

**CANMORE COMMUNITY HOUSING CORPORATION**

**Financial Statements**

**For the year ended December 31, 2019**

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# CANMORE COMMUNITY HOUSING CORPORATION

## TABLE OF CONTENTS

For the year ended December 31, 2019

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<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF OPERATIONS	4
STATEMENT OF CHANGE IN NET FINANCIAL DEBT	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7 - 16
SCHEDULES TO THE FINANCIAL STATEMENTS	18



CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To: The Board of  
Canmore Community Housing Corporation

### *Opinion*

We have audited the financial statements of the Canmore Community Housing Corporation which comprise the statement of financial position as at December 31, 2019, and the statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2019, and its results of operations 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 report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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 these 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:

## INDEPENDENT AUDITOR'S REPORT, continued

- 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 organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Lethbridge, Alberta

Thursday, April 2, 2020

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Chartered Professional Accountants

**CANMORE COMMUNITY HOUSING CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
As at December 31, 2019

	2019	2018
<b>Financial assets</b>		
Cash	\$ 1,748,329	\$ 1,221,005
Term deposits (note 3)	935,254	765,359
Trade and other receivables (note 4)	379,954	284,284
Funds held in trust (damage deposits)	137,432	131,870
Inventory held for resale (note 5)	4,058,580	3,897,150
Investment in future housing developments (note 6)	1,064,222	6,361,891
	8,323,771	12,661,559
<b>Liabilities</b>		
Accounts payable and accrued liabilities	215,258	1,929,081
Deferred revenue (note 7)	319,981	489,456
Funds held in trust (damage deposits)	137,432	131,870
Long-term debt (note 8)	9,767,505	13,983,580
Due to related parties (note 9)	5,140,878	6,081,378
	15,581,054	22,615,365
<b>Net financial debt</b>	(7,257,283)	(9,953,806)
<b>Non-financial assets</b>		
Prepaid expenses and deposits	176,993	177,964
Tangible capital assets (schedule 1)	16,119,319	16,653,838
	16,296,312	16,831,802
Accumulated surplus (note 10 and schedule 2)	\$ 9,039,029	\$ 6,877,996

*Commitments and contingencies* (note 15)

Approved on behalf of the board:

Director \_\_\_\_\_

Director \_\_\_\_\_

**CANMORE COMMUNITY HOUSING CORPORATION**  
**STATEMENT OF OPERATIONS**  
For the year ended December 31, 2019

	Budget (unaudited)	2019	2018
<b>Revenue</b>			
Contributions from Town of Canmore	\$ 500,620	\$ 1,706,550	\$ 515,239
Interest	3,150	49,475	18,754
Resale administration	-	23,138	25,812
Leases	-	8,044	8,044
Other	25,000	2,850	-
	528,770	1,790,057	567,849
<b>Expenses</b>			
Wages and benefits	395,338	335,421	383,325
Rent	30,000	28,860	28,920
Professional fees	19,400	17,937	14,663
Office	26,758	11,072	12,527
Contract service	6,600	5,400	5,820
Resale administration	6,100	5,138	2,408
Other project and program expenses	5,000	3,348	-
Telephone and utilities	4,000	2,811	3,462
Insurance	1,995	2,212	1,659
Travel and accommodation	3,000	1,335	-
Meals and entertainment	1,561	705	686
Computer	-	363	581
Interest and bank charges	300	272	211
Communications	-	246	314
Loss on disposal of capital assets	-	-	233
Amortization	1,647	1,647	3,697
	501,699	416,767	458,506
<b>Excess of revenue over expenses before other</b>	<b>27,071</b>	<b>1,373,290</b>	<b>109,343</b>
<b>Other revenue (expenses)</b>			
Housing resale revenue	-	11,789,727	6,661,043
Housing resale expenses	-	(11,102,337)	(6,398,639)
Rental revenue	1,432,181	1,738,095	1,447,006
Rental interest	(451,917)	(454,159)	(471,866)
Rental expenses	(505,003)	(617,383)	(467,251)
Rental capital reserve expenditures	(69,916)	-	(25,515)
Rental amortization	(566,199)	(566,199)	(584,731)
	(160,854)	787,744	160,047
<b>Excess (deficiency) of revenue over expenses</b>	<b>(133,783)</b>	<b>2,161,034</b>	<b>269,390</b>
<b>Accumulated surplus, beginning of year</b>	<b>6,877,996</b>	<b>6,877,996</b>	<b>6,608,606</b>
<b>Accumulated surplus, end of year</b>	<b>6,744,213</b>	<b>9,039,030</b>	<b>6,877,996</b>

