

Financial Statements

Calhome Properties Ltd

Operating as 'Calgary Housing Company'

December 31, 2013

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, 2013, 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, 2013, 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.

A handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

Chartered Accountants
March 7, 2014
Calgary, Canada

STATEMENT OF FINANCIAL POSITION


(Expressed in Thousand of Dollars)

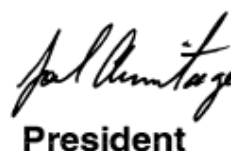
As at December 31

	<u>2013</u>	<u>2012</u>
Financial Assets		
Cash (<i>Note 4</i>)	25,661	23,585
Receivables		
Rent and others	1,495	1,173
Senior Governments	1,657	1,613
Assets Held for Sale	1,125	1,125
	<u>29,938</u>	<u>27,496</u>
Liabilities		
Accounts payable and accrued liabilities	6,261	6,359
Unearned revenue	2,011	2,320
Payable to senior government	3,332	2,176
Rent supplement advance (<i>Note 5</i>)	4,076	4,580
Tenants' security deposits	1,160	1,134
Mortgage payable (<i>Note 6</i>)	26,027	31,262
Employee benefit obligation (<i>Note 7</i>)	1,520	1,362
	<u>44,387</u>	<u>49,193</u>
NET DEBT	14,449	21,697
Non-Financial Assets		
Tangible capital assets (<i>Note 8</i>)	93,298	94,891
Prepaid expenses	118	110
	<u>93,416</u>	<u>95,001</u>
ACCUMULATED SURPLUS (<i>Note 11</i>)	<u>78,967</u>	<u>73,304</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 Unaudited	2013	2012
REVENUE			
Rent Revenue	46,109	47,462	45,586
Government transfers			
Shared cost agreements	13,922	14,106	12,925
Conditional grants and restricted funds	75	663	4,968
Debt interest rebates	281	201	535
Rent supplement	22,629	21,133	22,663
Interest income	237	352	266
Miscellaneous	724	2,387	1,519
	<u>83,977</u>	<u>86,304</u>	<u>88,462</u>
EXPENDITURES			
Administration	11,360	9,704	8,725
Amortization of tangible capital assets	2,885	2,779	2,769
Debt servicing	888	884	1,180
Maintenance	15,050	16,564	19,959
Property operations	11,323	12,039	11,036
Rent supplement payments	22,629	21,133	22,663
Taxes and leases	6,280	6,620	6,096
Utilities	9,061	8,953	7,749
	<u>79,476</u>	<u>78,676</u>	<u>80,177</u>
EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS	4,501	7,628	8,285
OTHER ITEMS			
Return to The City of Calgary	(984)	(2,113)	(1,596)
Replacement Reserve for Capital	-	85	221
Insurance Proceeds for Capital	-	230	-
Assets held for sale revenues (expenses)			
Revaluation adjustment	-	-	(18)
Gain from sale	-	-	10
Gain on sale of assets	-	11	-
	<u>(984)</u>	<u>(1,787)</u>	<u>(1,383)</u>
SURPLUS	<u>3,517</u>	<u>5,841</u>	<u>6,902</u>

STATEMENT OF CASH FLOWS
(Expressed in Thousands of Dollars)

For the year ended December 31

	<u>2013</u>	<u>2012</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO FOLLOWING ACTIVITIES:		
Operating		
Surplus	5,841	6,902
Non-cash items:		
Amortization of tangible capital assets	2,779	2,769
Gain on sale of assets held for sale	-	(10)
Gain on sale of assets	(11)	-
Transfer from reserves	67	(190)
Change in non-cash working capital (<i>Note 13</i>)	56	(7,351)
	<u>8,732</u>	<u>2,120</u>
Capital		
Addition of tangible capital assets	(1,432)	(1,639)
	<u>(1,432)</u>	<u>(1,639)</u>
Financing and investing		
Long-term debt redeemed	(5,235)	(5,010)
Assets held for sale	-	1,160
Proceeds from assets held for sale	11	-
	<u>(5,224)</u>	<u>(3,850)</u>
NET INCREASE (DECREASE) IN CASH	2,076	(3,369)
CASH, BEGINNING OF YEAR	23,585	26,954
CASH, END OF YEAR	<u>25,661</u>	<u>23,585</u>

