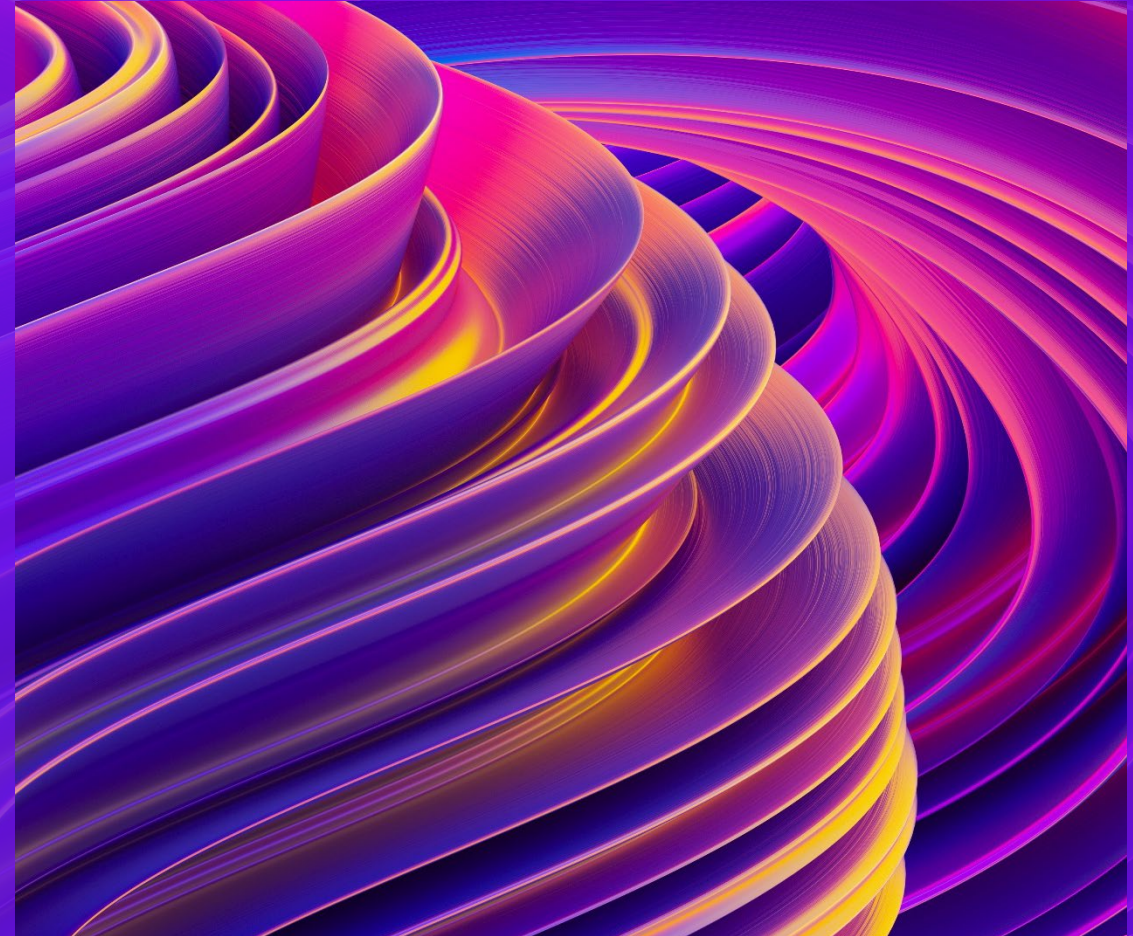
Capital Region Housing Corporation

**Audit Findings Report
for the year ended
December 31, 2025**



Prepared for the Hospitals and Housing Committee meeting on
May 6, 2026

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement

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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.

4	Highlights	5	Status	6	Risks and results
11	Policies and practices	12	Control deficiencies	13	Independence
15	Appendices				



Audit highlights




No matters to report



Matters to report – see link for details

Status


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

Significant changes



Significant changes since our audit plan

Risks and results & Significant unusual transactions

Significant risks 

- Presumed risk of management override of controls


Other risks of material misstatement 

- Government Contributions
- Tangible Capital Assets (new building developments and redevelopments)



Significant unusual transactions

Policies and practices & Specific topics

Accounting policies and practices 

Other financial reporting matters

Misstatements uncorrected



Uncorrected misstatements

- There are no matters to report.


Misstatements Corrected



Corrected misstatements


- There are no matters to report.

Control deficiencies

Significant deficiencies 

- We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.

Independence

Independence Confirmation 



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 approval 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 provided





Significant risks and results

We highlight our significant findings in respect of **significant risks**.



Fraud risk from management override of controls

RISK OF



ERROR

FRAUD

Significant risk

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

Our response

Our procedures included:

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

Significant findings

- There were no issues noted in our testing.



Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.



Government Contributions

Other risk of material misstatement

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 9 building developments or redevelopments underway during 2025, including Caledonia, Carey Lane (building envelope remediation), Campus View, Village on the Green, Pandora, Swanlea, McKenzie, Verdier, and Cedar Hill.

Government contributions revenue of \$29.2M was recognized, comprised of grants and forgivable loans to fund development projects that will result in affordable housing units. During the year, CRHC received \$14.9M in short-term financing, which will be converted to mortgages upon completion of the development projects. In addition, CRHC entered into a Master Development and Pre-Construction Funding Agreement for the Cedar Hill affordable housing and library project.

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 assessed revenue recognition in accordance with the requirements of public sector accounting standards including government transfers.

Significant findings

- There were no issues noted in our testing.



Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.



Capital Assets (new building developments and redevelopments)

Other risk of material misstatement

Capital additions during the year were approximately \$41.5M. The Caledonia project was completed during the year and started amortizing. CRHC recognized a loss on disposal of \$1.2M relating to the Campus View, Village on the Green, and Oakwinds properties, as well as the relevant ARO cost associated with demolition of Verdier. The Campus View, Village on the Green and Verdier properties were disposed of as part of planned redevelopment projects, whereas Oakwinds was disposed of due to expiration of lease and operating agreement. A realized gain of \$1.9M was recognized relating to ARO costs on buildings disposed of being less than the estimated costs initially recorded.

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 2025 to bank statements, contractual agreements and 3rd party invoices.
- 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.
- 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.

Significant 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.
- There were no issues 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.
- There were no issues 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.



Significant accounting policies and practices



Initial selection of significant accounting policies and practices

There have been no initial selections of accounting policies and practices.



Description of new or revised significant accounting policies and practices

There have been no new or revised significant accounting policies and practices.



Significant qualitative aspects

No matters to report.



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.

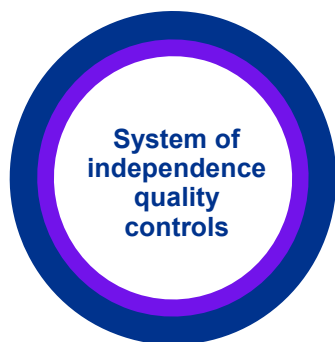
We did not identify any significant deficiencies in internal control over financial reporting.



Independence: Shared responsibilities

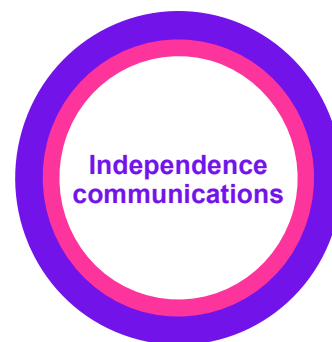
Auditor independence is a shared responsibility and most effective when management, audit committees, and audit firms work together in considering compliance with relevant independence rules. In order for KPMG to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and KPMG each play an important role. We apply the following ethical requirements, including independence requirements, in:

- the rules of professional conduct / code of ethics applicable to the practice of public accounting issued by various professional accounting bodies in Canada (“CPA code”) that are relevant to audits of financial statements of non-reporting issuers; and
- the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (“IESBA independence rule”) that are relevant to audits of financial statements of non-public interest entities.