**CANMORE COMMUNITY HOUSING CORPORATION**  
**STATEMENT OF CHANGES IN NET FINANCIAL DEBT**  
For the year ended December 31, 2019

	Budget (unaudited)	2019	2018
<b>Excess (deficiency) of revenue over expenses</b>	\$ (133,783)	\$ 2,161,034	\$ 269,390
Acquisition of tangible capital assets	(30,550)	(33,327)	(15,046)
Amortization	567,846	567,846	588,428
Loss on disposal of tangible capital assets	-	-	233
	537,296	534,519	573,615
Net change in prepaid expenses	-	970	(176,934)
<b>Change in net financial debt</b>	403,513	2,696,523	666,071
<b>Net financial debt, beginning of year</b>	(9,953,806)	(9,953,806)	(10,619,877)
<b>Net financial debt, end of year</b>	(9,550,293)	(7,257,283)	(9,953,806)

**CANMORE COMMUNITY HOUSING CORPORATION**  
**STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2019

	2019	2018
<b>Operating transactions</b>		
Excess (deficiency) of revenue over expenses	\$ 2,161,034	\$ 269,390
Adjustments for items which do not affect cash		
Loss on disposal of tangible capital assets	-	233
Amortization	567,846	588,428
	2,728,880	858,051
Net change in non-cash working capital items		
Trade and other receivables	(95,670)	(185,893)
Inventory held for resale	(161,430)	(3,897,149)
Prepaid expenses and deposits	971	(176,934)
Accounts payable and accrued liabilities	(1,713,824)	1,252,350
	758,927	(2,149,575)
<b>Investing transactions</b>		
Decrease (increase) in term deposits	(169,895)	27,619
	(169,895)	27,619
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(33,327)	(15,046)
Applied to future housing development and inventory held for resale	(169,474)	(22,663)
Contributions received for inventory held for resale	-	250,000
Investment in future housing developments	5,297,668	(3,411,761)
	5,094,867	(3,199,470)
<b>Financing transactions</b>		
Proceeds on long-term debt	-	7,294,432
Repayment of long-term debt	(4,216,075)	(5,439,367)
Advances from related parties	(940,500)	4,420,878
	(5,156,575)	6,275,943
<b>Increase in cash</b>	<b>527,324</b>	<b>954,517</b>
<b>Cash, beginning of year</b>	<b>1,221,005</b>	<b>266,488</b>
<b>Cash, end of year</b>	<b>\$ 1,748,329</b>	<b>\$ 1,221,005</b>



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**CANMORE COMMUNITY HOUSING CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

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**1. Nature of operations**

Canmore Community Housing Corporation (the "organization") was incorporated on April 11, 2000 as a non-profit entity solely owned by the Town of Canmore and as such is not a taxable entity under the provisions of the Income Tax Act.

The purpose of the organization is to help the Town of Canmore maintain a healthy and balanced community over the long term by providing a mix of rental and ownership housing that is appropriate to the needs of the community and to enhance quality of life by facilitating the development of a perpetual stock of suitable housing for residents whose housing needs are not being met through other means.

Rental housing is provided in the form of apartment-style units as well as homes held in inventory awaiting resale under the Perpetually Affordable Housing (PAH) initiative.

PAH, for ownership purposes, is achieved by retaining title to housing units, while assigning the land and the building to qualifying homeowners by way of a 40 to 50 year initial lease term at below market purchase prices with two optional renewal terms of 25 years each.

**2. Significant accounting policies**

The financial statements are prepared in accordance with Canadian public sector accounting standards. The significant policies are detailed as follows:

(a) Revenue recognition

The organization follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Rental income is recognized in the financial statements as revenue in the period in which the income is earned. Security deposits are not recognized as revenue, but rather are held in trust until returned to the tenant or used to offset damages caused, at which time they would be recognized into revenue.

