

Financial Statements

Calhome Properties Ltd.

Operating as 'Calgary Housing Company'

December 31, 2016



Deloitte LLP
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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, 2016, and 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, 2016, 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
March 10, 2017

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

STATEMENT OF FINANCIAL POSITION
(Expressed in Thousands of Dollars)


As at December 31, 2016

	2016	2015
Financial Assets		
Cash (<i>Note 3</i>)	\$ 28,896	\$ 25,887
Receivables		
Rent and others	634	601
Government	2,353	2,761
Assets held for sale (<i>Note 2</i>)	-	750
	31,883	29,999
Liabilities		
Accounts payable and accrued liabilities	6,188	6,869
Unearned tenant rent revenue	1,670	2,174
Deferred grants (<i>Note 3</i>)	8,480	721
Payable to government	1,662	1,271
Rent supplement advance (<i>Note 4</i>)	4,255	4,255
Tenants' security deposits	1,089	992
Mortgage payable (<i>Note 5</i>)	16,476	15,206
Employee benefit obligation (<i>Note 6</i>)	1,813	1,723
	41,633	33,211
NET DEBT	9,750	3,212
Non-Financial Assets		
Tangible capital assets (<i>Note 7</i>)	102,181	92,324
Prepaid expenses	121	113
	102,302	92,437
ACCUMULATED SURPLUS (<i>Note 10</i>)	\$ 92,552	\$ 89,225

See accompanying notes

On behalf of the Board


Chairman


President

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

STATEMENT OF OPERATIONS
(Expressed in Thousands of Dollars)

For the year ended December 31, 2016

	<u>BUDGET</u>	<u>2016</u>	<u>2015</u>
REVENUE			
Rent revenue	\$ 49,803	\$48,040	\$50,222
Government transfers			
Shared cost agreements	13,734	13,938	13,654
Restricted funds	-	5,589	1,007
Debt interest rebates	123	239	169
Rent supplement	19,982	18,817	20,198
Interest income	348	318	337
Insurance recoveries (Note 12)	-	893	505
Miscellaneous	1,196	1,190	1,341
	<u>85,186</u>	<u>89,024</u>	<u>87,433</u>
EXPENSES			
Administration	7,407	6,419	6,182
Amortization of tangible capital assets	2,866	3,086	2,860
Debt servicing	559	518	572
Maintenance	15,048	16,022	16,320
Property operations	21,666	20,829	20,193
Rent supplement	20,783	19,531	20,932
Taxes and leases	3,248	3,278	3,052
Utilities	10,817	9,500	9,284
Insurance (Note 12)	-	402	948
Restricted expenses (Note 11)	-	153	57
	<u>82,394</u>	<u>79,738</u>	<u>80,400</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	2,792	9,286	7,033
OTHER ITEMS			
Return to The City of Calgary	(844)	(2,054)	(2,144)
Loss on asset disposal (Note 7)	-	(55)	-
Revaluation adjustment of asset held for sale	-	-	(190)
	<u>(844)</u>	<u>(2,109)</u>	<u>(2,334)</u>
SURPLUS	\$ 1,948	\$ 7,177	\$ 4,699

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

STATEMENT OF CASH FLOWS
(Expressed in Thousands of Dollars)

For the year ended December 31, 2016

	<u>2016</u>	<u>2015</u>
NET INFLOW/(OUTFLOW) OF CASH RELATED TO FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Surplus	\$ 7,177	\$ 4,699
Non-cash items:		
Amortization of tangible capital assets	3,086	2,860
Revaluation adjustment of asset held for sale	-	190
Loss on asset disposal	55	-
Non-cash restricted revenue (<i>Note 10</i>)	(3,850)	-
Change in non-cash working capital (<i>Note 14</i>)	7,519	1,247
	<u>13,987</u>	<u>8,996</u>
CAPITAL ACTIVITIES		
Addition of tangible capital assets	(12,998)	(2,962)
Proceeds on disposal of assets held for sale	750	-
Expenses charged to replacement reserve	-	(20)
	<u>(12,248)</u>	<u>(2,982)</u>
FINANCING AND INVESTING ACTIVITIES		
Issuance of long term debt	5,784	-
Repayment of long term debt	(4,514)	(5,441)
	<u>1,270</u>	<u>(5,441)</u>
NET INCREASE IN CASH DURING THE YEAR	3,009	573
CASH, BEGINNING OF YEAR	25,887	25,314
CASH, END OF YEAR (<i>Note 3</i>)	<u>\$ 28,896</u>	<u>\$ 25,887</u>