The firm maintains a system of quality control over compliance with independence rules and firm policies. Timely information before the effective date of transactions or other business changes is necessary to effectively maintain the firm’s independence in relation to:

- New related entities
- Any former KPMG professional who are directors, officers, or employee in a position to exert significant influence over the preparation of the client’s accounting records or the financial statements.



- We will report to those charged with governance all relationships that may reasonably be thought to bear on our independence, including fees charged, and discuss the potential effects of such relationships on our independence. We will also report the related safeguards that have been applied, as applicable, to eliminate identified threats to independence or reduce them to an acceptable level.
- This communication, if any, will be provided during our year-end communications.





Independence



Under the newly effective *Narrow-scope Amendments to Canadian Auditing Standard (CAS) 700, Forming an Opinion and Reporting on Financial Statements, and CAS 260, Communication with Those Charged with Governance*, the auditor shall communicate with those charged with governance the relevant ethical requirements, including those related to independence, that the auditor applies for the audit engagement, including if applicable in the circumstances, any independence requirements specific to audits of financial statements of certain entities.

In accordance with this requirement, we communicate to the Committee that we apply the following ethical requirements, including independence requirements, in:

- the rules of professional conduct / code of ethics applicable to the practice of public accounting issued by various professional accounting bodies in Canada (“CPA Code”) that are relevant to audits of financial statements; and
- the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants that are relevant to audits of financial statements.

Appendices

1

Required communications

2

Management representation letter

3

Current developments

4

Thought leadership and insights

5

Canadian sustainability reporting activities





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, 2025 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 1: Required communications

Management's responsibilities



Under the auditing standards, we are required to obtain the agreement of management that it acknowledges and understands its responsibility. An audit of the annual financial statements does not relieve management or those charged with governance of their responsibilities. We have obtained management's acknowledgment and understanding of their responsibilities in the engagement letter and as described below:

- (a) the preparation and fair presentation of the annual financial statements in accordance with the financial reporting framework referred to above.*
- (b) providing us with all information of which management is 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, of Council, and committees of Council that may affect the financial statements. All significant actions are to be included in such summaries.*
- (c) providing us with unrestricted access to such relevant information.*
- (d) providing us with complete responses to all enquiries made by us during the engagement.*
- (e) providing us with additional information that we may request from management for the purpose of the engagement*
- (f) providing us with unrestricted access to persons within the Entity from whom we determine it necessary to obtain evidence*
- (g) 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. Management also acknowledges and understands that they are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.*
- (h) ensuring that all transactions have been recorded and are reflected in the financial statements.*
- (i) ensuring that internal auditors providing direct assistance to us, if any, will be instructed to follow our instructions and that management, and others within the entity, will not intervene in the work the internal auditors perform for us.*
- (j) providing us with written representations required to be obtained under professional standards and written representations that we determine are necessary. Management also acknowledges and understands that, as required by professional standards, we may disclaim an audit opinion when management does not provide certain written representations required.*



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, 2025.

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 the following matters and addressed them as required:
 - 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.
- f) complete reviews or investigations into allegations of fraud or misconduct, when brought forward.
- g) take required actions arising from any reviews or investigations into allegations brought forward.
- h) provide available supporting information and documentation relevant to matters investigated.

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.

Other:

- 11) We confirm that we have provided you with a complete list of service organizations (SO) and sub-service organizations (SSO) and that the relevant complementary user entity controls (CUECs) related to each SO/SSO have been designed and implemented. For the purpose of this representation, a service organization is one as defined in CAS 402.

Non-SEC registrants or non-reporting issuers:

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

Yours very truly,

Ted Robbins, Chief Administrative Officer

Nelson Chan, Chief Financial Officer

Kevin Lorette, General Manager, Planning and Protective Services

Attachment I – Definitions

Materiality

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

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

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

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

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

Fraud & error

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

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.



Appendix 3: Current developments

Effective for periods beginning on or after December 15, 2024

ISA 260/CAS 260

.....
Communications
with those charged
with governance

Summary of Changes:

New requirements for the auditor to communicate:

- about the relevant ethical requirements, including those related to independence, that the auditor applied to the audit of the financial statements; and
- any enhanced independence requirement that the auditor applied specific to the audit of financial statements of certain entities.

ISA 700/CAS 700

.....
Forming an opinion
and reporting on
the financial
statements

Summary of Changes:

New requirements for the auditor to publicly disclose when the auditor applied independence requirements specific to audits of financial statements of certain entities WHEN the ethical requirements require public disclosure.



Appendix 3: Current developments (continued)

Accounting standards

Conceptual Framework for Financial Reporting in the Public Sector

Effective for years commencing 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

Effective for years commencing on or after April 1, 2026 with early adoption permitted.

- The proposed section PS 1202 *Financial statement presentation* will replace the current section PS 1201 *Financial statement presentation*.
- The proposed section includes the following:
 - Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained.
 - Separating liabilities into financial liabilities and non-financial liabilities.
 - Restructuring the statement of financial position to present total assets followed by total liabilities.
 - Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).
 - Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”.
 - A new provision whereby an entity can use an amended budget in certain circumstances.
 - Inclusion of disclosures related to risks and uncertainties that could affect the entity's financial position.



Appendix 3: Current developments (continued)

Accounting standards (continued)

Employee Benefits

Effective for years commencing on or after April 1, 2029 with early adoption permitted.

- The Public Sector Accounting Board has issued a new standard PS 3251 *Employee benefits* which will replace the current sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*.
- The standard uses principles from International Public Sector Accounting Standard 39 *Employee benefits* as a basis for the Canadian standard.
- The standard results in public sector entities recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position.
- The standard also requires that fully funded post-employment benefit plans use a discount rate based on the expected market-based return of plan assets and underfunded 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.
- The standard also requires that:
 - Deferral provisions – Remeasurement gains and losses are presented as part of accumulated remeasurement gains and losses.
 - Valuation of plan assets – Upon adoption, public sector entities may continue to recognize non-transferable financial instruments balances that meet the definition of plan assets under existing PS 3250 guidance. This transitional provision does not permit the recognition of additional amount after adoption that do not meet the revised definition of plan assets.
 - Joint defined benefit plans – Defined benefit accounting is used for measurement of the proportionate share of the plan, instead of previously proposed multi-employer plan accounting which permitted accounting based on defined contribution concepts where insufficient information exists to use defined benefit accounting.
 - Disclosure of other long-term employee benefits and termination benefits – The standard does not include prescriptive disclosure requirements for other long-term employee benefits and termination benefits.
- The standard's guidance will be applied retroactively, with or without prior period restatement.



Appendix 3: Current developments (continued)

Accounting standards (continued)

Intangible Assets

Proposed to be effective for years commencing on or after April 1, 2030 with early adoption permitted.

- The Public Sector Accounting Standards Board has issued proposed new standard PS 3155 *Intangible Assets* which would replace Public Sector Guideline 8 *Purchased Intangibles*.
- The 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.

Cloud Computing Arrangements

- As part of its intangible assets project, the Public Sector Accounting Standards Board is also developing guidance on cloud computing arrangements. To ensure the development of this accounting guidance reflects current practices and needs, a survey was used 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.