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**CANMORE COMMUNITY HOUSING CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

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**2. Significant accounting policies, continued**

(b) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount 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 expense during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(c) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the Change in Net Financial Debt for the year.

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized over the estimated useful life as follows:

	Years
Land improvements	5 years straight line
Buildings	4% declining balance
Computer hardware	50% declining balance
Computer software	2 years straight line
Furniture and office equipment	5 years straight line
Land improvements	5 years straight line

(ii) Contributions of tangible capital assets

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

(d) Investment in future housing developments

Investment in future housing developments includes costs incurred to develop future residential housing units to assist the organization in meeting its objectives.

(e) Cash and cash equivalents

The organization includes cash on hand, held by financial institutions in operating accounts, and temporary investments in the determination of cash and cash equivalents.

**CANMORE COMMUNITY HOUSING CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2019

**3. Term deposits**

Term deposits bear interest between 2.25% and 2.35% and have maturity dates ranging from January 2020 to June 2020. The carrying value of the term deposits approximates their fair value.

**4. Trade and other receivables**

	2019	2018
Mountain Haven Cooperative Homes	\$ 350,000	\$ 350,000
Trade receivables	17,051	19,655
GST (payable) receivable	12,903	(85,371)
	<u>\$ 379,954</u>	<u>\$ 284,284</u>

The Mountain Haven Cooperative amount is held in trust until the completion of the condominium conversion. The condominium corporation formed will seek approval for the issuance of a promissory note evidencing a debt owing for the purpose of establishing a reserve fund. If the promissory note is approved, the debt will be repaid by the condominium corporation in 120 equal payments on the 15th of each month commencing the first month following the conversion, without interest. In the event that the issuance of the promissory note is not approved, the \$350,000 plus interest earned will be returned to the organization immediately.

**5. Inventory held for resale**

Inventory includes 17 units of Mountain Haven Cooperative Homes that will be developed into condominiums and sold.

**6. Investment in future housing developments**

	2019	2018
Three Sisters Mountain Village Community Lands	\$ 1,044,850	\$ -
Palliser Village - Lot 7 costs	8,058	6,964
Peaks Landing costs	7,341	-
Palliser Village - Block 6 costs	3,973	3,973
Old Daycare Lands land and development costs	-	6,350,955
	<u>\$ 1,064,222</u>	<u>\$ 6,361,891</u>

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**CANMORE COMMUNITY HOUSING CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

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**7. Deferred revenue**

	2019	2018
Lease revenue	\$ 246,030	\$ 254,074
Mountain Haven Cooperative Homes conversion contribution	73,951	235,382
	<u>\$ 319,981</u>	<u>\$ 489,456</u>

The organization has entered into an agreement with Mountain Haven Cooperative Homes Ltd. (the "Co-op") to lease Lot 41 of Block 4 (TSMV) for an initial lease term of 45 years. The lease also includes four 25 year renewal terms that can be exercised at the option of the Co-op. The Co-op has paid the organization \$362,000, which represents the net present value of the lease payments for the entire 45 year initial term of the lease at the time of inception of the lease. These lease payments will be recognized as revenue over the initial term of the lease which commenced on August 1, 2005.

In the prior year, the organization received \$250,000 from the Town of Canmore to assist in converting the Mountain Haven Cooperative Homes from a cooperative to a condominium corporation.

During the year, \$161,430 was spent to convert the units which was recognized into revenue. The remaining balance will be recognized as revenue when the related conversion costs are incurred.

**CANMORE COMMUNITY HOUSING CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2019

**8. Long term debt**

	2019	2018
Town of Canmore This loan is repayable at \$202,795 semi-annually including interest at 4.98%. The loan is due in 2034.	\$ 4,153,267	\$ 4,344,841
Bow Valley Credit Union This loan is repayable at \$21,416 monthly including interest at 3.90%. The loan is due in 2021.	3,564,822	3,898,199
This loan is repayable at \$11,491 monthly including interest at 3.90%. The loan is due in 2020.	2,049,416	2,106,181
Bank of Montreal Paid out	-	3,634,359
	\$ 9,767,505	\$ 13,983,580
Current portion	\$ 3,825,071	\$ 3,989,548

