

CANMORE COMMUNITY HOUSING CORPORATION

Financial Statements

For the year ended December 31, 2023

CANMORE COMMUNITY HOUSING CORPORATION

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For the year ended December 31, 2023

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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, 2023, 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, 2023, 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.

Emphasis of Matter

We draw attention to note 19 which describes amendments made to prior year's figures. Our audit opinion is not modified in respect to these matters.

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

INDEPENDENT AUDITOR'S REPORT, continued

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:

- 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

Wednesday, April 17, 2024



Chartered Professional Accountants

CANMORE COMMUNITY HOUSING CORPORATION
STATEMENT OF FINANCIAL POSITION
As at December 31, 2023

| | 2023 | 2022 (Restated) |
|--|----------------------|----------------------|
| Financial assets | | |
| Cash | \$ 2,605,058 | \$ 2,376,850 |
| Term deposits (note 4) | 1,435,388 | 1,411,540 |
| Trade and other receivables (note 5) | 401,880 | 550,664 |
| Funds held in trust (damage deposits) | 136,359 | 141,958 |
| Inventory held for resale (note 6) | 2,051,666 | 2,370,799 |
| Investment in future housing developments (note 7) | 1,231,153 | 1,060,747 |
| | <u>7,861,504</u> | <u>7,912,558</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities | 198,723 | 116,451 |
| Deferred revenue (note 8) | 12,736 | 14,097 |
| Funds held in trust (damage deposits) | 137,606 | 141,958 |
| Long-term debt (note 9) | 8,572,029 | 9,003,882 |
| Due to related parties | 1,656,265 | 2,057,439 |
| | <u>10,577,359</u> | <u>11,333,827</u> |
| Net financial debt | <u>(2,715,855)</u> | <u>(3,421,269)</u> |
| Non-financial assets | | |
| Prepaid expenses and deposits | 18,024 | 1,211 |
| Tangible capital assets (schedule 1) | 16,021,258 | 16,419,407 |
| | <u>16,039,282</u> | <u>16,420,618</u> |
| Accumulated surplus (note 11, schedule 2) | <u>\$ 13,323,427</u> | <u>\$ 12,999,349</u> |

Commitments and contingencies (note 17)

Approved on behalf of the board:

Director Jeffrey Chaves

Director Kristopher L. Mathieu

CANMORE COMMUNITY HOUSING CORPORATION

STATEMENT OF OPERATIONS

For the year ended December 31, 2023

| | Budget (unaudited) | 2023 | 2022 (Restated) |
|--|-----------------------|-------------|--------------------|
| Revenue | | | |
| Contributions from Town of Canmore (note 12) | \$ 475,620 | \$ 476,982 | \$ 475,620 |
| Interest | 11,950 | 159,189 | 66,301 |
| Resale administration | 37,500 | 14,975 | 32,731 |
| Other | - | 2,309 | 18 |
| | 525,070 | 653,455 | 574,670 |
| Expenses | | | |
| Wages and benefits | 427,400 | 560,465 | 351,827 |
| Professional fees | 22,000 | 98,633 | 24,424 |
| Rent | 31,500 | 28,920 | 28,920 |
| Office | 18,883 | 20,904 | 11,143 |
| Advertising | 22,000 | 8,514 | 1,334 |
| Travel and accommodation | 6,000 | 6,737 | 1,827 |
| Contract service | 6,365 | 5,400 | 5,400 |
| Insurance | 3,260 | 3,101 | 3,216 |
| Telephone and utilities | 2,575 | 2,653 | 2,228 |
| Meals and entertainment | 1,500 | 1,268 | 673 |
| Resale administration | 10,720 | 550 | 2,172 |
| Interest and bank charges | 300 | 250 | 117 |
| Amortization | 2,553 | 2,553 | 1,003 |
| | 555,056 | 739,948 | 434,284 |
| Excess (deficiency) of revenue over expenses before other | (29,986) | (86,493) | 140,386 |
| Other revenue (expenses) | | | |
| Housing resale revenue | - | 1,985,300 | 5,583,200 |
| Housing resale expenses | - | (1,844,979) | (5,095,206) |
| Rental revenue | 1,599,268 | 1,806,404 | 1,826,419 |
| Rental expenses | (574,543) | (827,921) | (702,935) |
| Rental interest | (303,159) | (290,996) | (308,620) |
| Rental amortization | (400,737) | (400,737) | (506,503) |
| Accessory Dwelling Program Expenses | - | (16,500) | - |
| | 320,829 | 410,571 | 796,355 |
| Excess of revenue over expenses | 290,843 | 324,078 | 936,741 |
| Accumulated surplus, beginning of year | | | |
| As previously stated | 12,938,997 | 12,938,997 | 12,062,608 |
| Prior period adjustment (note 19) | 60,352 | 60,352 | - |
| As restated | 12,999,349 | 12,999,349 | 12,062,608 |
| Accumulated surplus, end of year | 13,290,192 | 13,323,427 | 12,999,349 |