Appendix 4: Thought leadership and insights

Half of Public Servants Turn to AI Raising Risks

KPMG survey finds public sector unready for AI, low literacy, need for digital sovereignty.

While less than a quarter (**22 per cent**) of Canadian public sector organizations have adopted artificial intelligence (AI), half of the public servants who use AI in their jobs rely on publicly available AI tools, exposing governments to potential risks including data privacy and security breaches, intellectual property theft and exposure to biased or inaccurate information that can lead to legal and ethical issues, finds a new KPMG in Canada research.

[Click here for more information](#)

Intelligent Government

The emergence of generative AI, alongside advanced autonomous and agentic systems, is transforming how government and the public sector innovate and operate. Our findings reveal an actionable blueprint for governments and organizations aiming to leverage AI's potential to drive efficiency, reduce time to market and improve patient outcomes. This report provides insights into how they can take a value based approach to AI that helps to accelerate innovation, unlock new growth opportunities, and maximize the impact of their AI investments.

[Click here for more information](#)

KPMG 2025 Canadian CEO Outlook

Our 2025 CEO Outlook survey reveals a compelling paradox: Canadian CEOs are increasingly confident in the growth of their companies and industries, yet their optimism about the Canadian and global economies is waning.

Despite the evolving pressures, CEOs alike are proactively focusing on making their organizations more resilient to external shocks. They are not just reacting to changes, but are actively seeking ways to mitigate external risks, improve productivity and optimize revenue.

[Click here for more information](#)

Midyear Observations on the 2025 Board Agenda

Disruption, volatility, and uncertainty aren't new operating conditions by any means. But the assumptions that have long driven corporate thinking – the role of government, geopolitical norms, and consistency in US policies as administrations change, and the speed of technological advances – are being upended. Few business leaders have experienced the scope, complexity, and combination of issues companies are facing today – and many will earn their stripes in the months ahead.

[Click here for more information](#)

Accelerate

The Canadian business landscape is experiencing profound interconnected geopolitical, technological and sustainability challenges which are causing compound impacts on the balance sheet. The audit committee's role in stewarding their organization towards increased productivity, resilience, and growth has never been more essential.

Our *Accelerate* series strives to provide audit committees with actionable insights and clear guidance for navigating through these interconnected challenges.

[Click here for more information](#)



Appendix 4: Thought leadership and insights (continued)

From Smart to Smarter Cities

Leveraging integration, data and enablement for sustainable and resilient urban transformations.

Cities are reaching a crisis point. City populations are growing. Citizen satisfaction with government services is weakening. And net zero deadlines are looming. Cities recognize that their traditional approaches to city planning, development, management and renewal will not get them to their goals in time. They must become smarter, more integrated, data driven and enabling.

From Smart to Smarter Cities explores how a focus on becoming more integrated, data driven and enabling can help city decision makers, infrastructure leaders and private companies accelerate their smart city agendas.

In this report, professionals from KPMG's global network join with experienced industry and city leaders to unpack these three priorities – integrated, data driven and enabling – across the lens of the six challenges facing cities today – urban planning, data and privacy, transportation and mobility, sustainability and social equity, governance and oversight, and funding and financing.

[Click here for more information](#)

Blueprint for Livable Economies

Unlocking livability through place-based business cases

Rapid urbanization, climate volatility, fiscal constraint and rising social expectations are exposing the limits of traditional approaches to urban planning and investment. The challenge is not a lack of ambition or funding, but rather how decisions are made, investments are structured and delivery is governed and coordinated. Addressing the gap between investment and outcomes requires cities to move beyond asset level justification towards integrated, geography specific portfolios and place based business cases that reflect how places function and are experienced in practice.

Developed in collaboration by KPMG International, Davos Baukultur Alliance and UN Habitat, this white paper supports that shift. Drawing on global case studies, executive insight and practical tools, it sets out how public sector leaders can apply a place based approach using levers already within their control.

At the center of the paper is the *Blueprint for livable economies*, a decision making framework designed to help city leaders, investors and partners align outcomes, economic pathways and delivery mechanisms.

[Click here for more information](#)



Appendix 4: Thought leadership and insights (continued)

Our latest thinking on the issues that matter most to Boards, Committees and management.

KPMG Audit & Assurance Insights

Curated research and insights for audit Committees and Boards.

Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities.

Sustainability Reporting

Resource centre on implementing the new Canadian reporting standards.

Audit Committee Guide – Canadian Edition

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





Appendix 4: Thought leadership and insights (continued)

Where are Finance Teams adopting AI

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

Generating commentary

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

Generating strategic insights

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

Managing contracts

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



Forecasting & budgeting

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



Collecting marketing intelligence

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



Detecting anomalies

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



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



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.



Appendix 5: Canadian sustainability reporting activities

Get ready for Canadian Sustainability Standards Board (CSSB) sustainability disclosures



What was issued?

- The first Canadian Sustainability Disclosure Standards¹, which mark the next step towards equal prominence for sustainability and financial reporting in Canada.
- They are aligned with the IFRS[®] Sustainability Disclosure Standards, with the exception of effective date and transition relief.
- They are based on existing frameworks and standards, including Task Force on Climate-Related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB).
- They are investor-focused.



What's the impact?

- Companies applying these standards will report on all relevant sustainability topics (not just on climate) under a consistent framework and focus on how these topics impact a company's prospects.
- Reporting will be connected to the financial statements. Therefore, companies will need processes and controls in place so that they can provide sustainability-related information of the same quality, and at the same time, as their financial information.



What's next?

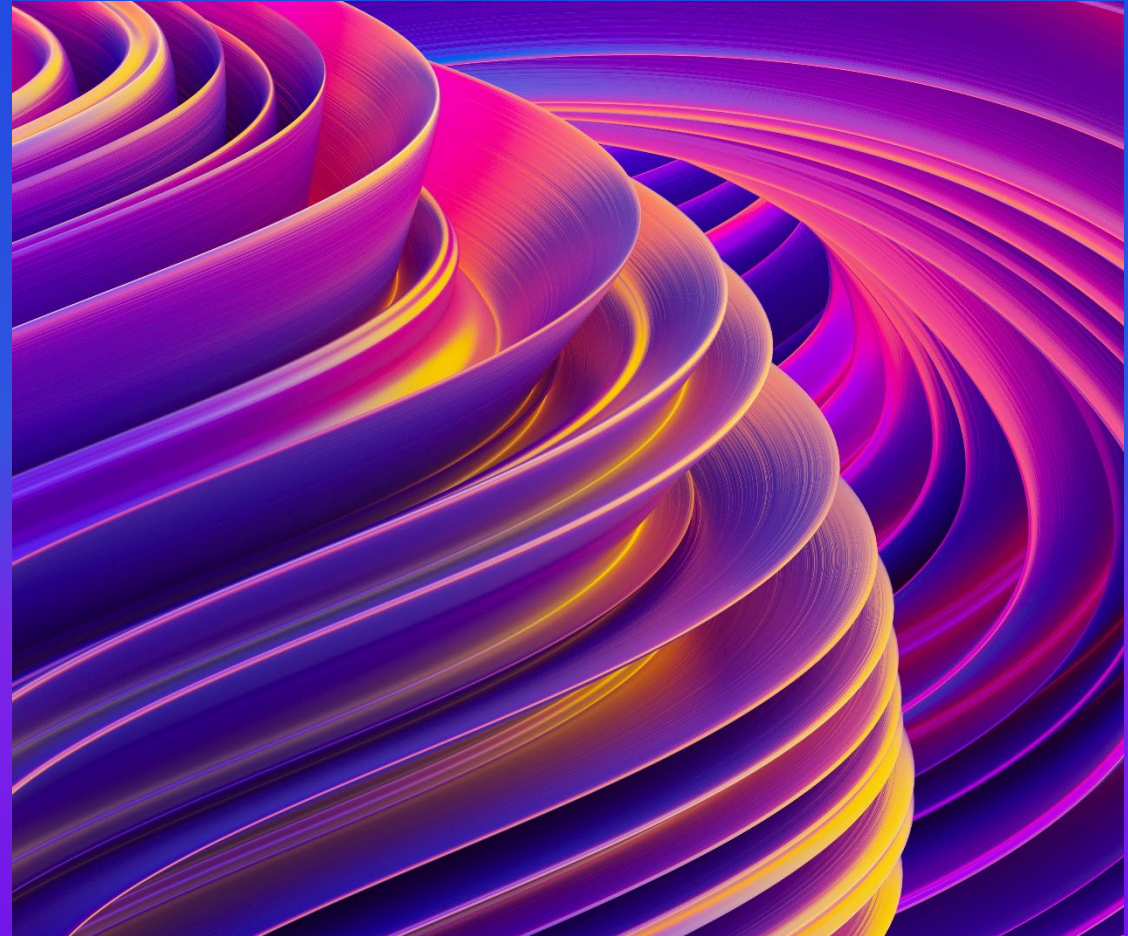
- The standards are effective from January 1, 2025 on a voluntary basis.
- Canada's provincial and territorial regulators and legislators will determine whether application of the standards should be mandated, and if so, who will need to apply them and over what time frame.
- Some public and private companies may choose to apply them voluntarily – e.g., in response to investor or societal pressure.