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

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

For the year ended December 31, 2016

	<u>Budget</u>	<u>2016</u>	<u>2015</u>
ANNUAL SURPLUS	\$ 1,948	\$ 7,177	\$ 4,699
TANGIBLE CAPITAL ASSETS			
Additions	(4,265)	(12,998)	(2,962)
Loss on asset disposal	-	55	-
Amortization of tangible capital assets	2,866	3,086	2,860
Non-cash restricted revenue (<i>Note 10</i>)	-	(3,850)	-
Expenses charged to replacement reserve	-	-	(20)
	<u>(1,399)</u>	<u>(13,707)</u>	<u>(122)</u>
OTHERS			
Increase in prepaid expenses	-	(8)	(6)
	<u>-</u>	<u>(8)</u>	<u>(6)</u>
(INCREASE)/DECREASE IN NET DEBT	549	(6,538)	4,571
NET DEBT, BEGINNING BALANCE	3,212	3,212	7,783
NET DEBT, ENDING BALANCE	<u>\$ 2,663</u>	<u>\$ 9,750</u>	<u>\$ 3,212</u>

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

NOTES TO FINANCIAL STATEMENTS
(Expressed in thousands of Dollars)

For the year ended December 31, 2016

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 properties. 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 803 [2015 – 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. 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 [2015 – 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 is responsible for net operating results.

CHC Public Non-Profit Portfolio

This portfolio consists of 210 [2015 – 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.

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

NOTES TO FINANCIAL STATEMENTS
(Expressed in thousands of Dollars)

For the year ended December 31, 2016

Calhome Owned Portfolio

This portfolio is comprised of 824 [2015 – 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 [2015 – 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 1,085 [2015 – 1,085] 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 354 [2015 – 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.

Provincially Owned Community Housing Portfolio

This portfolio consists of 2,721 [2015 – 2,721] units owned by the Province of Alberta. The Company assumed the management of this portfolio owned by the Province in 2001.

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.

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

NOTES TO FINANCIAL STATEMENTS
(Expressed in thousands of Dollars)

For the year ended December 31, 2016

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-geared-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 deferred grants 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 Change in Net Debt for the year.

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

NOTES TO FINANCIAL STATEMENTS

(Expressed in thousands of Dollars)

For the year ended December 31, 2016

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:

	YEARS
Land	-
Buildings	50-75
Building Betterments	5-75
Leasehold Improvements	5-10
Systems	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 market value at December 31, 2015, and was sold during 2016.

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

NOTES TO FINANCIAL STATEMENTS
(Expressed in thousands of Dollars)

For the year ended December 31, 2016

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 properties. 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 and Administration

General and administration expenditures are allocated to properties using a hybrid approach encompassing direct allocation and ratio allocation. Expenditures directly related to certain properties are directly allocated to those properties. Expenditures relating to multiple properties are allocated based on the ratio of the number of units in each property 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.

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

NOTES TO FINANCIAL STATEMENTS
(Expressed in thousands of Dollars)

For the year ended December 31, 2016

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:

	2016 \$	2015 \$
Restricted		
Tenants' security deposits	1,089	992
Rent supplement fund advance	4,255	4,255
Replacement reserve fund	6,279	6,257
Deferred capital contributions (Note 10)	5,409	9,614
Capital funding*	7,862	-
	<u>24,894</u>	<u>21,118</u>
Unrestricted	<u>4,002</u>	<u>4,769</u>
	<u>28,896</u>	<u>25,887</u>

*In 2016 the Company received capital funding in the amount of \$8,000 from the City. The grant is to be used for capital improvements to the East Village Place property that was acquired in 2016. Of this amount, \$138 was utilized in 2016 and the remaining \$7,862 is recorded as deferred grants to be utilized for future expenditures.

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 [2015 - \$4,255] operational cash advance to administer the rent supplement program.