CANMORE COMMUNITY HOUSING CORPORATION
STATEMENT OF CHANGES IN NET FINANCIAL DEBT
For the year ended December 31, 2023

| | Budget (unaudited) | 2023 | 2022 (Restated) |
|--|-----------------------|-------------|--------------------|
| Excess of revenue over expenses | \$ 290,843 | \$ 324,078 | \$ 936,741 |
| Acquisition of tangible capital assets | (68,023) | (5,141) | (39,882) |
| Amortization | 403,290 | 403,290 | 507,506 |
| | 335,267 | 398,149 | 467,624 |
| Net change in prepaid expenses | - | (16,813) | 49,758 |
| Change in net financial debt | 626,110 | 705,414 | 1,454,123 |
| Net financial debt, beginning of year | | | |
| As previously stated | (3,481,621) | (3,481,621) | (4,875,392) |
| Prior period adjustment (note 19) | 60,352 | 60,352 | - |
| As restated | (3,421,269) | (3,421,269) | (4,875,392) |
| Net financial debt, end of year | (2,795,159) | (2,715,855) | (3,421,269) |

CANMORE COMMUNITY HOUSING CORPORATION

STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

| | 2023 | 2022 (Restated) |
|---|--------------|--------------------|
| Operating transactions | | |
| Excess of revenue over expenses | \$ 324,078 | \$ 936,741 |
| Adjustments for items which do not affect cash | | |
| Amortization | 403,290 | 507,506 |
| | 727,368 | 1,444,247 |
| Net change in non-cash working capital items | | |
| Trade and other receivables | 148,784 | (88,775) |
| Inventory held for resale | 319,133 | 1,148,313 |
| Prepaid expenses and deposits | (16,813) | 49,758 |
| Accounts payable and accrued liabilities | 82,271 | (372,686) |
| Deferred revenue | (1,361) | - |
| Funds held in trust (damage deposits) | 1,247 | - |
| Cash provided by operating transactions | 1,260,629 | 2,180,857 |
| Investing transactions | | |
| Increase in term deposits | (23,847) | (161,499) |
| Cash applied to investing transactions | (23,847) | (161,499) |
| Capital transactions | | |
| Acquisition of tangible capital assets | (5,141) | (39,882) |
| Applied to future housing development and inventory held for resale | - | (50,000) |
| Investment in future housing developments | (170,406) | 2,542,476 |
| Cash applied to (provided by) capital transactions | (175,547) | 2,452,594 |
| Financing transactions | | |
| Repayment of long-term debt | (431,853) | (2,537,146) |
| Advances from related parties | (401,174) | (1,338,815) |
| Cash applied to financing transactions | (833,027) | (3,875,961) |
| Increase in cash | 228,208 | 595,991 |
| Cash, beginning of year | 2,376,850 | 1,780,859 |
| Cash, end of year | \$ 2,605,058 | \$ 2,376,850 |

CANMORE COMMUNITY HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

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 Vital Homes initiative.

Vital Homes, 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.

