

## **Financial Statements**

# **Calhome Properties Ltd.**

**Operating as 'Calgary Housing Company'**

**December 31, 2015**

## **Independent Auditor's Report**

To the Directors of  
Calhome Properties Ltd.

We have audited the accompanying financial statements of Calhome Properties Ltd., which comprise the statement of financial position as at December 31, 2015, the statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Calhome Properties Ltd. as at December 31, 2015 and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Deloitte LLP*

Chartered Professional Accountants, Chartered Accountants  
March 11, 2016

## STATEMENT OF FINANCIAL POSITION

(Expressed in Thousand of Dollars)

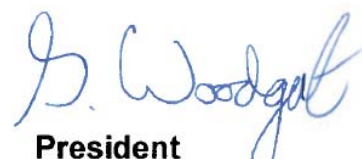
As at December 31

	<u>2015</u>	<u>2014</u>
<b>Financial Assets</b>		
Cash (Note 3)	25,887	25,314
Receivables		
Rent and others	601	674
Senior governments	2,761	2,415
Assets Held for Sale	750	940
	<u>29,999</u>	<u>29,343</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	6,869	5,375
Unearned revenue	2,174	2,121
Payable to senior government	1,992	2,069
Rent supplement advance (Note 4)	4,255	4,255
Tenants' security deposits	992	1,092
Mortgage payable (Note 5)	15,206	20,647
Employee benefit obligation (Note 6)	1,723	1,567
	<u>33,211</u>	<u>37,126</u>
<b>NET DEBT</b>	3,212	7,783
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 7)	92,324	92,222
Prepaid expenses	113	108
	<u>92,437</u>	<u>92,330</u>
<b>ACCUMULATED SURPLUS (Note 10)</b>	<u>89,225</u>	<u>84,547</u>

See accompanying notes

On behalf of the Board

  
**Chairman**

  
**President**

**STATEMENT OF OPERATIONS**  
(Expressed in Thousand of Dollars)

For the year ended December 31

	Budget	2015	2014
<b>REVENUE</b>			
Rent Revenue	49,982	<b>50,222</b>	49,978
Government transfers			
Shared cost agreements	12,926	<b>13,654</b>	16,771
Restricted funds	20	<b>1,007</b>	637
Debt interest rebates	186	<b>169</b>	180
Rent supplement	18,809	<b>20,198</b>	18,753
Interest income	348	<b>337</b>	381
Insurance recoveries (Note 12)	-	<b>505</b>	1,299
Miscellaneous	879	<b>1,341</b>	982
	<u>83,150</u>	<u><b>87,433</b></u>	<u>88,981</u>
<b>EXPENDITURES</b>			
Administration	11,936	<b>12,381</b>	11,035
Amortization of tangible capital assets	3,081	<b>2,860</b>	2,873
Debt servicing	581	<b>572</b>	727
Maintenance	14,361	<b>16,320</b>	17,042
Property operations	13,038	<b>13,994</b>	12,383
Rent supplement	19,697	<b>20,932</b>	19,591
Taxes and leases	3,113	<b>3,052</b>	6,574
Utilities	10,798	<b>9,284</b>	9,916
Restricted expenditures (Note 11)	-	<b>57</b>	-
Insurance (Note 12)	-	<b>948</b>	240
	<u>76,605</u>	<u><b>80,400</b></u>	<u>80,381</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS</b>	<b>6,545</b>	<b>7,033</b>	<b>8,600</b>
<b>OTHER ITEMS</b>			
Return to The City of Calgary	(2,799)	<b>(2,144)</b>	(2,235)
Replacement reserve contribution	(1,505)	<b>(4,699)</b>	(1,038)
Contribution to Community Housing Portfolio	-	-	(600)
Revaluation adjustment of Asset Held for Sale	-	<b>(190)</b>	(185)
	<u>(4,304)</u>	<u><b>(7,033)</b></u>	<u>(4,058)</u>
<b>SURPLUS/(DEFICIT)</b>	<b>2,241</b>	<b>-</b>	<b>4,542</b>

## **STATEMENT OF CASH FLOWS**

(Expressed in Thousands of Dollars)

For the year ended December 31

	<u>2015</u>	<u>2014</u>
<b>NET INFLOW/(OUTFLOW) OF CASH RELATED TO FOLLOWING ACTIVITIES:</b>		
<b>OPERATING ACTIVITIES</b>		
Surplus	-	4,542
Non-cash items:		
Amortization of tangible capital assets	2,860	2,873
Revaluation adjustment	190	185
Transfer to reserves	4,699	1,038
Change in non-cash working capital ( <i>Note 14</i> )	1,247	(1,808)
	<u>8,996</u>	<u>6,830</u>
<b>CAPITAL ACTIVITIES</b>		
Addition of tangible capital assets	(2,962)	(1,797)
Expenses charged to replacement reserves	(20)	-
	<u>(2,982)</u>	<u>(1,797)</u>
<b>FINANCING AND INVESTING ACTIVITIES</b>		
Repayment of long term debt	(5,441)	(5,380)
	<u>(5,441)</u>	<u>(5,380)</u>
<b>NET INCREASE/(DECREASE) IN CASH DURING THE YEAR</b>	<b>573</b>	<b>(347)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>25,314</b>	<b>25,661</b>
<b>CASH, END OF YEAR (<i>Note 3</i>)</b>	<b><u>25,887</u></b>	<b><u>25,314</u></b>