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

NOTES TO FINANCIAL STATEMENTS

(Expressed in thousands of Dollars)

For the year ended December 31, 2016

5. MORTGAGES PAYABLE

Mortgages in the amount of \$3,615 [2015 - \$6,508] are for the fixed subsidy properties. These mortgages have interest rates, before the senior government interest subsidy, between 1.46% and 6.45% per annum [2015 – 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 \$12,861 [2015 - \$8,698] after assuming \$5,784 in mortgages for the East Village Place property that was acquired in 2016. The interest rate of these mortgages varies from 0.94% to 4.52% per annum [2015 – between 1.04% and 4.52% per annum].

The mortgages payable schedule is as follows:

Year	\$
2017	3,873
2018	2,543
2019	1,388
2020	1,034
2021	1,023
Thereafter	6,615
	16,476

Related land and buildings have been pledged as collateral for mortgages payable. The net book value of land and buildings pledged amounts to \$75,166 [2015 - \$78,610] as at December 31, 2016.

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

NOTES TO FINANCIAL STATEMENTS

(Expressed in thousands of Dollars)

For the year ended December 31, 2016

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, 2016 was \$1,813 [2015 - \$1,723].

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 \$0.92 billion in 2015 [2014 - \$2.45 billion].

The LAPP requires members and employers to 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:

	<u>2016</u>
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 \$1,766 [2015 - \$1,678]. The current service contributions by the employees allocated to the LAPP were \$1,748 [2015 - \$1,612].

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

NOTES TO FINANCIAL STATEMENTS
(Expressed in thousands of Dollars)

For the year ended December 31, 2016

7. TANGIBLE CAPITAL ASSETS

	January 1, 2016		December 31, 2016
Cost	Opening Balance	Additions	Closing Balance
Land	27,755	202	27,957
Buildings	85,521	11,200	96,721
Building Betterments	29,573	799	30,270
Systems	2,252	21	2,273
Leasehold Improvements	854	-	854
Vehicles	238	116	280
Furniture	347	-	347
Work in Progress	817	660	1,477
	147,357	12,998	160,179

	January 1, 2016		December 31, 2016
Accumulated Amortization	Opening Balance	Additions	Closing Balance
Buildings	47,460	1,813	49,273
Building Betterments	4,911	1,063	5,927
Systems	2,107	87	2,194
Leasehold Improvements	199	89	288
Vehicles	95	29	50
Furniture	261	5	266
	55,033	3,086	57,998
Net Book Value	92,324	9,912	102,181

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, 2016 and 2015, one share was issued.

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

NOTES TO FINANCIAL STATEMENTS
(Expressed in thousands of Dollars)

For the year ended December 31, 2016

9. FINANCIAL INSTRUMENTS

Financial instruments consist of cash, rent and other receivables, senior government receivables, accounts payable and accrued liabilities, unearned revenue, deferred grants, payable to 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 properties 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 is 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.

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'**NOTES TO FINANCIAL STATEMENTS**
(Expressed in thousands of Dollars)

For the year ended December 31, 2016

10. ACCUMULATED SURPLUS

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

	2016	2015
	\$	\$
Accumulated deficit	(5,377)	(4,300)
Restricted replacement reserve	6,279	6,257
Operating Reserve	536	536
Deferred capital contribution	5,409	9,614
Equity in tangible capital assets *	85,705	77,118
	92,552	89,225

	2016	2015
	\$	\$
* Equity in Tangible Capital Assets		
Tangible Capital Assets (<i>Note 7</i>)	160,179	147,357
Accumulated Amortization (<i>Note 7</i>)	(57,998)	(55,033)
Long-term debt (<i>Note 6</i>)	(16,476)	(15,206)
	85,705	77,118

Deferred capital contribution represents 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. During 2016, \$3,850 of cash was used from deferred capital contributions for the acquisition of the East Village Place property. This amount was recognized as restricted revenue in 2016.

11. RESTRICTED FUNDS AND RESTRICTED EXPENSES

In 2015, the Company signed an agreement with the Province to administer a rent supplement program for Women Fleeing Violence. \$153 was expended in 2016 [2015 - \$57] relating to the funding received.