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

For the year ended December 31

	Budget Unaudited	2013	2012
ANNUAL SURPLUS	3,517	5,841	6,902
TANGIBLE CAPITAL ASSETS			
Additions	(3,486)	(1,432)	(1,681)
Transfer to operating		246	42
Amortization of tangible capital assets	2,885	2,779	2,769
	<u>(601)</u>	<u>1,593</u>	<u>1,130</u>
OTHERS			
Increase in prepaid expenses	-	(8)	(24)
Contribution from reserves		(178)	(190)
	<u>-</u>	<u>(186)</u>	<u>(214)</u>
DECREASE IN NET DEBT	2,916	7,248	7,818
NET DEBT, BEGINNING BALANCE	<u>21,697</u>	<u>21,697</u>	<u>29,515</u>
NET DEBT, ENDING BALANCE	<u><u>18,781</u></u>	<u><u>14,449</u></u>	<u><u>21,697</u></u>

NOTES TO FINANCIAL STATEMENTS

(Expressed in Thousands of Dollars)

For the year ended December 31, 2013

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.

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. 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 on 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. After the application of allocations to reserves, operating surpluses are to be used for capital projects and debt payment, the net surpluses are refundable to CMHC while operating 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, 2013

1. NATURE OF THE BUSINESS (Continued)

Company bears the responsibility of financial loss or surplus on the Lincoln Park Fanning Centre project.

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.

Corporate Properties Residential Units Portfolio

This portfolio consists of 428 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 2,817 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.

NOTES TO FINANCIAL STATEMENTS

(Expressed in thousands of Dollars)

For the year ended December 31, 2013

1. NATURE OF THE BUSINESS (Continued)

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.

Great Plains Project

In October 2013, the Company undertook the management of Great Plains project on behalf of the Province. This project is a temporary housing solution for flood victims. The Company is responsible for leasing and rent collection. The Province will cover administration costs associated with the management of this site. The project is expected to end in 2014.

2. ADOPTION OF NEW ACCOUNTING STANDARDS

The following new accounting standards were issued by the Public Sector Accounting Board and are effective for fiscal years beginning on or after April 1, 2012. The Company was required to adopt the new standards effective January 1, 2013:

PS 1201: Financial Statement Presentation
PS 2601: Foreign Currency Translation
PS 3410(Revised): Government Transfers
PS 3450: Financial Instruments
PS 3510: Tax Revenue

The Company has determined that PS2601 – Financial Currency Translation, PS 3450 – Financial Instruments and PS 3510- Tax Revenue do not apply to the Company and as such these standards did not have any impact on the December 31, 2013 yearend financial statements.

PS 3410(Revised): Government Transfers did not have an impact on the December 31, 2013 yearend financial statements as the Company was recording government funding in accordance with the requirements of this section.

NOTES TO FINANCIAL STATEMENTS

(Expressed in thousands of Dollars)

For the year ended December 31, 2013

2. ADOPTION OF NEW ACCOUNTING STANDARDS (Continued)

PS 1201 – Financial Statement Presentation requires the Company to include a statement of remeasurement gains and losses as part of the financial statements. Such a statement has not been included as part of the December 31, 2013 yearend financial statements as PS2601 and PS3450 do not apply to the Company and as such there are no remeasurement gains or losses incurred.

3. 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.

Insurance proceeds are recognized as revenue when received.

NOTES TO FINANCIAL STATEMENTS

(Expressed in thousands of Dollars)

For the year ended December 31, 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

[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
Computer System	5
Furniture	20
Vehicles	10

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

NOTES TO FINANCIAL STATEMENTS

(Expressed in thousands of Dollars)

For the year ended December 31, 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

[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.