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2020	\$ 3,825,071	\$ 420,519	\$ 4,245,590
2021	2,201,779	303,112	2,504,891
2022	222,036	183,554	405,590
2023	233,232	172,359	405,591
2024	244,991	160,600	405,591
Thereafter	3,040,396	1,378,906	4,419,302
	\$ 9,767,505	\$ 2,619,050	\$ 12,386,555

Security on the Bow Valley Credit Union loans consist of a 1st and 2nd collateral mortgage over Plan 0412844, Block 4, Lot 39 (100 Dygras Lane); assignment of rents registered by caveat; GSA registered at PPSA; environmental questionnaire and indemnity; loan agreements totaling \$6,300,000 and a corporate guarantee of the Town of Canmore totaling \$1,575,000.

**CANMORE COMMUNITY HOUSING CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2019

**9. Related party transactions**

	2019	2018
Town of Canmore - Mountain Haven Cooperative Homes	\$ (4,245,000)	\$ (4,245,000)
Town of Canmore - Old Daycare Lands	-	(1,298,000)
Town of Canmore - McArthur Place	(600,000)	(600,000)
Town of Canmore - Resale Line of Credit	(175,878)	(175,878)
Town of Canmore - Three Sisters Mountain Village	(162,500)	(162,500)
Town of Canmore - Development Agreement Deposit	42,500	400,000
	<b>\$ (5,140,878)</b>	<b>\$ (6,081,378)</b>

The organization is funded primarily through contributions from the Town of Canmore. During the year, the organization was allocated \$475,000 (2018 - \$475,000) from the Town of Canmore.

During the year, the organization used office space owned by the Town of Canmore. This space was provided by the Town of Canmore to the organization at no charge. Contributions have been recorded in the amount of \$25,620 for in-kind rent (2018 - \$25,620).

The Town of Canmore has advanced a total of \$4,245,000 to assist with the purchase of 17 units from Mountain Haven Cooperative Homes (MHCH). The corporation will repay the advance to the Town from any proceeds of the eventual sale of any of the 17 units acquired. The loan is interest free and there are no specific terms of repayment.

During the year, the Town of Canmore transferred a parcel of land described as Plan 1611360 Block 21 Lots 27 and 28 for \$1.00. The organization has recognized the land at fair market value in the amount of \$1,044,500 under investments in future housing developments.

The Town has contributed \$250,000 to the corporation to implement actions and activities required to transition MHCH to a managed PAH development. This amount is not repayable to the Town. \$161,430 of this amount was spent during the year and recognized as revenue. The remaining portion of \$73,951 is in deferred revenue until the related conversion costs are spent.

During 2017, the organization purchased a parcel of land from the Town of Canmore for the Old Daycare Land project for \$1,300,000. The remaining amount of \$1,298,000 (2018 - \$1,298,000) was paid during the year as Phase three of Old Daycare Land project is complete.

The Town of Canmore has advanced a total of \$600,000 (2018 - \$600,000) to assist with the construction of McArthur Place. This loan bears interest at 2%. The principal plus accrued interest is repayable in 2020. As of December 31, 2019, \$48,972 of outstanding interest has been included in accounts payable (2018 - \$36,972).

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**CANMORE COMMUNITY HOUSING CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

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**9. Related party transactions, continued**

The Town of Canmore has established a repurchasing line of credit to the organization up to a maximum of \$1,500,000 for the purchase of PAH units. These loans are secured by the PAH units until repaid to the Town of Canmore and do not bear interest. The loans are repayable to the Town of Canmore 14 days after the resale date of the unit. As at December 31, 2019 the line of credit was withdrawn \$175,878 (2018 - \$175,878).

During 2005, the Town of Canmore assumed a payable from the organization in the amount of \$325,000, which had previously been payable to an unrelated third party. The loan bears no interest or repayment terms and is unsecured. As of December 31, 2019, \$162,500 of this amount was outstanding (2018 - \$162,500).