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

NOTES TO FINANCIAL STATEMENTS

(Expressed in thousands of Dollars)

For the year ended December 31, 2016

12. INSURANCE RECOVERIES AND INSURANCE EXPENSES

Insurance recoveries represent insurance claims received during the year. Insurance recoveries are recognized as revenue when received. Insurance expenses are the costs incurred to pay third party contractors during the year, related to insurance claims. 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.

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 \$
2017	98	367	465
2018	98	384	482
2019	98	352	450
2020	98	343	441
2021	98	343	441
	490	1,789	2,279

In 2017 the Company entered into a new lease agreement for corporate office space to replace the existing lease.

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

NOTES TO FINANCIAL STATEMENTS
(Expressed in thousands of Dollars)

For the year ended December 31, 2016

14. CHANGES IN NON-CASH WORKING CAPITAL

	2016	2015
	\$	\$
Receivables	375	(263)
Accounts payable and accrued liabilities	(681)	1,494
Unearned revenue	(504)	53
Payable to senior government	8,150	(87)
Tenants' security deposits	97	(100)
Employee benefit obligation	90	156
Prepaid expenses	(8)	(6)
Increase/(Decrease) in non-cash working capital	7,519	1,247

15. 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.

16. APPROVAL OF FINANCIAL STATEMENTS

The Board and Management have approved these financial statements.

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

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Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

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.

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

Federal Fixed Subsidy Portfolio (Unaudited)

This portfolio consists of 803 units [2015 – 1,021 units] in 17 properties [2015 – 23 properties] owned by the Company, as listed below. The portfolio receives an interest subsidy from Canada Mortgage and Housing Corporation (CMHC) equivalent to the amount that reduces the Company's debt financing costs to 2% per annum.

During 2016, six properties were transferred from the Federal Fixed Subsidy Portfolio to the Calhome Owned Portfolio due to mortgage expiration which led to the expiration of the related operating agreements. The 2015 figures have been restated to reflect this transfer, in order to provide an appropriate basis for comparative purposes.

Property	Property Code	Number of Units
Abbeydale 5	AB5	60
Cedarbrae 4	CB4	51
Cedarbrae 5	CB5	14
Connaught 2	CN2	47
Crossroad 1	CR1	100
Falconridge 4	FR4	28
Falconridge 5	FR5	14
Fonda Crescent	FC1	2
Huntington Hill 6	HH6	75
Manchester 2	MC2	117
Penbrooke 3	PB3	77
Parkland 3	PL3	36
Queensland 1	QL1	56
Queensland 2	QL2	20
Ranchland 7	RL7	55
Silver Spring 1	SS1	31
Whitehorn 3	WH3	20
Total		803

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

STATEMENT OF OPERATIONS

For the Federal Fixed Subsidy Portfolio
(Expressed in Thousands of Dollars)
(Unaudited)

For the year ended December 31, 2016

	BUDGET	2016	2015
REVENUE			
Rent revenue	\$ 9,849	\$ 8,936	\$ 9,793
Debt interest rebates	83	81	80
Insurance recoveries	-	148	-
Miscellaneous	106	116	141
	<u>10,038</u>	<u>9,281</u>	<u>10,014</u>
EXPENSES			
Administration	780	717	629
Amortization of tangible capital assets	1,041	1,125	1,086
Debt servicing	214	173	227
Maintenance	2,754	2,222	2,628
Property operations	2,254	2,266	2,185
Taxes and leases	964	982	871
Utilities	780	768	721
Insurance	-	72	70
	<u>8,787</u>	<u>8,325</u>	<u>8,417</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	<u>1,251</u>	<u>956</u>	<u>1,597</u>
SURPLUS	<u>\$ 1,251</u>	<u>\$ 956</u>	<u>\$ 1,597</u>

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

Provincial Fixed Subsidy Portfolio (Unaudited)

This portfolio consists of 98 units [2015 – 98 units] in 3 properties [2015 – 3 properties] 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.

