

**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