¹ Canadian Sustainability Disclosure Standards – CSDS 1 *General Requirements for Disclosure of Sustainability-related Financial Information* and CSDS 2 *Climate-related Disclosures*, both published on December 18, 2024.



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

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Statement of Financial Position
As at December 31, 2025
Variance Analytics - year over year

APPENDIX C

2025	2024	Variance \$	Variance %	Explanation (variance greater than \$150k and 10%)
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Financial Assets

Cash and cash equivalents	29,218,938	18,778,037	10,440,901	56%	Increase primarily due to advanced funding received for capital projects of \$19.15M, offset by less cash received for financing for financing activities in 2025 of (\$8.71M). Refer to Statement of Cash Flow for more details.
Accounts receivable	6,575,534	7,017,377	(441,843)	-6%	
Prepaid expenses	2,656,968	853,311	1,803,657	211%	Increase due to prepaid insurance for projects in construction of \$1.67M.
Cash and cash equivalents restricted for RR	7,675,717	7,474,808	200,909	3%	
Capital Assets	331,040,168	300,820,662	30,219,506	10%	Primary increase due to significant completion of Caledonia for \$15.69M and Buildings under Construction progress of \$15.34M.
Total Financial Assets	377,167,325	334,944,195	42,223,130	13%	

Financial Liabilities & Net Assets

Current Liabilities

Accounts payable and other liabilities	7,717,901	6,615,555	1,102,346	17%	Increase due to higher amount of accrued invoices and payment timing for other accounts payable items in 2025 of \$3.26M, partially offset by a reduced number of contract holdbacks for capital projects of (\$2.16M).
Accrual mortgage interest	402,841	416,373	(13,532)	-3%	
Due to CRD	278,167	1,470,186	(1,192,019)	-81%	Decrease due to timing of transferring funds between entities.
Deferred Revenue	6,537,826	749,300	5,788,526	773%	The increase is driven by \$2.50M in capital funding received for Cedar Hill, along with restricted grant funding received in advance of construction for Village on the Green (\$1.92M) and Campus View (\$1.43M).
Security Deposits	1,300,927	1,224,668	76,259	6%	
Short-term capital financing	53,563,767	39,117,653	14,446,114	37%	Increases due to construction on the Caledonia project for \$13.56M and \$0.9M in other projects in the pre-development stage.
Mortgage payable - current	5,803,391	5,959,718	(156,327)	-3%	
Mortgage payable - renewal	1,914,112	3,556,168	(1,642,056)	-46%	Decrease result from fewer mortgages renewing in 2026 than 2025.
Total Current Liabilities	77,518,932	59,109,621	18,409,311	31%	

Mortgages Payable	177,168,429	181,523,387	(4,354,958)	-2%	
Asset retirement obligations	6,985,206	9,987,872	(3,002,666)	-30%	The decrease reflects the settlement of three AROs totaling (\$2.34M) and a (\$1.3M) change in estimate, partially offset by \$0.64M increase for accretion and the recognition of an ARO for a newly acquired property.
Capital Stock	1	1	-	0%	

Net Assets

Invested in capital assets	98,971,189	68,939,223	30,031,966	44%	Increase due to excess of revenues over expenses primarily driven by an increase in government contributions of \$20.82M, mortgage principal payments of \$6.15M, and replacement reserve additions \$3.06M. Refer to Statement of Changes in Net Assets and Remeasurement of Gains and Losses for more details.
Externally restricted	12,795,846	11,908,022	887,824	7%	
Internally restricted	875,504	1,248,911	(373,407)	-30%	Decrease due to change in the No Operating Agreement Portfolio net income.
Unrestricted	3,084,014	2,512,794	571,220	23%	Increase due to corporate fund net income.
Accumulated remeasurement gains (losses)	(231,796)	(285,636)	53,840	19%	
Total Financial Liabilities & Net Assets	377,167,325	334,944,195	42,223,130	13%	

Capital Region Housing Corporation
Statement of Operations
Year ended December 31, 2025
Variance: year-over-year

APPENDIX D

	2025	2024	Variance \$	Variance %	Explanation (variance greater than \$150k and 10%)
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Revenue

Tenant rent contributions	26,026,913	24,955,692	1,071,221	4.3%	
BCHMC rent subsidy assistance	1,275,798	1,146,240	129,558	11.3%	
BCHMC umbrella operating agreement funding	2,010,015	2,420,616	(410,601)	-17.0%	Decreased due to mortgages paid off in 2025 reducing the funding received from BC Housing for the umbrella agreement portfolio.
Rental management fees - third parties	1,551	21,828	(20,277)	-92.9%	
Investment income	893,776	1,187,045	(293,269)	-24.7%	Decreased due to reduced interest rates from 2024.
Guest suites, net	4,269	974	3,295	338.3%	
Miscellaneous	507,845	327,965	179,880	54.8%	Increases due to increased parking revenue and laundry commission overall and specific to Michigan buildings full year of operations.
Government contributions	29,172,994	10,765,113	18,407,881	171.0%	Increase due to advanced funding of \$15.05M along with claim based recoveries of \$3.36M for capital projects received in 2025 over 2024.
Gain on settlement of asset retirement obligation and estimates	2,263,112	-	2,263,112	0.0%	A gain of \$1.86M was recognized from the settlement of AROs on three buildings, along with \$0.4M from a revision to the estimated ARO liability.
Total Revenues	62,156,273	40,825,473	21,330,800	52.2%	