CANMORE COMMUNITY HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

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 |
|--------------------------------|-----------------------|
| Leasehold 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, 2023

2. Significant accounting policies, continued

(f) **Asset retirement obligation**

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the organization to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the organization reviews the carrying amount of the liability. The organization recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The organization continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

3. Asset retirement obligation

The organization adopted PS 3280 asset retirement obligation and did not identify any asset retirement obligations as a result of this standard.

4. Term deposits

Term deposits bear interest between 4.00% and 4.25% and have maturity dates ranging from May 2024 to July 2024. The carrying value of the term deposits approximates their fair value.

CANMORE COMMUNITY HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

5. Trade and other receivables

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Due from Matching Down Deposit Program | \$ 167,053 | \$ 167,053 |
| Wolf Willow Condo Corporation | 149,147 | 333,968 |
| Interest receivable | 45,772 | 28,659 |
| GST receivable | 37,249 | 6,874 |
| Trade receivables | 17,363 | 14,110 |
| Allowance for doubtful accounts | (14,704) | - |
| | <u>\$ 401,880</u> | <u>\$ 550,664</u> |

The amount from Wolf Willow Condo Corporation (formerly known as Mountain Haven Cooperative Homes) was disbursed upon the completion of the condominium conversion March 31, 2020. During the year, \$184,821 was received. Effective 2024, the remaining balance will be repaid with minimum annual payments of \$16,884 per year until balance is paid off and is non-interest bearing.

The Matching Down Deposit Program is a pilot program for Vital Homes owners to assist in acquiring a property within the Town of Canmore by matching the approved applicants deposit on the purchase of their home. This amount is repayable over a five year term, with the option of being extended for a second five year term, at 1% interest per annum.

6. Inventory held for resale

| | 2023 | 2022 |
|--------------------------|---------------------|---------------------|
| Wolf Willow Condominiums | \$ 1,571,666 | \$ 2,069,935 |
| Vital Homes units | 480,000 | 300,864 |
| | <u>\$ 2,051,666</u> | <u>\$ 2,370,799</u> |

7. Investment in future housing developments

| | 2023 | 2022 |
|--|---------------------|---------------------|
| Three Sisters Mountain Village Community lands | \$ 1,131,803 | \$ 1,044,850 |
| Palliser Village - Lot 7 costs | 64,367 | 11,925 |
| Palliser Village - Block 6 costs | 34,983 | 3,973 |
| | <u>\$ 1,231,153</u> | <u>\$ 1,060,747</u> |

CANMORE COMMUNITY HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

8. Deferred revenue

| | 2023 | 2022 |
|-------------------------|-----------|-----------|
| Conversion contribution | \$ 12,736 | \$ 14,097 |

In the 2018 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. Total costs to date are \$237,264 with \$1,362 spent in the current year. The remaining balance will be recognized as revenue when the related conversion costs are incurred.

9. Long term debt

| | 2023 | 2022 |
|--|--------------|--------------|
| Bank of Montreal This loan is repayable at \$26,483 monthly including interest at 2.21%. The loan is due in 2026. | \$ 5,286,641 | \$ 5,485,263 |
| Town of Canmore This loan is repayable at \$202,795 semi-annually including interest at 4.98%. The loan is due in 2034. | 3,285,387 | 3,518,619 |
| | \$ 8,572,029 | \$ 9,003,882 |
| Current portion | \$ 448,004 | \$ 431,810 |

Principal and interest repayments are due as follows:

| | Principal | Interest | Total |
|------------|--------------|--------------|---------------|
| 2024 | \$ 448,004 | \$ 275,386 | \$ 723,390 |
| 2025 | 464,889 | 258,501 | 723,390 |
| 2026 | 482,497 | 240,893 | 723,390 |
| 2027 | 500,864 | 222,526 | 723,390 |
| 2028 | 500,188 | 223,202 | 723,390 |
| Thereafter | 6,175,587 | 2,396,443 | 8,572,030 |
| | \$ 8,572,029 | \$ 3,616,951 | \$ 12,188,980 |

Security on the Bank of Montreal (BMO) loan consists of a first-ranking all indebtedness mortgage of \$6,117,000 registered over Plan 0412844 Block 4, lot 39 (100 Dyrgas Lane); security interest over all present and after-acquired property with a first ranking for account receivables, inventory, machinery & equipment, asset specific to 100 Dyrgas Lane; environmental review and compliance certificate.