**STATEMENT OF CHANGE IN NET DEBT**  
(Expressed in Thousand of Dollars)

For the year ended December 31

	Budget	<b>2015</b>	2014
<b>ANNUAL SURPLUS</b>	2,241	-	4,542
<b>TANGIBLE CAPITAL ASSETS</b>			
Additions	(4,664)	<b>(2,962)</b>	(1,797)
Amortization of tangible capital assets	3,064	<b>2,860</b>	2,873
Contribution to replacement reserves	1,505	<b>4,699</b>	1,038
Expenses charged to replacement reserves	-	<b>(20)</b>	-
	<u>(95)</u>	<u><b>4,577</b></u>	<u>2,114</u>
<b>OTHERS</b>			
(Increase)/decrease in prepaid expenses	-	<b>(6)</b>	10
	<u>-</u>	<u><b>(6)</b></u>	<u><b>10</b></u>
<b>DECREASE IN NET DEBT</b>	2,146	<b>4,571</b>	6,666
<b>NET DEBT, BEGINNING BALANCE</b>	7,783	<b>7,783</b>	14,449
<b>NET DEBT, ENDING BALANCE</b>	<u><b>5,637</b></u>	<u><b>3,212</b></u>	<u><b>7,783</b></u>

## **NOTES TO FINANCIAL STATEMENTS**

(Expressed in thousands of Dollars)

For the year ended December 31, 2015

### **1. NATURE OF THE BUSINESS**

Calhome Properties Ltd. [the "Company"], a private not-for-profit corporation, is wholly-owned by The City of Calgary [the "City"] and was incorporated June 16, 1978 under the Business Corporations Act of The Province of Alberta. As at April 1, 2001, the Company assumed the trade name of Calgary Housing Company ["CHC"].

The Company delivers safe and affordable housing solutions to Calgarians under agreements with the City, The Province of Alberta [the "Province"], and Canada Mortgage and Housing Corporation ["CMHC"] which provide subsidies for certain projects. Since its inception, the Company has assumed ownership and/or management of Portfolios under different agreements. The following is a brief description of the portfolios:

#### **CHC Federal Fixed Subsidy Portfolio**

This portfolio consists of 1,021 units owned and managed by the Company. CMHC subsidizes the interest payments on the mortgages of these properties so that the effective rate of interest to the Company is 2% per annum. The Company has received authorization to maintain a replacement reserve for this portfolio. In the event the maximum federal assistance received (debt interest rebate) exceeds the actual required, the excess federal assistance received shall be refundable to CMHC. The net surplus and/or losses are the responsibility of the Company.

#### **CHC Provincial Fixed Subsidy Portfolio**

This portfolio consists of 98 units owned and managed by the Company. The portfolio operates on the same basis as the Federal Fixed Subsidy Portfolio, with the exception that the subsidy is received from the Province. The Company has received authorization to maintain a replacement reserve for this portfolio. The Company is responsible for net operating results.

#### **CHC Public Non-Profit Portfolio**

This portfolio consists of 210 units owned by the Company. By agreement, the Federal and Provincial governments share the operating deficits at the ratio of 70% and 30% respectively with the exception of the Lincoln Park Fanning Centre which receives a subsidy in an amount required to reduce debt financing costs to 2% per annum.



## **NOTES TO FINANCIAL STATEMENTS**

(Expressed in thousands of Dollars)

For the year ended December 31, 2015

### **Calhome Financed Portfolio**

This portfolio is comprised of 443 units owned by the Company with no direct subsidy from any governmental agency.

### **City Owned Community Housing Portfolio**

This portfolio consists of 1,048 units owned by the City and managed by the Company. Any operating surpluses or losses are refunded or subsidized 50%, 40%, and 10% respectively by federal, provincial, and municipal governments under joint agreement.

### **City of Calgary Partnership Portfolio**

This portfolio consists of 1085 units owned by The City of Calgary. The Company manages a variety of affordable housing units on behalf of the City. The Company is authorized to maintain a replacement reserve for this portfolio. This portfolio receives no subsidy and the net operating results are the responsibility of the City.

### **Corporate Properties Residential Units Portfolio**

This portfolio consists of 424 units owned by The City of Calgary. The Company manages these housing units on behalf of the City. This portfolio receives no subsidy and the net operating results are the responsibility of the City.

### **Provincial Owned Community Housing Portfolio**

This portfolio consists of 2,721 [2014 - 2,817] units owned by the Province of Alberta. The Company assumed the management of this portfolio owned by the Province in 2001. The Province will fund or be refunded any losses or surpluses on a fiscal year basis.

### **Rent Supplement Portfolio**

This portfolio is a provincial government program administered by the Company for which the Company receives reimbursement of administration fees incurred and rental subsidies paid to the private landlords and tenants.

## **NOTES TO FINANCIAL STATEMENTS**

(Expressed in thousands of Dollars)

For the year ended December 31, 2015

### **2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Company are prepared in accordance with public sector accounting standards ("PSAS") for local government organizations as established by the Public Sector Accounting Board of the Chartered Professional Accountants Canada.

#### **Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods and services and/or the legal obligation to pay.

#### **Revenue**

Rents charged to tenants are based on rent-to-income policies or affordable rates outlined in the agreements with The Province, CMHC and the City and are recorded on an accrual basis. Rental revenue includes rents and other sundry revenues.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired. Government transfers and earnings thereon restricted by agreement or legislation are accounted for as refundable to senior government until used for the purpose specified.

#### **Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They generally have useful lives extending beyond the current year. Non-financial assets include tangible capital assets and prepaid expenses. The change in non-financial assets during the year, together with the excess of revenues over expenditures, provides the information presented in the Statement of Net Debt for the year.

**NOTES TO FINANCIAL STATEMENTS**  
(Expressed in thousands of Dollars)

For the year ended December 31, 2015

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**[i] Tangible Capital Assets**

Tangible capital assets are recorded at historical 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 on a straight-line basis over the estimated useful life as follows:

	<b>YEARS</b>
Land	-
Buildings	50-75
Building Betterments	5-75
Leasehold Improvement	5-10
Computer System	5
Furniture	20
Vehicles	10

Assets under construction are not amortized until the asset is available for productive use.