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

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

STATEMENT OF OPERATIONS

For the Provincial Fixed Subsidy Portfolio
(Expressed in Thousands of Dollars)
(Unaudited)

For the year ended December 31, 2016

	BUDGET	2016	2015
REVENUE			
Rent revenue	\$ 1,180	\$ 1,010	\$ 1,159
Debt interest rebates	38	40	40
Insurance recoveries	-	8	45
Miscellaneous	11	8	14
	<u>1,229</u>	<u>1,066</u>	<u>1,258</u>
EXPENSES			
Administration	95	88	78
Amortization of tangible capital assets	212	222	212
Debt servicing	31	18	29
Maintenance	289	209	265
Property operations	274	264	283
Taxes and leases	160	170	151
Utilities	102	76	76
Insurance	-	96	19
	<u>1,163</u>	<u>1,143</u>	<u>1,113</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	66	(77)	145
SURPLUS/(DEFICIT)	<u>\$ 66</u>	<u>\$ (77)</u>	<u>\$ 145</u>

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

Public Non-Profit Portfolio (Unaudited)

This portfolio consists of 210 units [2015 – 210 units] in 10 properties [2015 – 10 properties] 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 equivalent to the 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 property.

Property	Property 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		210

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

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

For the year ended December 31, 2016

	BUDGET	2016	2015
REVENUE			
Rent revenue	\$ 862	\$ 869	\$ 885
Government transfers			
<i>Shared cost agreements</i>	1,396	1,458	1,337
<i>Restricted funds</i>	-	117	20
Interest income	-	5	6
Insurance recoveries	-	62	49
Miscellaneous	14	18	19
	<u>2,272</u>	<u>2,529</u>	<u>2,316</u>
EXPENSES			
Administration	323	296	244
Amortization of tangible capital assets	359	356	352
Debt servicing	93	70	77
Maintenance	591	524	448
Property operations	539	623	515
Taxes and leases	231	231	218
Utilities	362	295	286
Insurance	-	3	102
	<u>2,498</u>	<u>2,398</u>	<u>2,242</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	(226)	131	74
SURPLUS/(DEFICIT)	\$ (226)	\$ 131	\$ 74

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

Calhome Owned Portfolio (Unaudited)

This portfolio is comprised of 824 units [2015 – 443 units] in 20 properties [2015 – 13 properties] 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.

During 2016, six properties were transferred from the Federal Fixed Subsidy Portfolio to the Calhome Owned Portfolio due to mortgage expiration which led to the expiration of the related operating agreements. The 2015 figures have been restated to reflect this transfer, in order to provide an appropriate basis for comparative purposes. In addition, Calhome acquired the East Village Place property which is part of the Calhome Owned Portfolio.

Property	Property Code	Number of Units
Bankview 1	BV1	26
Beddington 4	BD4	66
CB3-Cedarbrae	CBC	9
CB3-Beddington	BDC	15
Cedar Crescent	CC2	2
East Village 1	EV1	163
Erinwoods 1	EW1	58
Erinwoods 4	EW4	72
Falconridge 3	FR3	20
Lincoln Park 2	LP2	38
Lincoln Park 3	LP3	25
Mancester Commercial	MCC	1
McKenzie 1	MK2	57
McLaurin Village	MV1	1
Millrise 1	MR1	53
Rundle Manor	RD2	75
Radisson Heights 7	RH7	36
Ranchland 6	RL6	50
Transferred from Province	TR5	5
Vista Ht 2	VH2	52
Total		824

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

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

For the year ended December 31, 2016

	BUDGET	2016	2015
REVENUE			
Rent revenue	\$ 8,521	\$ 8,272	\$ 8,644
<i>Restricted funds</i>	-	5,404	807
Debt interest rebates	2	118	49
Interest income	348	313	331
Insurance recoveries	-	39	34
Miscellaneous	341	297	397
	<u>9,212</u>	<u>14,443</u>	<u>10,262</u>
EXPENSES			
Administration	914	336	708
Amortization of tangible capital assets	1,063	1,225	1,010
Debt servicing	221	257	239
Maintenance	2,348	2,316	1,874
Property operations	2,392	2,424	2,071
Taxes and leases	847	849	766
Utilities	570	620	441
Insurance	-	41	23
Restricted expenditures	-	153	57
	<u>8,355</u>	<u>8,221</u>	<u>7,189</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	857	6,222	3,073
OTHER ITEMS			
Loss on asset disposal	-	(55)	-
Revaluation adjustment of asset held for sale	-	-	(190)
	<u>-</u>	<u>(55)</u>	<u>(190)</u>
SURPLUS	<u>\$ 857</u>	<u>\$ 6,167</u>	<u>\$ 2,883</u>

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

Corporate Properties Residential Portfolio (Unaudited)

The Company manages 354 units [2015 – 424 units] in 9 properties [2015 – 9 properties] on behalf of The City of Calgary. Any operating surplus is to be returned to The City of Calgary.