Assets held for sale

Assets 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 which is referred to as Independence House project.

Replacement Reserve

The Replacement Reserve is funded by a charge against operating surplus. The Province, the City and CMHC determine an annual provision for 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 CMHC.

Disposition of funds in the reserve related to the Public Non-Profit Portfolio requires approval from the Province regardless of the nature or the amount.

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.

Calhome Properties Ltd
Operating as 'Calgary Housing Company'

NOTES TO FINANCIAL STATEMENTS

(Expressed in thousands of Dollars)

For the year ended December 31, 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

4. 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 a restricted amount of:

	2013	2012
	\$	\$
Tenants' security deposits	1,160	1,134
Rent Supplement fund advance	4,076	4,580
Replacement Reserve fund	6,061	4,861
Operating Reserve fund	536	512
Deferred capital contribution	9,614	9,614

Calhome Properties Ltd
Operating as 'Calgary Housing Company'

NOTES TO FINANCIAL STATEMENTS

(Expressed in thousands of Dollars)

For the year ended December 31, 2013

5. 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. Any unused government transfers are reported as advance funding.

6. MORTGAGES PAYABLE

Mortgages in the amount of \$13,191 [2012 - \$18,869] are for the fixed subsidy projects. These mortgages have interest rates, before the senior government interest subsidy, varying from 1.46% to 6.45% per annum [2012 – from 1.46% to 6.45% per annum]. The effective interest rates to the Company after subsidy, average 2% per annum over the mortgage term to renewal.

The remaining mortgages are in the amount of \$12,836 [2012 - \$12,393]. These mortgages have interest rates varying from 1.64% to 4.52% per annum [2012 – from 1.64% to 4.52% per annum].

The mortgages are repayable as follows:

	\$
2014	5,380
2015	5,438
2016	4,105
2017	3,054
2018	1,704
Thereafter	6,346
Total liability	<u>26,027</u>

Related land and buildings have been pledged as collateral for mortgages payable. The net book value of land and buildings pledged amount to \$89,619 [2012 - \$91,111] as at December 31, 2013.

Calhome Properties Ltd
Operating as 'Calgary Housing Company'

NOTES TO FINANCIAL STATEMENTS

(Expressed in thousands of Dollars)

For the year ended December 31, 2013

7. EMPLOYEE BENEFIT OBLIGATION

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 Company does not pay honoraria to its Board members.

8. TANGIBLE CAPITAL ASSETS

	2013			2012		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
	\$	\$	\$	\$	\$	\$
Rental Properties						
Land	27,755	-	27,755	27,755	-	27,755
Buildings	85,521	(44,144)	41,377	85,521	(42,486)	43,035
Betterments	26,408	(3,120)	23,288	24,374	(2,285)	22,089
Total rental properties	139,684	(47,264)	92,420	137,650	(44,771)	92,879
Vehicles	87	(80)	7	101	(92)	9
Computer System	2,121	(1,702)	419	2,121	(1,418)	703
Office Furniture	259	(259)	-	259	(259)	-
Work in Progress	452	-	452	1,300	-	1,300
Total Tangible Capital Assets	142,603	(49,305)	93,298	141,431	(46,540)	94,891

9. 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, 2013 and 2012, one share was issued.

NOTES TO FINANCIAL STATEMENTS

(Expressed in thousands of Dollars)

For the year ended December 31, 2013

10. 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, 2013

11. ACCUMULATED SURPLUS

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

	2013 \$	2012 \$
Deficit	(4,514)	(5,310)
Replacement reserve	6,061	4,860
Operating reserve	536	511
Deferred Capital Contributions	9,614	9,614
Equity in Tangible Capital Assets	67,271	63,629
	<u>78,967</u>	<u>73,304</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.