**[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.

Revenue producing properties are reviewed periodically for any indication of impairment. If it is determined that impairment exists, the carrying value of the revenue producing properties will be reduced to their estimated fair value as determined by third party appraisals.

**Asset Held for Sale**

Asset held for sale is comprised of land held with the intention to sell to fund future affordable housing initiatives. The asset held for sale is the land donated by The City of Calgary located at 515 4A St NE, Calgary. The asset was written down to a market value at the reporting date.

## **NOTES TO FINANCIAL STATEMENTS**

(Expressed in thousands of Dollars)

For the year ended December 31, 2015

### **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Replacement Reserve**

The Replacement Reserve is funded by a charge against operating surplus. The Province, the City and CHC determine an annual provision for the Replacement Reserve for certain projects. Disposition of the reserve, other than for replacement costs, is subject to the approval or direction of the Province, the City and CHC administration.

#### **General Administration**

General administration expenditures are allocated to projects based on the ratio of the number of units in each project to the total number of units managed by the Company.

#### **Use of Estimates**

The financial statements are prepared in accordance with PSAS, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the statement of financial position date and the reported amounts of revenue and expenses during the year. Significant estimates include the provision for asset impairment, useful lives of tangible capital assets, accrued liabilities and allowance for doubtful accounts. Actual results could differ from those estimates.

#### **Goods and Services Tax**

The Company has been granted the status of a municipality for purposes of the Goods and Services Tax and receives the municipal rebate on all the Goods and Services Tax paid.

**NOTES TO FINANCIAL STATEMENTS**  
(Expressed in thousands of Dollars)

For the year ended December 31, 2015

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Adoption of New Public Sector Accounting Standards**

Effective January 1, 2015, the Company was required to adopt the new Public Sector Accounting Board accounting standard, Liability for Contaminated Sites (PS3260). PS3260 specifies that a liability for a contaminated site must be recognized when, as at the financial reporting date, all of the following criteria are met for a site or a portion of a site which is no longer in productive use:

- i. There is evidence that contamination exceeds an environmental standard as verified by a qualified assessment,
- ii. CHC is either directly responsible or has accepted responsibility for the contamination, and
- iii. It is expected that future economic benefits will be given up and a reasonable estimate for the amount can be made.

The Company's management has determined that there was no impact on the financial statements at the financial reporting date as a result of adopting this standard.

**NOTES TO FINANCIAL STATEMENTS**  
(Expressed in thousands of Dollars)

For the year ended December 31, 2015

**3. CASH**

The Company holds bank accounts in conjunction with the City, so as to maximize interest earned on the cash balances. The cash held at the City is available for use in the Company's operations. Included in cash is as follows:

	2015 \$	2014 \$
Restricted		
Tenants' security deposits	992	1,092
Rent supplement fund advance	4,255	4,255
Replacement reserve fund	6,257	6,119
Deferred capital contributions	9,614	9,614
	21,118	21,080
Unrestricted	4,769	4,234
	25,887	25,314

**4. RENT SUPPLEMENT ADVANCE**

The Rent Supplement Portfolio operates on the basis of the Province reimbursing the Company for the rental subsidies paid to private landlords and tenants, and an administration fee. All payments to landlords, tenants and administration costs are reported as expenses with an equal amount reported as rent supplement revenue. The Province provided the Company with a \$4,255 [2014 - \$4,255] operational cash advance to administer the rent supplement program.

**NOTES TO FINANCIAL STATEMENTS**  
(Expressed in thousands of Dollars)

For the year ended December 31, 2015

**5. MORTGAGES PAYABLE**

Mortgages in the amount of \$6,508 [2014 - \$10,668] are for the fixed subsidy projects. These mortgages have interest rates, before the senior government interest subsidy, between 1.46% and 6.45% per annum [2014 – between 1.46% and 6.45% per annum]. The effective interest rate of the fixed subsidy mortgages to the Company after subsidy payments is averaged 2% per annum over the mortgage term to renewal.

The remaining mortgages are in the amount of \$8,698 [2014 - \$9,979]. The interest rate of these mortgages varies from 1.04% to 4.52% per annum [2014 - between 1.64% and 4.52% per annum].

The mortgages payable schedule is as follows:

Year	\$
2016	4,103
2017	3,050
2018	1,703
2019	1,170
2020	870
Thereafter	4,310
	15,206

Related land and buildings have been pledged as collateral for mortgages payable. The net book value of land and buildings pledged amount to \$78,610 [2014 - \$86,567] as at December 31, 2015.

**6. EMPLOYEE BENEFIT OBLIGATION**

The Company does not pay honoraria to its Board members.

The Company is administered by employees of the City. The employee benefit obligation represents the vacation and overtime that the employees are deferring to future years. The balance of this obligation as of December 31, 2015 was \$1,723 [2014 - \$1,567].

**NOTES TO FINANCIAL STATEMENTS**  
(Expressed in thousands of Dollars)

For the year ended December 31, 2015

The City employees are members of the Local Authorities Pension Plan ("LAPP"). LAPP is a multi-employer benefit plan. This plan is governed by the Public Sector Pension Plans Act. The LAPP reported a deficiency (extrapolation results of the actuarial valuation) of \$2.45 billion in 2014 [2013 - \$4.86 billion].

The LAPP requires members and employers make contributions to the pension plan. Yearly maximum pensionable earning ("YMPE") contribution rates are shared between members, and the rates for the current period are as follows:

	2015
Members' Rate up to YMPE	10.39%
Members' Rate over YMPE	14.84%
Employers' Rate up to YMPE	11.39%
Employers' Rate over YMPE	15.84%

The current service contributions by the Company, as reflected in 'Administration' and 'Property Operations' to the LAPP, were \$1,678 [2014 - \$1,565]. The current service contributions by the employees allocated to the Company to the LAPP were \$1,612 [2014 - \$1,550].



