

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.