Expenses

Administration and property management	4,779,975	3,542,539	1,237,436	34.9%	Salaries and benefits increased by \$1.31M along with some costs savings in other areas of (\$0.72M).
Amortization	9,293,231	8,726,790	566,441	6.5%	
Accretion	426,482	397,043	29,439	7.4%	
Property taxes	4,500	4,500	-	0.0%	
Insurance	1,760,604	1,626,313	134,291	8.3%	
Maintenance	2,342,833	2,089,373	253,460	12.1%	Increased as a result of fire system maintenance and general repairs.
Caretakers	1,874,952	2,265,098	(390,146)	-17.2%	Decreased due to staffing vacancies.
Landscape	418,775	420,520	(1,745)	-0.4%	
Electricity	450,685	383,207	67,478	17.6%	
Land and Improvement leases	307,137	307,137	-	0.0%	
Water	1,691,577	1,671,879	19,698	1.2%	Increased as a result of new properties beginning operations.
Oil and gas	195,386	193,316	2,070	1.1%	
Garbage	542,319	403,074	139,245	34.5%	
Audit and legal	35,310	44,432	(9,122)	-20.5%	
Miscellaneous	286,638	224,691	61,947	27.6%	
Hospitality services (Parry Place)	494,315	496,552	(2,237)	-0.5%	
Interest on mortgages payable	4,959,435	4,419,525	539,910	12.2%	Increase as a result of Michigan buildings full year mortgage payments
Other expenses	1,174,516	-	1,174,516	0.0%	Loss on disposal of capital assets
Total Expenses	31,038,670	27,215,989	3,822,681	14.0%	
Excess (deficiency) of revenues over expenses	31,117,603	13,609,484	17,508,119	129%	

Audited Financial Statements
Year Ended: December 31, 2025

Capital Region Housing Corporation Other Financial Statement Analysis

The 2025 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 2025 compared to 2024.

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

Statement of Net Assets and Remeasurement Gains (\$M)	2025	2024
Net Assets, Beginning of Year	84.3	70.5
Annual Surplus	31.1	13.6
Subtotal	115.4	84.1
Unrealized Gain (Loss) on Investments	0.1	0.2
Net Assets, End of Year	\$115.5	\$84.3

Total net assets increased from 2024 by \$31.2 million or 37%. \$29.2 of the \$31.1 million annual surplus is a result of government grant contributions for various housing construction projects. Unrestricted grants for capital projects are recognized as revenue in the year they are received, resulting in an annual surplus. Net assets have increased by \$0.1 million due to an unrealized gain on investments.

4. Statement of Cash Flows

The Statement of Cash Flows reports on 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. Included in operating activities is an increase of \$15.05 million of advanced funding for buildings under construction in 2025 over 2024. This funding balance is expected to decrease as buildings under construction projects progress towards completion. Table 6 summarizes the change in cash by activity comparing 2025 to 2024.

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

Statement of Cash Flows (\$M)	2025	2024
Operating Activities	43.7	22.5
Investing Activities	(0.1)	1.3
Capital Activities	(41.9)	(47.1)
Financing Activities	8.7	27.2
Net Change in Cash and Cash Equivalents	10.4	3.9
Cash and Cash Equivalents, Beginning of Year	18.8	14.9
Cash and Cash equivalents, End of Year	\$29.20	\$18.8

In 2025, the cash position increased by \$10.4 million. The change in cash was due to \$43.7 million generated from operating activities reflecting net revenue after expenses, \$8.7 million from financing activities for debt proceeds received and \$41.9 million paid towards construction costs, primarily directed at Caledonia.

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 principle which relates to current mortgage renewal in the following year, and the long-term mortgage payable.

E. Schedule of Operating Fund – Rental Operations

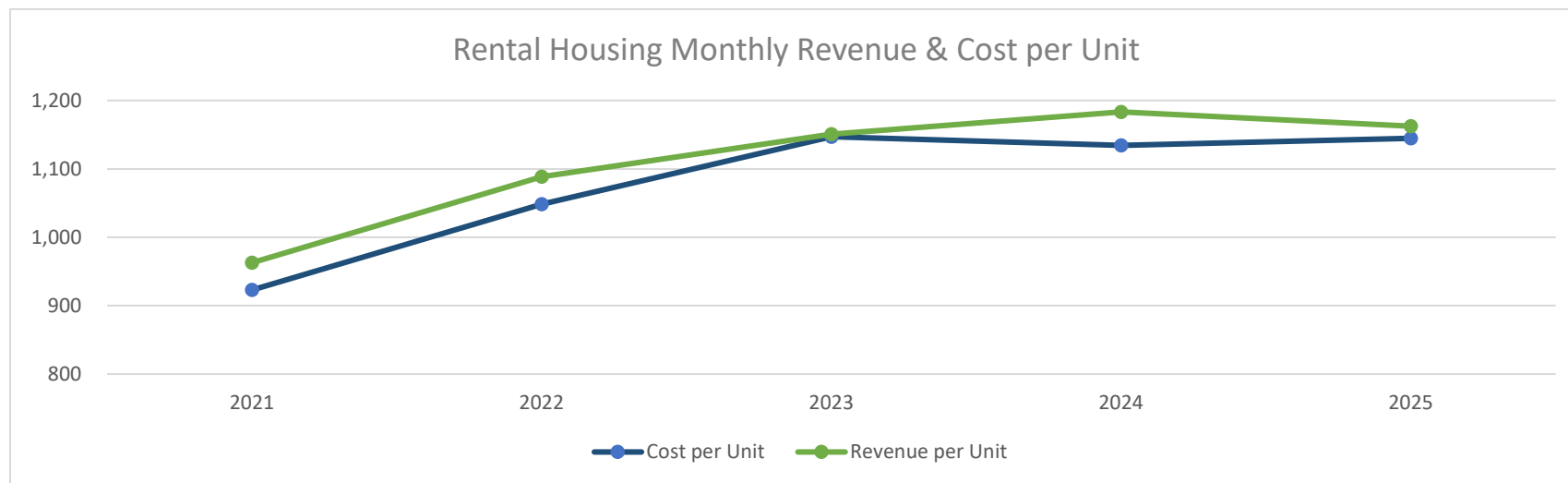
Schedule E provides a summary of each property's annual rental operations, with a focus on revenues and expenditures during the fiscal year. It determines how a surplus or deficit was generated per property and the related transfer to the portfolio stabilization reserve.

Capital Region Housing Corporation 2025 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.