## NOTES TO FINANCIAL STATEMENTS

(Expressed in thousands of Dollars)

For the year ended December 31, 2015

### 7. TANGIBLE CAPITAL ASSETS

	2015			2014		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
	\$	\$	\$	\$	\$	\$
Land	27,755	-	27,755	27,755	-	27,755
Building	85,521	(47,460)	38,061	85,521	(45,802)	39,719
Building Betterment	29,573	(4,911)	24,662	27,271	(3,975)	23,296
	<u>142,849</u>	<u>(52,371)</u>	<u>90,478</u>	<u>140,547</u>	<u>(49,777)</u>	<u>90,770</u>
Systems	2,252	(2,107)	145	2,252	(1,945)	307
Leasehold Improvements	854	(199)	655	815	(110)	705
Vehicles	238	(95)	143	128	(82)	46
Furniture	347	(261)	86	259	(259)	-
Work in Progress	817	-	817	394	-	394
	<u>4,508</u>	<u>(2,662)</u>	<u>1,846</u>	<u>3,848</u>	<u>(2,396)</u>	<u>1,452</u>
<b>Total Tangible Capital Asset</b>	<b>147,357</b>	<b>(55,033)</b>	<b>92,324</b>	<b>144,395</b>	<b>(52,173)</b>	<b>92,222</b>

### 8. SHARE CAPITAL

The Company is authorized to issue 100 shares with no par value for a maximum consideration of one dollar per share. The shares can be issued only to the City, its agent or successor and are not otherwise transferable. As at December 31, 2015 and 2014, one share was issued.

## **NOTES TO FINANCIAL STATEMENTS**

(Expressed in thousands of Dollars)

For the year ended December 31, 2015

### **9. FINANCIAL INSTRUMENTS**

Financial instruments consist of cash, rent and other receivables, senior government receivables, accounts payable and accrued liabilities, unearned revenue, payable to senior government, rent supplement advance, tenants' security deposits, mortgages payable and employee benefit obligation. The carrying value of these financial instruments approximates their fair value. The estimated fair value approximates the amount for which the financial instruments could currently be exchanged in an arm's length transaction between willing parties who are under no compulsion to act. Certain financial instruments lack an available trading market, therefore fair value amounts should not be interpreted as being necessarily realizable in an immediate settlement of the instrument.

#### **Interest Rate Risk**

Interest rate risk reflects the sensitivity of the Company's financial results and condition to movements in interest rates. Interest rate risk is limited for fixed subsidy projects as the effective interest rate after application of senior government interest subsidies is 2% per annum. Interest rate risk for the remaining mortgages is managed through the staggering of mortgage renewals and locked in for longer terms through Alberta Capital Finance Authority.

#### **Credit Risk**

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and receivables. Cash is placed with major financial institutions in conjunction with the City. Concentrations of credit risk with respect to receivables are limited due to the large number of tenants and their dispersion across geographic areas within the City of Calgary.

## **NOTES TO FINANCIAL STATEMENTS**

(Expressed in thousands of Dollars)

For the year ended December 31, 2015

### **10. ACCUMULATED SURPLUS**

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

	2015	2014
	\$	\$
Accumulated deficit	(9,819)	(4,277)
Replacement reserve	11,778	7,099
Operating reserve	536	536
Deferred capital contributions	9,614	9,614
Equity in tangible capital assets	77,116	71,575
	<u>89,225</u>	<u>84,547</u>

Deferred capital contributions represent capital contributions from third parties for a specified purpose which will be recognized as revenue or an increase in equity in tangible capital asset when the related expenditures are incurred.

### **11. RESTRICTED FUNDS AND RESTRICTED EXPENDITURES**

In 2015, the Company signed an agreement with the Province to administer a rent supplement program for Women Fleeing Violence. \$57 was expended in 2015 relating to the funding received.

### **12. INSURANCE RECOVERIES AND INSURANCE EXPENDITURES**

Insurance recoveries represent insurance claims received during the year. Insurance recoveries are recognized as revenue when received. Insurance expenses are the costs occurred to pay third party contractors during the year. The insurance claims will be made by the Company to recover the insurance expenses but may be processed during the current year or in later years.

## **NOTES TO FINANCIAL STATEMENTS**

(Expressed in thousands of Dollars)

For the year ended December 31, 2015

### **13. LEASE COMMITMENTS**

The Company has commitments for its leased premises and land leases. The approximate future minimum annual lease payments for the next five years are as follows:

Year	Land \$	Office Space \$	Total \$
2016	98	367	465
2017	98	367	465
2018	98	384	482
2019	98	352	450
2020	98	343	441
	490	1,813	2,303

### **14. CHANGES IN NON-CASH WORKING CAPITAL**

	2015 \$	2014 \$
Receivables	(263)	841
Accounts payable and accrued liabilities	1,494	(886)
Unearned revenue	53	110
Payable to senior government	(87)	(1,862)
Tenants' security deposits	(100)	(68)
Employee benefit obligation	156	47
Prepaid expenses	(6)	10
Increase/(Decrease) in non-cash working capital	1,247	(1,808)

### **15. MORTGAGE GUARANTEE**

The Company has a guarantee in place for the mortgage liability of an unrelated third party. The original amount of the unrelated third party mortgage liability was \$10M based on the assumption and operating agreement executed in 1983. The amount of the outstanding guarantee by the Company as at December 31, 2015 is indeterminable.

**NOTES TO FINANCIAL STATEMENTS**  
(Expressed in thousands of Dollars)

For the year ended December 31, 2015

**16. RECLASSIFICATION OF PRIOR YEAR BALANCES**

Certain comparative figures have been reclassified to adjust the presentation and classification of balances in the prior year's financial statement presentation to conform to current year presentation.

**17. APPROVAL OF FINANCIAL STATEMENTS**

The Board and Management have approved these financial statements.