The nature and amount of changes in the Deferred Capital Contribution balances for the period are as follows:

	2013 \$	2012 \$
Beginning Balance	9,614	9,622
Holding costs	-	(18)
Gain (loss) from sale of assets held for sale	-	10
Ending balance of deferred capital contributions	<u>9,614</u>	<u>9,614</u>

Calhome Properties Ltd
Operating as 'Calgary Housing Company'

NOTES TO FINANCIAL STATEMENTS

(Expressed in thousands of Dollars)

For the year ended December 31, 2013

12. LEASE COMMITMENTS

The Company leases land from the City for two of its projects under the Federal Fixed Subsidy Portfolio and the Provincial Fixed Subsidy Portfolio. The lease terms are for 50 years, expiring in 2030 and 2032. The annual aggregate rent for these two projects is \$98 [2012 - \$98].

The Company also pays land lease payments on behalf of The Province for the Provincially Owned Community Housing Portfolio. The lease terms are for 60 years, expiring between 2036 to 2041. The annual aggregate lease payment is \$1,046 [2012 - \$1,046].

The Company leases three office spaces

- At 1701 Centre St. The lease term expires in September 30, 2023 and the five years lease commitment is \$572.
- Glenmore & Centre Ltd. 400, 306 – 8th Ave. S.W lease term expires in April 30, 2023 and the five years lease commitment is \$699.
- Suites 320, 330 & 380 Marlboro Professional building lease term expires in February 28, 2023, and the five years lease commitment is \$325.

Year	South	East	North
2014	\$139	\$64	\$113
2015	\$139	\$64	\$113
2016	\$139	\$64	\$113
2017	\$139	\$64	\$113
2018	\$143	\$69	\$120
	699	325	572

NOTES TO FINANCIAL STATEMENTS

(Expressed in thousands of Dollars)

For the year ended December 31, 2013

13. CHANGES IN NON-CASH WORKING CAPITAL

CHANGES IN NON-CASH WORKING CAPITAL

	2013	2012
Receivables	(365)	1,514
Accounts payable and accrued liabilities	(98)	(1,709)
Deferred revenue	(309)	445
Payable to senior government	1,156	(5,415)
Rent supplement advance	(504)	(2,342)
Tenants' security deposits	26	24
Employee benefit obligation	158	157
Prepaid expenses	(8)	(24)
Increase/(Decrease) in non-cash working capital	56	(7,350)

14. 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. Specifically, maintenance administration expenses which were reported under Maintenance on Statement of Operations are reclassified to Administration and Property operation expenses starting 2013.

15. APPROVAL OF FINANCIAL STATEMENTS

The Board and Management have approved these financial statements.

STATEMENTS OF OPERATIONS by Housing portfolio:

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

Great Plains Project

Calhome Properties Ltd
Operating as 'Calgary Housing Company'

Federal Fixed Subsidy Portfolio (Unaudited)

This portfolio consists of 1,021 units in 22 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. After the application of the subsidies and allocations for reserves, operating surpluses are refundable to CMHC while operating losses are the responsibility of the Company.

Project	Project Code	Number of Units
Abbeydale 5	AB5	60
Beddington 4	BD4	66
Cedarbrae 3	CB3	24
Cedarbrae 4	CB4	51
Cedarbrae 5	CB5	14
Connaught 2	CN2	47
Crossroad 1	CR1	100
Erinwoods 1	EW1	58
Falconridge 3	FR3	20
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 6	RL6	50
Ranchland 7	RL7	55
Silver Spring 1	SS1	31
Whitehorn 3	WH3	20
Total		1,021

Calhome Properties Ltd
Operating as 'Calgary Housing Company'

STATEMENT OF OPERATIONS

For the Federal Fixed Subsidy Portfolio only
(Expressed in Thousand of Dollars)