Property	Property Code	Number of Units
Armour Block (Residential)	ABR	34
Midfield Mobile Homes	MFM	110
North East A	NEA	22
North West A	NWA	22
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		354

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

STATEMENT OF OPERATIONS

For the Corporate Properties Residential Portfolio
(Expressed in Thousands of Dollars)
(Unaudited)

For the year ended December 31, 2016

	BUDGET	2016	2015
REVENUE			
Rent revenue	\$ 2,401	\$ 2,764	\$ 3,001
Insurance recoveries	-	-	15
Miscellaneous	32	11	9
	<u>2,433</u>	<u>2,775</u>	<u>3,025</u>
EXPENSES			
Administration	364	336	344
Amortization of tangible capital assets	13	11	16
Maintenance	542	467	547
Property operations	837	836	869
Utilities	326	281	326
Insurance	-	10	-
	<u>2,082</u>	<u>1,941</u>	<u>2,102</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	351	834	923
OTHER ITEMS			
Return to The City of Calgary	<u>(351)</u>	<u>(834)</u>	<u>(923)</u>
SURPLUS/(DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

City of Calgary Partnership Portfolio (Unaudited)

This portfolio consists of 1,085 units [2015 – 1,085 units] in 24 properties [2015 – 24 properties] owned by The City of Calgary, as listed below. The Company manages these properties on behalf of The City of Calgary.

Property	Property Code	Number of Units
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
Total		1,085

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

STATEMENT OF OPERATIONS

For the City of Calgary Partnership Portfolio
(Expressed in Thousands of Dollars)
(Unaudited)

For the year ended December 31, 2016

	BUDGET	2016	2015
REVENUE			
Rent revenue	\$ 8,990	\$8,651	\$ 8,848
Shared cost agreements			
<i>Restricted funds</i>	-	3	-
Insurance recoveries	-	567	189
Miscellaneous	291	280	284
	<u>9,281</u>	<u>9,501</u>	<u>9,321</u>
EXPENSES			
Administration	1,320	1,283	1,279
Amortization of tangible capital assets	40	33	41
Maintenance	2,551	2,313	1,655
Property operations	3,891	3,674	3,650
Utilities	986	858	912
Insurance	-	120	563
	<u>8,788</u>	<u>8,281</u>	<u>8,100</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	493	1,220	1,221
OTHER ITEMS			
Return to The City of Calgary	(493)	(1,220)	(1,221)
	<u>(493)</u>	<u>(1,220)</u>	<u>(1,221)</u>
SURPLUS/(DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

City Owned Community Housing Portfolio (Unaudited)

This portfolio consists of 1,048 units [2015 – 1,048 units] in 20 properties [2015 – 20 properties] 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 (CMHC), 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.

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

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

STATEMENT OF OPERATIONS

For the City Owned Community Housing Portfolio
(Expressed in Thousands of Dollars)
(Unaudited)

For the year ended December 31, 2016

	BUDGET	2016	2015
REVENUE			
Rent revenue	\$ 5,105	\$ 4,940	\$ 4,976
Government transfers			
<i>Shared cost agreements</i>	3,494	3,383	3,550
<i>Restricted funds</i>	-	65	46
Insurance recoveries	-	69	173
Miscellaneous	153	161	175
	<u>8,752</u>	<u>8,618</u>	<u>8,920</u>
EXPENSES			
Administration	1,018	935	807
Amortization of tangible capital assets	38	32	40
Maintenance	2,346	2,838	3,107
Property operations	3,358	3,116	3,148
Utilities	1,992	1,644	1,653
Insurance	-	53	165
	<u>8,752</u>	<u>8,618</u>	<u>8,920</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	-	-	-
SURPLUS/(DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

Provincially Owned Community Housing Portfolio (Unaudited)

This portfolio consists of 2,721 units [2015 – 2,721 units] in 100 properties [2015 - 100 properties] 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.