**STATEMENTS OF OPERATIONS BY PORTFOLIOS:**

**Federal Fixed Subsidy Portfolio**

**Provincial Fixed Subsidy Portfolio**

**Public Non-Profit Portfolio**

**Calhome Financed Portfolio**

**Corporate Properties Residential Units Portfolio**

**City of Calgary Partnership Portfolio**

**City Owned Community Housing Portfolio**

**Provincially Owned Community Housing Portfolio**

**Rent Supplement Portfolio**

The following information is supplemental and provided for informational purposes and as such has not been audited.

**Federal Fixed Subsidy Portfolio (Unaudited)**

This portfolio consists of 1,021 units in 23 projects owned by the Company, as listed below. The portfolio receives an interest subsidy from Canada Mortgage Housing Corporation (CMHC) equivalent to the amount that reduces the Company's debt financing costs to 2% per annum.

<b>Project</b>	<b>Project Code</b>	<b>Number of Units</b>
<b>Abbeydale 5</b>	AB5	60
<b>Beddington 4</b>	BD4	66
<b>CB3-Cedarbrae</b>	CBC	9
<b>CB3-Beddington</b>	BDC	15
<b>Cedarbrae 4</b>	CB4	51
<b>Cedarbrae 5</b>	CB5	14
<b>Connaught 2</b>	CN2	47
<b>Crossroad 1</b>	CR1	100
<b>Erinwoods 1</b>	EW1	58
<b>Falconridge 3</b>	FR3	20
<b>Falconridge 4</b>	FR4	28
<b>Falconridge 5</b>	FR5	14
<b>Fonda Crescent</b>	FC1	2
<b>Huntington Hill 6</b>	HH6	75
<b>Manchester 2</b>	MC2	117
<b>Penbrooke 3</b>	PB3	77
<b>Parkland 3</b>	PL3	36
<b>Queensland 1</b>	QL1	56
<b>Queensland 2</b>	QL2	20
<b>Ranchland 6</b>	RL6	50
<b>Ranchland 7</b>	RL7	55
<b>Silver Spring 1</b>	SS1	31
<b>Whitehorn 3</b>	WH3	20
<b>Total</b>		<b>1,021</b>

**STATEMENT OF OPERATIONS**

For the Federal Fixed Subsidy Portfolio

(Expressed in Thousand of Dollars)

(Unaudited)

For the year ended December 31

	BUDGET	2015	2014
<b>REVENUE</b>			
Rent revenue	\$ 12,850	\$ 12,709	\$ 12,648
Debt interest rebates	147	129	146
Insurance recoveries	-	10	921
Miscellaneous	117	165	118
	<u>13,114</u>	<u>13,013</u>	<u>13,833</u>
<b>EXPENDITURES</b>			
Administration	1,523	1,589	1,424
Amortization of tangible capital assets	1,370	1,374	1,331
Debt servicing	245	236	320
Maintenance	4,139	3,324	3,534
Property Operations	1,937	1,975	1,690
Taxes and leases	1,141	1,089	1,033
Utilities	895	838	818
Insurance	-	76	46
	<u>11,250</u>	<u>10,501</u>	<u>10,196</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS</b>	1,864	2,512	3,637
<b>OTHER ITEMS</b>			
Replacement reserve contribution	(510)	(2,512)	-
	<u>(510)</u>	<u>(2,512)</u>	<u>-</u>
<b>SURPLUS</b>	<u>\$ 1,354</u>	<u>\$ -</u>	<u>\$ 3,637</u>



**Provincial Fixed Subsidy Portfolio (Unaudited)**

This portfolio consists of 98 units in 3 projects owned by the Company, as listed below. The portfolio receives an interest subsidy from the Province of Alberta equivalent to the amount that reduces the Company's debt financing costs to 2% per annum. The Company bears financial responsibility for operating surpluses or losses subsequent to the application of subsidies.

Project	Project Code	Number of Units
North Haven 3	NH3	40
Sunalta 1	SN1	25
Tuxedo 1	TX1	33
Total		98

**STATEMENT OF OPERATIONS**

For the Provincial Fixed Subsidy Portfolio

(Expressed in Thousand of Dollars)

(Unaudited)

For the year ended December 31

	BUDGET	2015	2014
<b>REVENUE</b>			
Rent revenue	\$ 1,198	\$ 1,159	\$ 1,187
Debt interest rebates	38	40	33
Insurance recoveries	-	45	-
Miscellaneous	11	14	13
	<u>1,247</u>	<u>1,258</u>	<u>1,233</u>
<b>EXPENDITURES</b>			
Administration	147	153	136
Amortization of tangible capital assets	214	212	214
Debt servicing	31	29	41
Maintenance	280	265	245
Property Operations	190	208	165
Taxes and leases	153	151	143
Utilities	97	76	86
Insurance	-	19	16
	<u>1,112</u>	<u>1,113</u>	<u>1,046</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS</b>	<u>135</u>	<u>145</u>	<u>187</u>
<b>OTHER ITEMS</b>			
Replacement reserve contribution	(49)	(145)	-
	<u>(49)</u>	<u>(145)</u>	<u>-</u>
<b>SURPLUS</b>	<u>\$ 86</u>	<u>\$ -</u>	<u>\$ 187</u>

**Public Non-Profit Portfolio (Unaudited)**

This portfolio consists of 210 units in 10 projects owned by the Company, as listed below. By agreement, the Federal and Provincial governments share the operating deficits at the ratio of 70% and 30% respectively with the exception of the Lincoln Park Fanning Centre. Lincoln Park Fanning Centre receives a subsidy in an amount required to reduce debt financing costs to 2% per annum. The Company bears the responsibility of financial loss or surplus on the Lincoln Park Fanning Centre project.

