

Capital Region Housing Corporation Other Financial Statement Analysis

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

3. Statement of Change in Net Assets and Remeasurement Gains and Losses

The Statement of Change in net assets reports the annual surplus and changes in the following funds:

- Operating Fund (Corporate Fund and Rental Housing Fund)
- Restricted Fund (Capital Fund and Replacement Reserve Fund)
- Remeasurement Gains/(Losses)

Table 5 summarizes the change in net assets and remeasurement gains and losses in 2024 compared to 2023.

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

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

Total net assets increased from 2023 by \$13.8 million or 20%. \$10.8 of the \$13.6 million annual surplus is a result of government grant contributions for various housing construction projects. These grants are recognized as revenue in the year they are spent resulting an annual surplus in 2024. Net assets have increased by \$0.2 million due to an unrealized gain on investments.

4. Statement of Cash Flows

The Statement of Cash Flows reports the sources and uses of cash during the period. It breaks down these cash flows into four distinct categories: operating activities, investing activities, capital activities and financing activities. The positive cash flow from operating activities means that core operations is generating enough cash to maintain operations, buy new assets and cover future-related mortgage payments. Table 6 summarizes the change in cash by activity comparing 2024 to 2023.

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

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

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

5. Schedules

A. Schedule of Changes in Replacement Reserve Fund

Replacement reserve is a method of setting aside funds to cover a rental property's anticipated future capital improvement expenses (i.e., replacement of a roof, carpets, or appliances). Schedule A of the financial statements details the annual Changes in the Replacement Reserve Fund by property, including contributions, interest and transfers to the Capital Fund.

B. Schedule of Changes in Portfolio Stabilization Reserves

In accordance with operating agreements, a Portfolio Stabilization Reserve (PSR) has been established for each rental portfolio's accumulated operating surplus. The annual operating surplus/(deficit) is transferred to the PSR and the CRHC Board has control over specified fund use as per operating agreements. Schedule B is a summary of PSR reserve activity per portfolio.

C. Schedule of Capital Assets

Schedule C is a listing of tangible capital assets at book value per building, classified by land, prepaid lease, buildings, equipment and transfers from replacement reserve fund. Accumulated amortization is based on the limited useful life of an asset, excluding land, regardless of how the asset acquisition was funded.

D. Schedule of Capital Fund – Mortgages Payable

Schedule D provides a summary of mortgage details by property and the cumulative principal which relates to current mortgage renewal in the following year, and the long-term mortgage payable.

E. Schedule of Operating Fund – Rental Operations

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