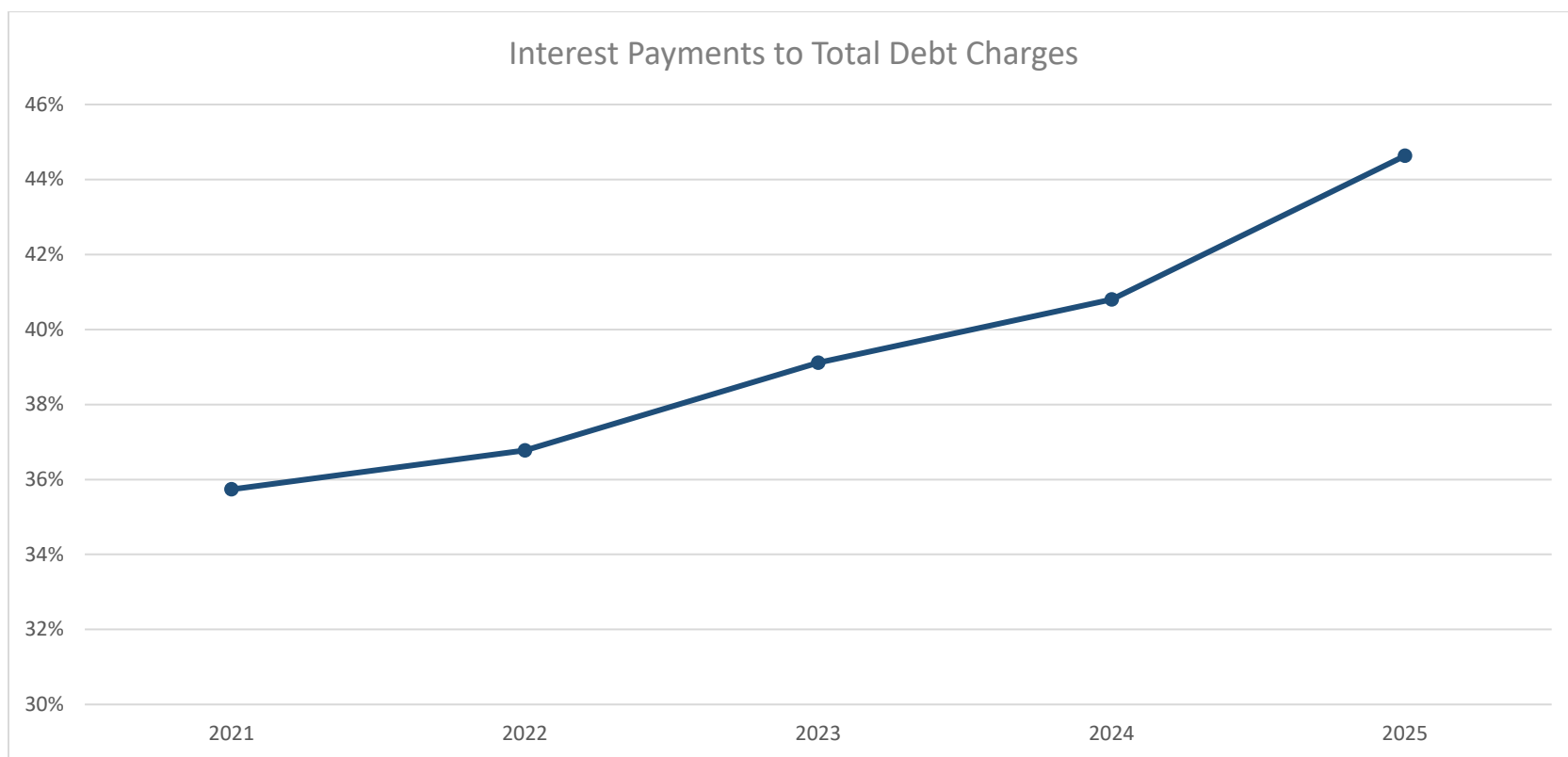
1. Rental Housing Monthly Revenue and Cost Per Unit

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 2021, the cost per unit experienced a notable decrease, attributed to the addition of 120 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 (Hockley House and Prosser). From 2022 to 2025, the monthly cost per unit presented an upward trend, reaching \$1,145 in 2025 (2024: \$1,134). 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 2025 monthly cost per unit is \$711 (2024: \$689). Despite increasing cost pressures, revenue per rental unit has kept pace with costs.



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

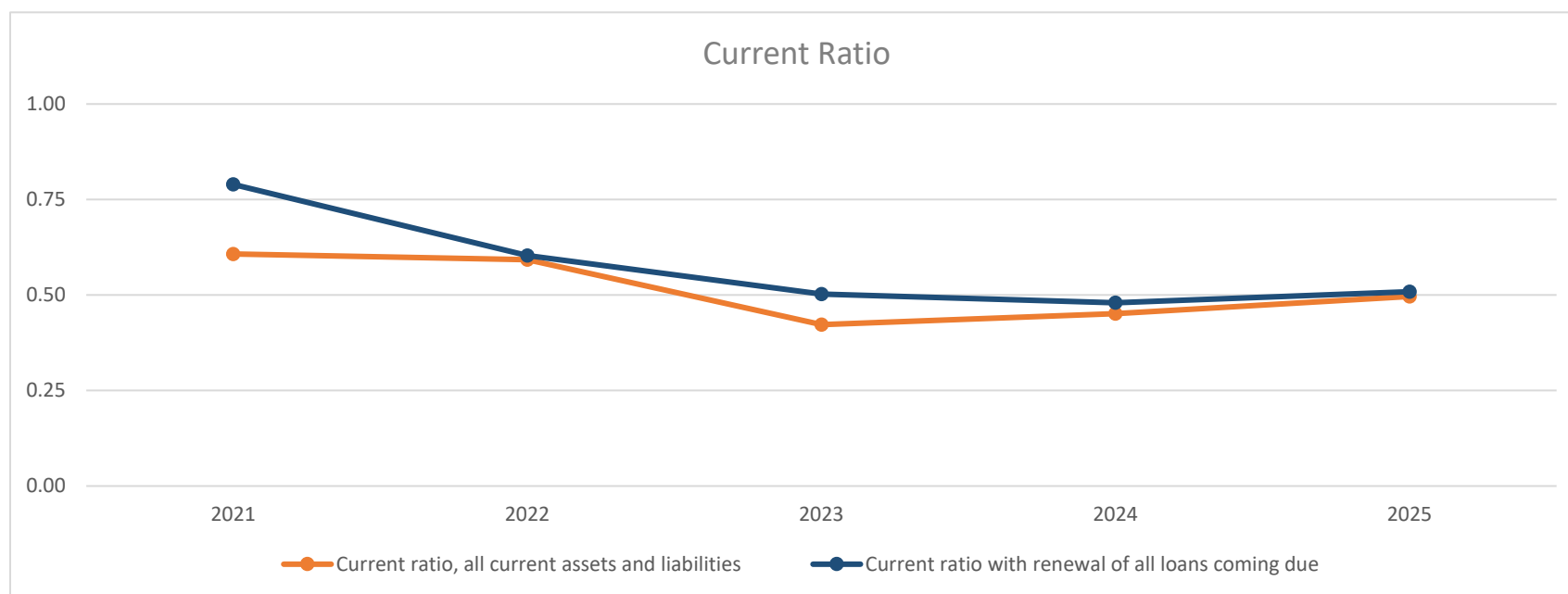
Principal and interest are the main components of a mortgage. Principal refers to the amount of money borrowed from the lender, while interest refers to the cost of borrowing. At the beginning of the mortgage term, more interest than principal is paid. In 2025, of the total mortgage debt servicing costs, 45% were attributed to interest payments (2024: 41%), a slight increase due to full year interest on new mortgages for properties at 330 and 332 Michigan.