Project	Project Code	Number of Units
Crescent Height 1	CH1	9
Inglewood 1	IW1	10
Lincoln Park 1	LP1	46
Lincoln Park 4 (MS)	LP4	3
Lincoln Park 5(FAN)	LP5	4
Haultain House	NYH	16
London House	NYL	16
Silver Pines	NYS	18
Tamarac House	NYT	18
Villa Blanca	NYV	70
Total		<b>210</b>

**STATEMENT OF OPERATIONS**  
For the Public Non-Profit Portfolio  
(Expressed in Thousand of Dollars)  
(Unaudited)

For the year ended December 31

	BUDGET	2015	2014
<b>REVENUE</b>			
Rent revenue	\$ 844	\$ 885	\$ 852
Government transfers			
<i>Shared cost agreements</i>	1,501	1,337	1,190
<i>Restricted funds</i>	-	20	-
Debt interest rebates	1	-	1
Interest income	-	6	6
Insurance recoveries	-	49	10
Miscellaneous	14	19	22
	<u>2,360</u>	<u>2,316</u>	<u>2,081</u>
<b>EXPENDITURES</b>			
Administration	402	244	229
Amortization of tangible capital assets	366	352	354
Debt servicing	94	77	93
Maintenance	506	448	462
Property Operations	473	515	463
Taxes and leases	216	218	195
Utilities	343	286	305
Insurance	-	102	-
	<u>2,400</u>	<u>2,242</u>	<u>2,101</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS</b>	(40)	74	(20)
<b>OTHER ITEMS</b>			
Replacement reserve contribution	(52)	(158)	(58)
<b>DEFICIT</b>	<u>\$ (92)</u>	<u>\$ (84)</u>	<u>\$ (78)</u>

**Calhome Owned Portfolio (Unaudited)**

This portfolio is comprised of 443 units in 13 projects owned by the Company, as listed below. This portfolio does not receive any subsidy from other levels of government. The Company may retain surpluses and is financially responsible for losses.

<b>Project</b>	<b>Project Code</b>	<b>Number of Units</b>
<b>Cedar Crescent</b>	CC2	2
<b>Bankview 1</b>	BV1	26
<b>Erinwoods 4</b>	EW4	72
<b>Lincoln Park 2</b>	LP2	38
<b>Lincoln Park 3</b>	LP3	25
<b>Mancester Commercial</b>	MCC	1
<b>McKenzie 1</b>	MK2	57
<b>McLaurin Village</b>	MV1	1
<b>Millrise 1</b>	MR1	53
<b>Rundle Manor</b>	RD2	75
<b>Radisson Heights 7</b>	RH7	36
<b>Transferred from Province</b>	TR5	5
<b>Vista Ht 2</b>	VH2	52
<b>Total</b>		<b>443</b>

**STATEMENT OF OPERATIONS**  
For the Calhome Owned Portfolio  
(Expressed in Thousand of Dollars)  
(Unaudited)

For the year ended December 31

	BUDGET	2015	2014
<b>REVENUE</b>			
Rent revenue	\$ 5,810	\$ 5,728	\$ 5,823
Government transfers			
<i>Restricted funds</i>	-	807	-
Interest income	348	331	375
Insurance recoveries	-	24	51
Miscellaneous	175	373	136
	<u>6,333</u>	<u>7,263</u>	<u>6,385</u>
<b>EXPENDITURES</b>			
Administration	654	988	499
Amortization of tangible capital assets	774	722	724
Debt servicing	211	230	273
Maintenance	1,178	1,178	1,293
Property Operations	817	1,041	744
Taxes and leases	557	548	502
Utilities	355	324	362
Insurance	-	17	27
Restricted expenditures	-	57	-
	<u>4,546</u>	<u>5,105</u>	<u>4,424</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS</b>	<b>1,787</b>	<b>2,158</b>	<b>1,961</b>
<b>OTHER ITEMS</b>			
Replacement reserve contribution	(894)	(1,884)	(980)
Revaluation adjustment of Asset Held for Sale	-	(190)	(185)
	<u>(894)</u>	<u>(2,074)</u>	<u>(1,165)</u>
<b>SURPLUS</b>	<b>\$ 893</b>	<b>\$ 84</b>	<b>\$ 796</b>

**Corporate Properties Residential Portfolio (Unaudited)**

The Company manages 424 units in 9 projects on behalf of The City of Calgary. Any operating surplus is to be returned to The City of Calgary.

Project	Project Code	Number of Units
Armour Block (Residential)	ABR	34
Midfield Mobile Homes	MFM	179
North East A	NEA	22
North West A	NWA	23
South East A	SEA	54
South East B	SEB	2
South West A	SWA	2
South West B	SWB	3
South Hill Mobile Homes	SHM	105
Total		424

**STATEMENT OF OPERATIONS**

For the Corporate Properties Residential Portfolio

(Expressed in Thousand of Dollars)

(Unaudited)

For the year ended December 31

	BUDGET	2015	2014
<b>REVENUE</b>			
Rent revenue	\$ 2,630	\$ 3,001	\$ 3,075
Government transfers			
<i>Restricted funds</i>	-	-	35
Insurance recoveries	-	15	10
Miscellaneous	35	9	32
	<u>2,665</u>	<u>3,025</u>	<u>3,152</u>
<b>EXPENDITURES</b>			
Administration	593	669	616
Maintenance	521	547	622
Property Operations	533	560	517
Utilities	346	326	320
Insurance	-	-	23
	<u>1,993</u>	<u>2,102</u>	<u>2,098</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS</b>	672	923	1,054
<b>OTHER ITEMS</b>			
Return to The City of Calgary	(672)	(923)	(1,054)
	<u>(672)</u>	<u>(923)</u>	<u>(1,054)</u>
<b>SURPLUS/(DEFICIT)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**City of Calgary Partnership Portfolio (Unaudited)**

This portfolio consists of 1,085 units in 24 projects owned by The City of Calgary, as listed below. The Company manages these properties on behalf of The City of Calgary.