In relation to the Old Daycare Land project, the organization has paid the Town of Canmore \$42,500 (2018 - \$400,000) for the development agreement deposit during the year. This will be repaid once the Town of Canmore is satisfied that the development has been constructed in accordance with the development permit.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

**10. Accumulated surplus**

Accumulated surplus consists of internally restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2019	2018
Unrestricted surplus	\$ 1,003,647	\$ 81,993
Internally restricted surplus (reserves) (note 11)	1,683,569	491,386
Equity in tangible capital assets (note 12)	6,351,814	6,304,617
	<u>\$ 9,039,030</u>	<u>\$ 6,877,996</u>

**CANMORE COMMUNITY HOUSING CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2019

**11. Internally restricted surplus (reserves)**

The organization has internally restricted the following funds for other than operational purposes:

	2019	2018
Capital reserve fund	\$ 364,577	\$ 199,813
The Hector building reserve fund	400,512	259,533
McArthur Place building reserve fund	168,480	32,040
Matching down deposit reserve fund	450,000	-
Accessory dwelling grant reserve fund	300,000	-
	<b>\$ 1,683,569</b>	<b>\$ 491,386</b>

The use of the capital reserve fund will be by decision of the board pursuant to the cash management policy. These funds may be used to:

- a) Build or contract the building of community housing projects;
- b) Purchase, service and/or maintain land held by the organization for community housing development;
- c) Purchase, renovate, or maintain community housing units owned by the organization;
- d) Use as seed capital for community housing projects and programs; and
- e) Undertake other activities to create or maintain community housing.

As per the policy, all interest earned is paid out to the operating account.

The Hector and McArthur Place building reserve funds are restricted for the costs of major repairs and or replacement of building components for the Hector and McArthur Place rental properties.

The accessory dwelling grant reserve fund is to assist market homeowners, whose land use areas allows for accessory dwellings to be constructed, to have access to grant funding to complete the same and thereby increase the supply of safe rental housing availability.

The matching down deposit reserve fund is to assist Perpetually Affordable Housing (PAH) homeowners and those on the PAH homeowners wapitis to acquire market or PAH property under a homeownership tenure in Canmore.

A portion of reserves are invested in term deposits.



**CANMORE COMMUNITY HOUSING CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2019

**12. Equity in tangible capital assets**

	2019	2018
Tangible capital assets (schedule 1)	\$ 18,937,255	\$ 18,903,928
Accumulated amortization (schedule 1)	(2,817,936)	(2,250,090)
Long term debt (note 8)	(9,767,505)	(13,983,580)
Long term debt - operating (note 8)	-	3,634,359
	\$ 6,351,814	\$ 6,304,617

**13. Economic dependence**

The organization is economically dependent on the Town of Canmore for its continued existence as the Town of Canmore provides the organization with a substantial portion of its revenue, as well as providing the organization with rent-free office space.

**14. Budget amounts**

The 2019 budget was approved by the Board of Directors and has been reported in the financial statements for information purposes only. The budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained reserve transfers, capital additions and principal payments on debt as expenditures. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

In addition, the approved budget did not contain an amount for amortization expense. In order to enhance comparability, the actual amortization expense has been included as a budget amount.

Budgeted deficit per financial statements		\$ (133,783)
Less: Capital expenditures		(30,550)
Long-term debt repayments		(360,555)
Transfers to reserves		(82,699)
Add: Amortization		567,846
Transfers from reserves		100,466
<b>Equals: Budgeted surplus</b>		<b>\$ 60,725</b>

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**CANMORE COMMUNITY HOUSING CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

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**15. Commitments and contingencies**

During 2018, Canmore Community Housing Corporation entered into an agreement to purchase 4 PAH units at 7th and 7th in Canmore and 3 units at Lookout Ridge in Canmore. The total cost to the organization is \$1,675,025 plus GST which will be funded by the line of credit. Deposits in the amount of \$175,879 have been paid and are included in prepaid expenses and deposits.

Land held by the organization (Palliser Lot 7) suffered flood damage in June, 2013 and its value is currently in question. Presently, the land is valued at \$1,768,000. Based on the available information, it is reasonably possible that an impairment in value has occurred. Management is currently in the process of determining how much, if any, impairment has occurred. It is not possible at this time to estimate the dollar value of potential impairment.