Property	Property Code	Number of Units
Abbeydale 1	AB1	13
Abbeydale 2	AB2	9
Abbeydale 3	AB3	17
Abbeydale 4	AB4	14
Abbeydale 6	AB6	21
Accessible Hsg.1	AH1	3
Applewood 1	AP1	53
Beddington Heights 1	BH1	40
Baker House/Langin Place	BKH	270
Beddington Heights 2	BH2	50
Bowness 6	BN6	2
Bowness 7	BN7	9
Bowness 8	BN8	27
Cedarbrae 1	CB1	9
Cedarbrae 2	CB2	24
Cedarbrae 6	CB6	12
Crescent Heights 2	CH2	20
Capital Hill 3	CH3	6
Castleridge 1	CS1	16
Castleridge 5	CR5	12
Dalhousie 1	DA1	64
Deer Ridge 1	DR1	43
Deer Valley 1	DR2	30
Dover 3	DV3	12
Dover 4	DV4	18
Dover 5	DV5	4
Dover 5B	DVB	2
Dover 6	DV6	10
Edgemont 1	ED1	84

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

Property	Property Code	Number of Units
Erinwoods 2	EW2	14
Erinwoods 3	EW3	84
Erinwoods 5	EW5	28
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

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

Property	Property Code	Number of Units
Renfrew 2	RF2	20
Radisson Heights 1	RH1	7
Radisson Heights 2	RH2	3
Radisson Heights 3	RH3	4
Radisson Heights 4	RH4	7
Radisson Heights 5	RH5	9
Radisson Heights 6	RH6	41
Ranchlands 1	RL1	8
Ranchlands 2	RL2	18
Ranchlands 3	RL3	15
Ranchlands 4	RL4	9
Ranchlands 5	RL5	45
Ranchlands 8	RL8	34
Ramsay 2	RM2	8
Ramsay 7	RM7	12
Rosscarrock 1	RS1	50
South Calgary 1	SC1	24
Social Housing 3	SH3	2
Social Housing 4	SH4	2
Strathcona 1	ST1	63
Southview 2	SV2	40
Shawnessy 1	SY1	37
Stanley 1	SM1	32
Thorncliffe 1	TC1	7
Temple 1	TP1	38
Temple 2	TP2	8
Vista Heights 1	VH1	23
Woodbine 1	WB1	18
Whitehorn 1	WH1	16
Whitehorn 2	WH2	8
Whitehorn 4	WH4	2
Willow Park 1	WP1	22
Woodlands 1	WL1	56
Woodlands 2	WL2	88
Total		2,721

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

STATEMENT OF OPERATIONS

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

For the year ended December 31, 2016

	BUDGET	2016	2015
REVENUE			
Rent revenue	\$ 12,895	\$ 12,598	\$12,916
Government transfers			
<i>Shared cost agreements</i>	8,043	8,383	8,033
<i>Restricted funds</i>	-	-	134
Miscellaneous	248	299	302
	<u>21,186</u>	<u>21,280</u>	<u>21,385</u>
EXPENSES			
Administration	2,593	2,428	2,093
Amortization of tangible capital assets	100	82	103
Maintenance	3,627	5,133	5,796
Property operations	8,121	7,626	7,472
Taxes and leases	1,046	1,046	1,046
Utilities	5,699	4,958	4,869
Insurance	-	7	6
	<u>21,186</u>	<u>21,280</u>	<u>21,385</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	-	-	-
SURPLUS/(DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Calhome Properties Ltd.
Operating as 'Calgary Housing Company'

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 Thousands of Dollars)
(Unaudited)

For the year ended December 31, 2016

	BUDGET	2016	2015
REVENUE			
Government transfers			
<i>Shared cost agreements</i>	\$ 801	\$ 714	\$ 734
Rent supplement funding	19,982	18,817	20,198
	<u>20,783</u>	<u>19,531</u>	<u>20,932</u>
EXPENSES			
Administration	1,385	1,281	1,339
Rent supplement payments	19,398	18,250	19,593
	<u>20,783</u>	<u>19,531</u>	<u>20,932</u>
SURPLUS/(DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>