<b>Project</b>	<b>Project Code</b>	<b>Number of Units</b>
Bridges Condos 1	BG1	6
Bridges Condos 2	BG2	2
Bridges Condos 3	BG3	6
Bridges Condos 4	BG4	2
Mcperson Place	BL3	58
Beswich House	BWH	10
Cedar Court	CD1	65
Connaught 3	CN3	46
Crescent Heights 1	CT1	40
Creswood 1	CW1	60
Forest Lawn 1	FLT	28
Lincoln Park 7	LP7	65
Lomond	LM1	15
Louise Station	LS2	88
Lumino	MCN	88
Trinity Foundation	MCL	70
Manchester Tower	MC3	132
Parkhill 1	PK1	9
Forest Height 9	RH9	2
Spring Bank 1	SB1	150
Vista Grande	VG1	41
Ogden Transitional	OTH	10
Vida	VMT	45
West End	WE1	47
<b>Total</b>		<b>1,085</b>

**STATEMENT OF OPERATIONS**

For the City of Calgary Partnership Portfolio

(Expressed in Thousand of Dollars)

(Unaudited)

For the year ended December 31

	BUDGET	2015	2014
<b>REVENUE</b>			
Rent revenue	\$ 9,020	\$ 8,848	\$ 8,818
Insurance recoveries	-	189	28
Miscellaneous	285	284	274
	9,305	9,321	9,120
<b>EXPENDITURES</b>			
Administration	1,982	2,092	1,935
Maintenance	1,586	1,655	1,840
Property Operations	2,516	2,878	2,537
Utilities	1,094	912	971
Insurance	-	563	56
	7,178	8,100	7,339
<b>EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS</b>	2,127	1,221	1,781
<b>OTHER ITEMS</b>			
Return to The City of Calgary	(2,127)	(1,221)	(1,181)
Contribution to Community Housing Portfolio			(600)
	(2,127)	(1,221)	(1,781)
<b>SURPLUS/(DEFICIT)</b>	\$ -	\$ -	\$ -

### **City Owned Community Housing Portfolio (Unaudited)**

This portfolio consists of 1,048 units in 20 projects owned by The City of Calgary, as listed below. CHC manages this portfolio under agreements between the City of Calgary, Canada Mortgage and Housing Corporation, and the Province of Alberta. The agreements provide that CMHC, The Province of Alberta, and The City of Calgary will fund or be refunded operating losses or surpluses in the ratio of 50%, 40%, and 10% respectively.

<b>Project</b>	<b>Project Code</b>	<b>Number of Units</b>
<b>Bridgeland 2</b>	BL2	210
<b>Bowness 1</b>	BN1	30
<b>Bowness 2</b>	BN2	6
<b>Bowness 3</b>	BN3	10
<b>Bowness 4</b>	BN4	14
<b>Dover 1</b>	DV1	32
<b>Forest Heights 1</b>	FH1	26
<b>Glenbrook 1</b>	GB1	30
<b>Glenbrook 2</b>	GB2	22
<b>Huntington 1</b>	HT1	24
<b>Huntington 2</b>	HT2	18
<b>Huntington 3</b>	HT3	30
<b>Hillhurst 1</b>	HU1	80
<b>Hillhurst 2</b>	HU2	64
<b>Montgomery 1</b>	MM1	26
<b>Ogden 1</b>	OD1	50
<b>Oakridge 1</b>	OR1	30
<b>Penbrook 1</b>	PB1	27
<b>Spruce Cliff 1</b>	SC2	245
<b>West Dover 2</b>	WD2	74
<b>Total</b>		<b>1,048</b>

**STATEMENT OF OPERATIONS**

For the City Owned Community Housing Portfolio

(Expressed in Thousand of Dollars)

(Unaudited)

For the year ended December 31

	BUDGET	2015	2014
<b>REVENUE</b>			
Rent revenue	\$ 5,000	\$ 4,976	\$ 4,824
Government transfers			
<i>Shared cost agreements</i>	3,643	3,550	4,377
<i>Restricted funds</i>	-	46	600
Insurance recoveries	-	173	90
Miscellaneous	69	175	134
	<u>8,712</u>	<u>8,920</u>	<u>10,025</u>
<b>EXPENDITURES</b>			
Administration	1,887	1,901	1,741
Maintenance	2,666	3,107	3,417
Property Operations	1,966	2,094	1,971
Taxes and leases	-	-	1,002
Utilities	2,193	1,653	1,822
Insurance	-	165	72
	<u>8,712</u>	<u>8,920</u>	<u>10,025</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS</b>	-	-	-
<b>SURPLUS/(DEFICIT)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

### **Provincial Owned Community Housing Portfolio (Unaudited)**

This portfolio consists of 2,721 units in 100 projects owned by the Province of Alberta as listed below. The provincial government will fund or be refunded any losses or surpluses on a fiscal year basis.

<b>Project</b>	<b>Project Code</b>	<b>Number of Units</b>
<b>Abbeydale 1</b>	AB1	13
<b>Abbeydale 2</b>	AB2	9
<b>Abbeydale 3</b>	AB3	17
<b>Abbeydale 4</b>	AB4	14
<b>Abbeydale 6</b>	AB6	21
<b>Accessible Hsg.1</b>	AH1	3
<b>Applewood 1</b>	AP1	53
<b>Beddington Heights 1</b>	BH1	40
<b>Baker House/Langin Place</b>	BKH	270
<b>Beddington Heights 2</b>	BH2	50
<b>Bowness 6</b>	BN6	2
<b>Bowness 7</b>	BN7	9
<b>Bowness 8</b>	BN8	27
<b>Cedarbrae 1</b>	CB1	9
<b>Cedarbrae 2</b>	CB2	24
<b>Cedarbrae 6</b>	CB6	12
<b>Crescent Heights 2</b>	CH2	20
<b>Capital Hill 3</b>	CH3	6
<b>Castleridge 1</b>	CS1	16
<b>Castleridge 5</b>	CR5	12
<b>Dalhousie 1</b>	DA1	64
<b>Deer Ridge 1</b>	DR1	43
<b>Deer Valley 1</b>	DR2	30
<b>Dover 3</b>	DV3	12
<b>Dover 4</b>	DV4	18
<b>Dover 5</b>	DV5	4
<b>Dover 5B</b>	DVB	2
<b>Dover 6</b>	DV6	10