3. Current Ratio

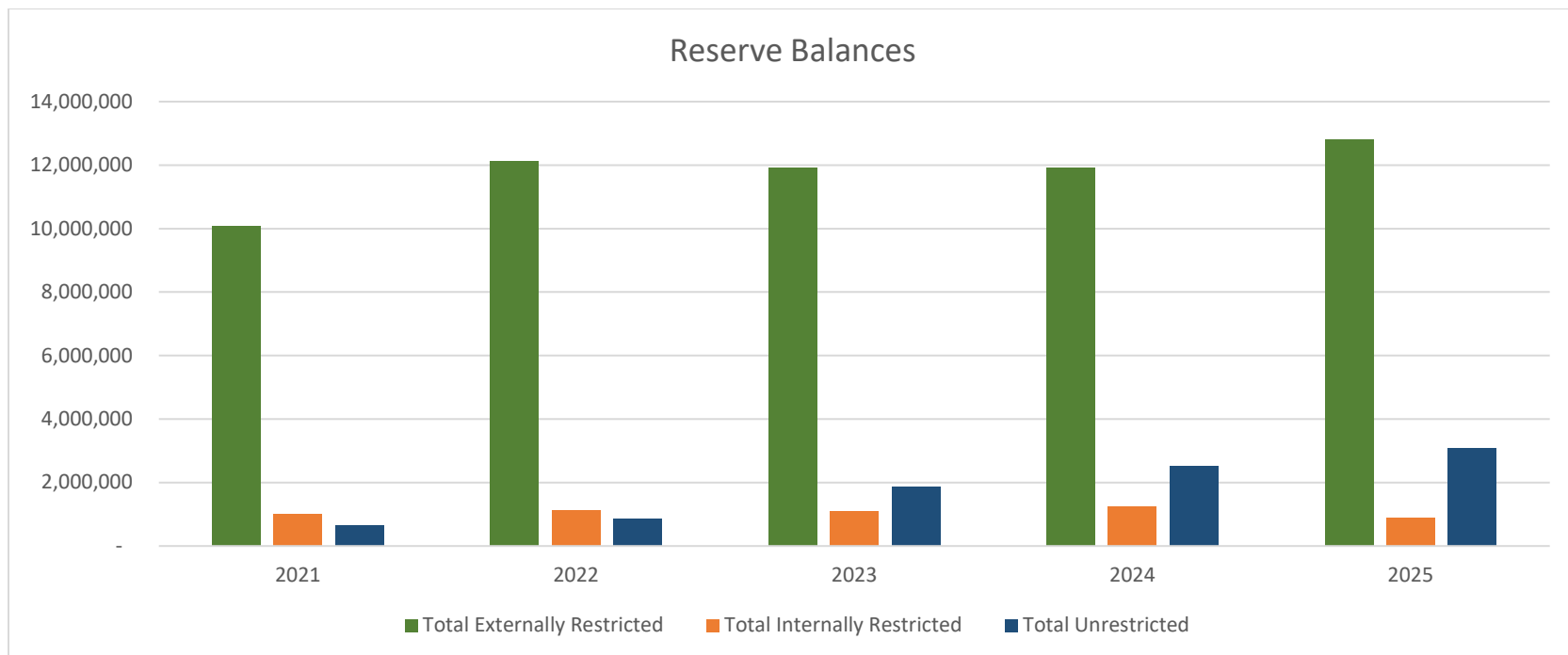
The current ratio serves as a measure of an entity's liquidity, indicating its ability to settle short-term debts using current assets. A higher ratio suggests a stronger ability to cover planned and unforeseen expenses. The 2021 current ratio was higher compared to other years due to acquiring Hockley House, which added \$25.6 million in new debt. Since 2021, the current ratio has declined as more buildings were acquired or completed resulting in additional 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 2024, the two ratios nearly aligned because the current portion of new mortgages added significantly outweighs renewals due in 2025. In 2025, there is greater alignment, there is a minor spread between the ratios due to \$1.9 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.



4. 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 2022-2025 signifies additions to replacement reserves surpassing expenditures from the reserve.



**REPORT TO CAPITAL REGION HOUSING CORPORATION BOARD
MEETING OF WEDNESDAY, MAY 13, 2026**

SUBJECT **Capital Region Housing Corporation 2025 Annual Report**

ISSUE SUMMARY

To present the Capital Region Housing Corporation (CRHC) 2025 Annual Report.

BACKGROUND

The CRHC 2025 Annual Report (Appendix A) provides a comprehensive overview of CRHC services, progress, and accomplishments in advancing corporate priorities, along with service delivery outcomes and financial highlights. The report also highlights key activities undertaken by CRHC over the past year.

The Annual Report is prepared to inform stakeholders of CRHC's activities and performance and, in conjunction with the approval of the 2025 financial statements, serves to formally close out the fiscal year.

CRHC operates as an independent corporation under the *Business Corporations Act* and is wholly owned by the Capital Regional District (CRD). The 2025 Annual Report outlines the work undertaken over the past year in support of the corporation's vision to deliver affordable, attractive, inclusive, and sustainable housing.

A significant achievement in 2025 was the completion of Caledonia, located in the Fernwood neighbourhood of Victoria. This development includes 158 affordable rental homes across two apartment buildings and three townhouse buildings and was supported through the Community Housing Fund.

The results presented in the Annual Report reflect the breadth and scope of CRHC's operations and demonstrate the corporation's contribution to enhancing quality of life for residents through the efficient and effective delivery of housing services across the region.

RECOMMENDATION

There are no recommendations. 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

ATTACHMENT:

Appendix A: Capital Region Housing Corporation 2025 Annual Report

CRD | CRHC ANNUAL REPORT



Greater Victoria,
British Columbia, Canada
Year ended December 31, 2025

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 (Penelakut), Sc'ianew (Beecher Bay), Songhees, SʔÁUTW_ (Tsawout), T'Sou-ke, WJOŁEŁP (Tsartlip), WSIKEM (Tseycum), and x^wsepsum (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: Caledonia, 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

We conclude 2025 with progress in delivering affordable housing that is urgently needed across our region. While we celebrate 2025's accomplishments, we look forward to the year ahead with a clear understanding that there is more work to be done.

This year, we celebrated the opening of Caledonia: 158 new homes built on the site of a former 18-unit property and surrounding lands long recognized for their collective potential. It is a powerful example of what is possible when we act with creativity, courage, and a shared commitment to community.

Caledonia was made possible through strong partnerships. The Capital Region Housing Corporation worked alongside BC Housing, School District 61, and the City of Victoria to bring these lands together. A pivotal contribution came from M'akola Housing Society, whose willingness to advance the Tonto-Rosette House property enabled the full site to be assembled, expanding the number of affordable homes that could be delivered.

Looking ahead, we remain focused and optimistic. We will continue working with our partners to create more affordable and much-needed social housing opportunities for our community.

Message from the Chief Administrative Officer



Ted Robbins

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

I'm pleased to have the opportunity to report that the CRHC continues to make considerable progress on the Capital Regional District (CRD) Board's goal to increase the number of housing units across the region, and 2025 was another extremely busy year for the Corporation.

In addition to the Caledonia redevelopment completed in 2025, nearby, ground was broken on a 160-unit redevelopment project for Village on the Green, and a new 205-unit development, Pandora, just a few blocks away. In Saanich, a new 210-unit development on Cedar Hill Road got underway, work continued on the 119-unit Campus View redevelopment, and two additional redevelopment projects received funding approval: 1800 McKenzie and Swanlea. And in Central Saanich, Verdier, a new 110-unit project, was started.

These seven active development projects have secured grant funding and financing and are in varied stages of construction and pre-construction. They will offer an additional 1,150 new homes, growing the CRHC portfolio to more than 3,100 homes by 2030.

2026 will be another productive year at the CRHC, both in construction and operations. I look forward to the Corporation creating more safe, affordable, critical housing opportunities for the community and for our tenants who remain CRHC's priority.



Michigan Square - Victoria

For more than 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.

CRHC Profile

The CRHC is a wholly owned subsidiary of the CRD and is the largest non-profit housing provider on Vancouver Island.

For more than 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. The CRHC now provides more than 2,100 homes for over 4,000 tenants in 50 properties across eight municipalities.

The CRHC will continue to develop more homes to meet our communities current and future housing needs. The projects recently completed, currently under development, and new developments in the planning stage are highlighted in 2025 Project Progress.

As the CRHC remains committed to delivering seven projects currently underway throughout the region, it is firmly committed to producing more housing opportunities for decades to come.

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.

2025 Project Progress

COMPLETED



CALEDONIA — *completed*

In 2025, the CRHC was proud to open its newest redevelopment featuring 158 new affordable rental homes within two apartment and three townhouse buildings.