CANMORE COMMUNITY HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

10. Related party transactions

| | 2023 | 2022 |
|--|-----------------------|-----------------------|
| Town of Canmore - Mountain Haven Cooperative Homes | \$ (1,176,265) | \$ (1,756,575) |
| Town of Canmore - Resale Line of Credit | (480,000) | (300,864) |
| | <u>\$ (1,656,265)</u> | <u>\$ (2,057,439)</u> |

The organization is funded primarily through contributions from the Town of Canmore. During the year, the organization was allocated \$450,000 (2022 - \$450,000) 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 (2022 - \$25,620).

The Town of Canmore advanced a total of \$4,245,000 to assist with the purchase of 17 units from Mountain Haven Cooperative Homes (MHCH), now Wolf Willow Condo Corporation. 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, two sales occurred with proceeds totaling \$642,500 and \$580,310 of this amount was repaid to the Town. Subsequent to year end, the remaining proceeds of \$62,190 were repaid.

The Town has contributed \$250,000 to the corporation to implement actions and activities required to transition MHCH to a managed Vital Homes development. This amount is not repayable to the Town. The total costs to date are \$237,264 with the remaining portion of \$12,736 is in deferred revenue until the related conversion costs are spent.

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 Vital Homes units. These loans are secured by the Vital Homes 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, 2023 the line of credit was withdrawn \$480,000 (2022 - \$300,864).

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.

CANMORE COMMUNITY HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

11. Accumulated surplus

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

| | 2023 | 2022 (Restated) |
|--|----------------------|----------------------|
| Unrestricted surplus | \$ 3,562,049 | \$ 3,279,022 |
| Internally restricted surplus (reserves) (note 13) | 2,312,149 | 2,304,802 |
| Equity in tangible capital assets (note 14) | 7,449,229 | 7,415,525 |
| | <u>\$ 13,323,427</u> | <u>\$ 12,999,349</u> |

12. Contributions from Town of Canmore

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Annual contribution | \$ 450,000 | \$ 450,000 |
| In Kind rent | 25,620 | 25,620 |
| Mountain Haven Cooperative Homes deferred revenue recognized | 1,362 | - |
| | <u>\$ 476,982</u> | <u>\$ 475,620</u> |

CANMORE COMMUNITY HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

13. Internally restricted surplus (reserves)

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

| | 2023 | 2022 |
|---------------------------------------|---------------------|---------------------|
| Capital reserve fund | \$ 422,697 | \$ 429,763 |
| The Hector building reserve fund | 689,142 | 668,609 |
| Matching down deposit reserve fund | 422,947 | 422,947 |
| Special initiatives reserve fund | 372,000 | 372,000 |
| McArthur Place building reserve fund | 321,863 | 311,483 |
| Accessory dwelling grant reserve fund | 83,500 | 100,000 |
| | <u>\$ 2,312,149</u> | <u>\$ 2,304,802</u> |

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 Vital Homes homeowners and those on the Vital Homes homeowners waiting list to acquire market or Vital Homes property under a homeownership tenure in Canmore.

The special initiatives reserve fund is for the purpose of maintaining rental stability, creating a Palliser lands master plan, and a housing action plan.

A portion of reserves are invested in term deposits.

CANMORE COMMUNITY HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

14. Equity in tangible capital assets

| | 2023 | 2022 |
|---------------------------------------|---------------------|---------------------|
| Tangible capital assets (schedule 1) | \$ 20,833,756 | \$ 20,828,615 |
| Accumulated amortization (schedule 1) | (4,812,498) | (4,409,208) |
| Long term debt (note 9) | (8,572,029) | (9,003,882) |
| | <u>\$ 7,449,229</u> | <u>\$ 7,415,525</u> |

15. 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.