**16. Subsequent event**

a) Subsequent to year end, the Canmore Community Housing Corporation acquired a parcel of land from the Town of Canmore valued at \$250,000 for future development of 10 units.

b) COVID-19

The global coronavirus pandemic has had a significant impact on global financial markets and will have significant accounting, disclosure, and internal control implications for many entities. Some of the key impacts include, but are not limited to, interruptions of production and supply chains, unavailability of personnel, reductions in revenue, decline in value of financial investments, disruptions or stoppages in non-essential travel, and the closure of facilities and businesses. The situation is changing rapidly and the future impact on the entity is not readily determinable at this time.

**17. Financial instruments**

The organization's financial instruments consist of cash and temporary investments, trade and other receivables, amounts due from related parties, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the organization is not exposed to significant interest or currency risks arising from these financial instruments.

The carrying value of these financial instruments approximates their fair value.

**18. Comparative figures**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

**CANMORE COMMUNITY HOUSING CORPORATION**  
**SCHEDULES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2019

**Schedule of tangible capital assets**

**Schedule 1**

	Land	Land improvements	Buildings	Computer hardware	Computer software	Land improvements	Furniture and office equipment	2019	2018
<b>Cost:</b>									
Balance, beginning of year	\$ 4,599,981	\$ 9,272	\$ 13,773,012	\$ 15,236	\$ 1,459	\$ 494,816	\$ 10,152	\$ 18,903,928	\$ 18,891,192
Acquisitions	-	-	32,190	1,137	-	-	-	33,327	15,046
Disposals	-	-	-	-	-	-	-	-	(2,310)
<b>Balance, end of year</b>	<b>4,599,981</b>	<b>9,272</b>	<b>13,805,202</b>	<b>16,373</b>	<b>1,459</b>	<b>494,816</b>	<b>10,152</b>	<b>18,937,255</b>	<b>18,903,928</b>
<b>Accumulated amortization:</b>									
Balance, beginning of year	-	9,272	2,108,206	12,937	1,459	108,860	9,356	2,250,090	1,663,739
Annual amortization	-	-	467,236	1,149	-	98,963	498	567,846	588,428
Disposals	-	-	-	-	-	-	-	-	(2,077)
<b>Balance, end of year</b>	<b>-</b>	<b>9,272</b>	<b>2,575,442</b>	<b>14,086</b>	<b>1,459</b>	<b>207,823</b>	<b>9,854</b>	<b>2,817,936</b>	<b>2,250,090</b>
<b>Net book value</b>	<b>\$ 4,599,981</b>	<b>\$ -</b>	<b>\$ 11,229,760</b>	<b>\$ 2,287</b>	<b>\$ -</b>	<b>\$ 286,993</b>	<b>\$ 298</b>	<b>\$ 16,119,319</b>	<b>\$ 16,653,838</b>
<b>2018 net book value</b>	<b>\$ 4,599,981</b>	<b>\$ -</b>	<b>\$ 11,664,806</b>	<b>\$ 2,299</b>	<b>\$ -</b>	<b>\$ 385,956</b>	<b>\$ 796</b>	<b>\$ 16,653,838</b>	

**CANMORE COMMUNITY HOUSING CORPORATION**  
**SCHEDULES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2019

<b>Schedule of changes in accumulated surplus</b>				<b>Schedule 2</b>	
	Unrestricted	Internally restricted	Equity in tangible capital assets	2019	2018
Balance, beginning of year	\$ 81,994	\$ 491,386	\$ 6,304,616	\$ 6,877,996	\$ 6,608,606
Excess of revenue over expenses	2,161,034	-	-	2,161,034	269,390
Restricted funds used for operations	(1,192,183)	1,192,183	-	-	-
Current year funds used for tangible capital assets	(33,327)	-	33,327	-	-
Amortization	567,846	-	(567,846)	-	-
Repayment of long term debt	(581,717)	-	581,717	-	-
Change in accumulated surplus	921,653	1,192,183	47,198	2,161,034	269,390
<b>Balance, end of year</b>	<b>\$ 1,003,647</b>	<b>\$ 1,683,569</b>	<b>\$ 6,351,814</b>	<b>\$ 9,039,030</b>	<b>\$ 6,877,996</b>