Caledonia refreshes and revitalizes what was a CRHC owned 18-unit townhouse complex at the end of its service life after dutifully serving families for decades, and the former site of the Fairey Technical Building.

The project features 1, 2, 3 and 4-bedroom apartments as well as 2, 3 and 4-bedroom townhomes, some with private walk-up entrances. The site features large expanses of landscaped space, rain gardens and urban agriculture components, adjacent to the Chambers Community Allotment Gardens. An on-site amenity room will be for use by non-profit neighbourhood groups, and a playground in the courtyard of the property is for use by our younger tenants.

Caledonia is ideally located in Fernwood, aligned next to the newly renovated Victoria High School, separated by a lighted walkway just a short stroll from the Belfry Theatre, restaurants, and pubs, George Jay Elementary School, Royal Athletic Park and medical clinics.

UNDERWAY



VERDIER — *under development*

Located in Central Saanich's Brentwood Bay, Verdier is a development that combines 110 affordable homes with a planned daycare space. Now in the early development stages, construction began in 2025.



930 PANDORA — *under development*

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

2025 Project Progress

UNDERWAY



CEDAR HILL — *under development*

Located in Saanich, the Cedar Hill project will be 210 homes in an 18-storey mixed-use building with almost 2,700 square metres of library space on the main level with affordable rental homes located above. The project began development in 2025.



CAMPUS VIEW — *under development*

Located in Saanich near the University of Victoria, Campus View is a redevelopment project which will replace a former 12-unit townhouse development 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.

NEW



1800 MCKENZIE — *NEW development*

The redevelopment proposes 259 units across three, six-storey buildings set atop a shared underground parkade. The proposed redevelopment is currently at the development permit application stage and will provide a wide range of units from studios to 4-bedrooms.



SWANLEA — *NEW development*

Currently, the CRHC operates a 14-unit townhouse development at 898 Sevenoaks Road. The proposed redevelopment envisions approximately 134 affordable housing units, ranging from studios to 3-bedroom units in two mid-rise buildings.

CRHC Housing Looking to the Future

The CRHC has seen significant growth since 2019. In that time, it effectively doubled its portfolio, adding nearly 1,000 new homes for over 4,000 community members. We continue to respond to the challenges of the present, but this is not where our vision ends.

In November, the CRHC Board endorsed a framework outlining the potential for the CRHC to continue to build and provide affordable rental homes for families and individuals. CRHC 2045: "A Path to 5,000" Framework discusses how the CRHC might do just that. While it is in the early discussion stage, the framework builds on the more than 1,000 new rental homes currently underway between 2026 and 2030, and subject to partnership opportunities, and availability of funding, positions the CRHC to deliver an additional 2,000 net-new rental homes between 2031 and 2045.

The Corporation continues to create more housing opportunities for people in the region by reviewing its ageing housing stock and redeveloping where it makes the most sense – as quickly as possible – to create optimism, continuity, and reliability.

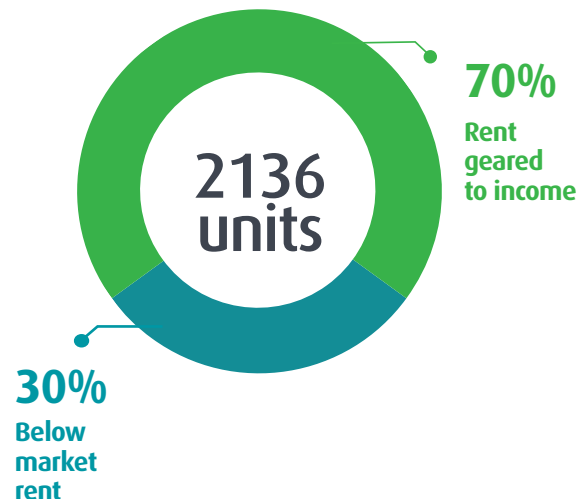


Building housing for those who need it most

CRHC Overview

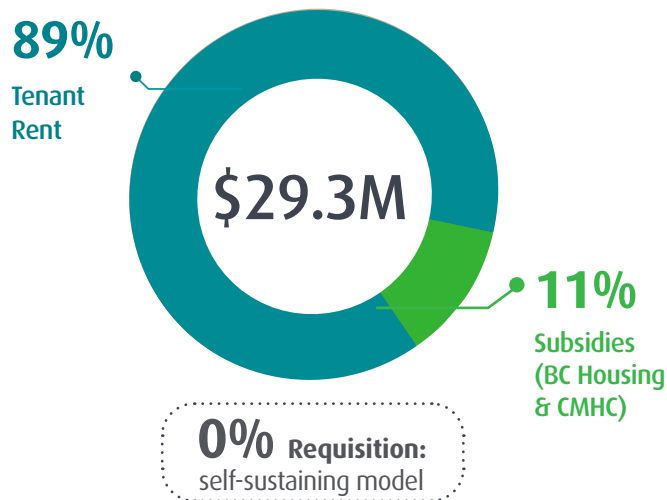


CRHC Rental Rates

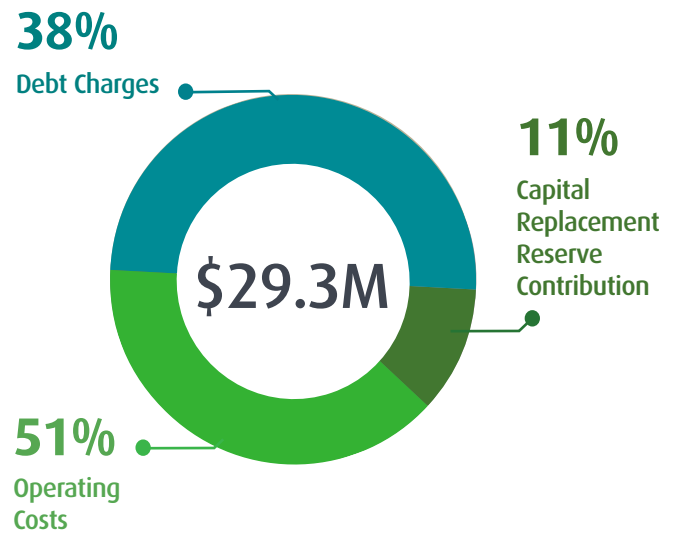


2025 Financial Highlights

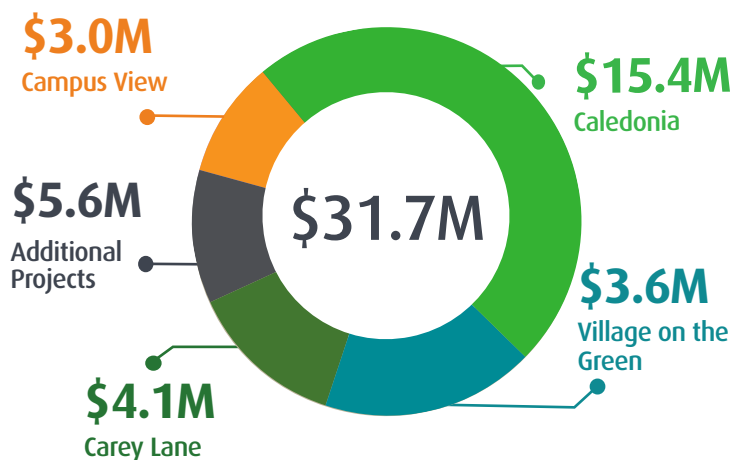
Operating Income



Operating Expenses



Capital Projects



*Includes pre-development and post-construction costs.

Routine Capital Improvements



\$3.1M

*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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