16. Budget amounts

The 2023 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 surplus per financial statements | \$ 290,843 |
| Less: Capital expenditures | (68,023) |
| Long-term debt repayments | (420,231) |
| Transfers to reserves | (190,000) |
| Add: Amortization | 403,290 |
| Transfers from reserves | 108,023 |
| Equals: Budgeted surplus | <u>\$ 123,902</u> |

CANMORE COMMUNITY HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

17. Commitments and contingencies

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.

18. 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.

19. Prior period

The prior year numbers have been adjusted to reduced accrued liabilities that were double recorded. The effects of these adjustments are as follows:

- a decrease in accrued liabilities of \$60,352 as of December 31, 2022
- an increase in excess of revenue of over expenses of \$60,352 as of December 31, 2022
- an increase in unrestricted accumulated surplus of \$60,352 as of January 1, 2023

20. 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, 2023

Schedule of tangible capital assets

Schedule 1

| | Land | Leasehold improvements | Buildings | Computer hardware | Computer software | Land improvements | Furniture and office equipment | 2023 | 2022 |
|----------------------------------|---------------------|---------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------------------|----------------------|----------------------|
| Cost: | | | | | | | | | |
| Balance, beginning of year | \$ 6,399,981 | \$ 9,272 | \$ 13,894,650 | \$ 18,286 | \$ 1,459 | \$ 494,816 | \$ 10,152 | \$ 20,828,615 | \$ 20,788,733 |
| Acquisitions | - | - | - | 3,410 | - | - | 1,731 | 5,141 | 39,882 |
| Balance, end of year | 6,399,981 | 9,272 | 13,894,650 | 21,696 | 1,459 | 494,816 | 11,883 | 20,833,756 | 20,828,615 |
| Accumulated amortization: | | | | | | | | | |
| Balance, beginning of year | - | 9,272 | 3,876,227 | 17,282 | 1,459 | 494,816 | 10,152 | 4,409,208 | 3,901,702 |
| Annual amortization | - | - | 400,737 | 2,207 | - | - | 346 | 403,290 | 507,506 |
| Balance, end of year | - | 9,272 | 4,276,964 | 19,489 | 1,459 | 494,816 | 10,498 | 4,812,498 | 4,409,208 |
| Net book value | \$ 6,399,981 | \$ - | \$ 9,617,686 | \$ 2,207 | \$ - | \$ - | \$ 1,385 | \$ 16,021,258 | \$ 16,419,407 |
| 2022 net book value | \$ 6,399,981 | \$ - | \$ 10,018,423 | \$ 1,004 | \$ - | \$ - | \$ - | \$ 16,419,407 | |

CANMORE COMMUNITY HOUSING CORPORATION
SCHEDULES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

Schedule of changes in accumulated surplus

Schedule 2

| | Unrestricted | Internally restricted | Equity in tangible capital assets | 2023 | 2022 (Restated) |
|--|---------------------|--------------------------|---|----------------------|----------------------|
| Balance, beginning of year | | | | | |
| As previously stated | \$ 3,218,670 | \$ 2,304,802 | \$ 7,415,525 | \$ 12,938,997 | \$ 12,062,608 |
| Prior period adjustment (note 19) | 60,352 | - | - | 60,352 | - |
| As restated | 3,279,022 | 2,304,802 | 7,415,525 | 12,999,349 | 12,062,608 |
| Excess of revenue over expenses | 324,078 | - | - | 324,078 | 936,741 |
| Unrestricted funds designated for future use | (30,913) | 30,913 | - | - | - |
| Restricted funds used for operations | 23,566 | (23,566) | - | - | - |
| Current year funds used for tangible capital assets | (5,141) | - | 5,141 | - | - |
| Amortization | 403,290 | - | (403,290) | - | - |
| Repayment of long term debt | (431,853) | - | 431,853 | - | - |
| Change in accumulated surplus | 283,027 | 7,347 | 33,704 | 324,078 | 936,741 |
| Balance, end of year | \$ 3,562,049 | \$ 2,312,149 | \$ 7,449,229 | \$ 13,323,427 | \$ 12,999,349 |