<b>Project</b>	<b>Project Code</b>	<b>Number of Units</b>
Edgemont 1	ED1	84
Erinwoods 5	EW5	28
Erinwoods 2	EW2	14
Erinwoods 3	EW3	84
Forest Heights 2	FH2	7
Forest Heights 3	FH3	14
Forest Lawn 2	FL2	5
Falconridge 1	FR1	20
Falconridge 2	FR2	8
Falconridge 6	FR6	48
Falconridge 7	FR7	49
Glenbrook 3	GB3	2
Glenbrook 4	GB4	46
Highland Park 2	HP2	8
Inglewood 3	IW3	6
Inglewood 8	IW8	18
Killarney 1	KL1	34
Killarney 2	KL2	13
Lincoln Park 6	LP6	65
MacEwan Glen 1 & 2	MG1	74
McKenzie 1	MK1	60
Montgomery 4	MM4	2
Montgomery 6	MM6	51
Mission 1	MN1	30
Midnapore 1	MP1	60
Mountview 1	MT1	7
North Haven 2	NH2	12
Ogden 4	OG4	4
Ogden 5	OG5	4
Ogden 6	OG6	12
Penbrook 2	PB2	4
Parkland 1	PL1	8
Parkland 2	PL2	10
PineHill 1	PH1	40
Pineridge 1	PR1	62
Pineridge 2	PR2	62
Pineridge 3	PR3	24
Rundle 1	RD1	56
Renfrew 2	RF2	20
Radisson Heights 1	RH1	7
Radisson Heights 2	RH2	3

<b>Project</b>	<b>Project Code</b>	<b>Number of Units</b>
<b>Radisson Heights 3</b>	RH3	4
<b>Radisson Heights 4</b>	RH4	7
<b>Radisson Heights 5</b>	RH5	9
<b>Radisson Heights 6</b>	RH6	41
<b>Ranchlands 1</b>	RL1	8
<b>Ranchlands 2</b>	RL2	18
<b>Ranchlands 3</b>	RL3	15
<b>Ranchlands 4</b>	RL4	9
<b>Ranchlands 5</b>	RL5	45
<b>Ranchlands 8</b>	RL8	34
<b>Ramsay 2</b>	RM2	8
<b>Ramsay 7</b>	RM7	12
<b>Rosscarrock 1</b>	RS1	50
<b>South Calgary 1</b>	SC1	24
<b>Social Housing 3</b>	SH3	2
<b>Social Housing 4</b>	SH4	2
<b>Strathcona 1</b>	ST1	63
<b>Southview 2</b>	SV2	40
<b>Shawnessy 1</b>	SY1	37
<b>Stanley 1</b>	SM1	32
<b>Thornccliffe 1</b>	TC1	7
<b>Temple 1</b>	TP1	38
<b>Temple 2</b>	TP2	8
<b>Vista Heights 1</b>	VH1	23
<b>Woodbine 1</b>	WB1	18
<b>Whitehorn 1</b>	WH1	16
<b>Whitehorn 2</b>	WH2	8
<b>Whitehorn 4</b>	WH4	2
<b>Willow Park 1</b>	WP1	22
<b>Woodlands 1</b>	WL1	56
<b>Woodlands 2</b>	WL2	88
<b>Total</b>		<b>2,721</b>

**STATEMENT OF OPERATIONS**

For the Provincially Owned Community Housing Portfolio  
(Expressed in Thousand of Dollars)  
(Unaudited)

For the year ended December 31

	BUDGET	2015	2014
<b>REVENUE</b>			
Rent revenue	\$ 12,630	\$ 12,916	\$ 12,736
Government transfers			
<i>Shared cost agreements</i>	6,894	8,033	10,366
<i>Restricted funds</i>	20	134	2
Insurance recoveries	-	-	189
Miscellaneous	173	302	249
	19,717	21,385	23,542
<b>EXPENDITURES</b>			
Administration	5,093	4,934	4,681
Maintenance	3,485	5,796	5,629
Property Operations	4,618	4,734	4,301
Taxes and leases	1,046	1,046	3,699
Utilities	5,475	4,869	5,232
Insurance	-	6	-
	19,717	21,385	23,542
<b>EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS</b>	-	-	-
<b>NET SURPLUS/(DEFICIT)</b>	\$ -	\$ -	\$ -



**Rent Supplement Portfolio (Unaudited)**

CHC is the designated agent to administer the Rent Supplement Programs in Calgary on behalf of The Province.

**STATEMENT OF OPERATIONS**  
For the Rent Supplement Portfolio  
(Expressed in Thousand of Dollars)  
(Unaudited)

For the year ended December 31

	BUDGET	2015	2014
<b>REVENUE</b>			
Government transfers			
<i>Shared cost agreements</i>	\$ 888	\$ 734	\$ 837
Rent supplement	18,191	19,593	18,106
Miscellaneous	618	605	626
	18,809	20,198	18,732
	19,697	20,932	19,569
<b>EXPENDITURES</b>			
Administration	1,506	1,339	1,463
Rent supplement payments	18,191	19,593	18,106
	19,697	20,932	19,569
<b>SURPLUS/(DEFICIT)</b>	\$ -	\$ -	\$ -