For the year ended December 31

	Budget Unaudited	2013	2012
REVENUE			
Rent Revenue	11,156	12,031	11,284
Government transfers			
Debt interest rebates	158	152	399
Miscellaneous	77	699	136
	11,391	12,882	11,819
EXPENDITURES			
Administration	1,575	1,349	1,163
Amortization of tangible capital assets	1,223	1,232	1,214
Debt servicing	413	408	619
Maintenance	3,532	4,210	2,990
Property operations	1,928	1,716	1,581
Taxes and leases	952	1,028	908
Utilities	773	876	690
	10,396	10,819	9,165
SURPLUS	995	2,063	2,654

Calhome Properties Ltd
Operating as 'Calgary Housing Company'

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 only
(Expressed in Thousand of Dollars)

For the year ended December 31

	Budget Unaudited	2013	2012
REVENUE			
Rent Revenue	1,076	1,129	1,093
Government transfers			
Debt interest rebates	123	48	135
Miscellaneous	8	482	36
	1,207	1,659	1,264
EXPENDITURES			
Administration	151	129	112
Amortization of tangible capital assets	211	207	197
Debt servicing	61	55	94
Maintenance	255	657	259
Property operations	181	169	142
Taxes and leases	142	146	137
Utilities	76	76	66
	1,077	1,439	1,007
EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS	130	220	257
OTHER ITEMS			
Insurance proceeds for capital	-	230	-
SURPLUS	130	450	257

Calhome Properties Ltd
Operating as 'Calgary Housing Company'

Public Non-Profit Portfolio (Unaudited)

This portfolio consists of 210 units in 6 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
York Replacements	NYK	138
Total		210

STATEMENT OF OPERATIONS

For the Public Non-Profit Portfolio only
(Expressed in Thousand of Dollars)

For the year ended December 31

	Budget Unaudited	2013	2012
REVENUE			
Rent Revenue	846	819	811
Government transfers			
Shared cost agreements	1,223	1,042	1,092
Conditional grants and restricted funds	75	94	189
Debt interest rebates	-	1	1
Interest income	-	8	8
Miscellaneous	6	25	37
	<u>2,150</u>	<u>1,989</u>	<u>2,138</u>
EXPENDITURES			
Administration	243	215	229
Amortization of tangible capital assets	342	341	336
Debt servicing	107	106	112
Maintenance	662	448	570
Property operations	390	428	478
Taxes and leases	194	197	205
Utilities	280	288	243
	<u>2,218</u>	<u>2,023</u>	<u>2,173</u>
EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS	(68)	(34)	(35)
OTHER ITEMS			
Replacement reserve for capital	-	85	221
SURPLUS	<u>(68)</u>	<u>51</u>	<u>186</u>

Calhome Properties Ltd
Operating as 'Calgary Housing Company'

Calhome Financed 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.

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

STATEMENT OF OPERATIONS

For the Calhome Financed Portfolio only
(Expressed in Thousand of Dollars)

For the year ended December 31

	Budget Unaudited	2013	2012
REVENUE			
Rent Revenue	5,409	5,657	5,451
Interest income	237	344	258
Miscellaneous	145	433	324
	<u>5,791</u>	<u>6,434</u>	<u>6,033</u>
EXPENDITURES			
Administration	677	580	500
Amortization of tangible capital assets	787	689	676
Debt servicing	307	314	355
Maintenance	1,203	1,387	1,364
Property operations	773	732	715
Taxes and leases	472	486	456
Utilities	266	298	258
	<u>4,485</u>	<u>4,486</u>	<u>4,324</u>
EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS	1,306	1,948	1,709
OTHER ITEMS			
Assets held for sale revenues (expenses)			
Revaluation adjustment	-	-	(18)
Gain from sale	-	-	10
Gain on sale of assets	-	11	-
	<u>-</u>	<u>11</u>	<u>-</u>
SURPLUS	<u>1,306</u>	<u>1,959</u>	<u>1,701</u>

Calhome Properties Ltd
Operating as 'Calgary Housing Company'

Corporate Properties Residential Portfolio (Unaudited)

The Company manages 428 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	183
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		428

STATEMENT OF OPERATIONS

For the Corporate Properties Residential Portfolio only
(Expressed in Thousand of Dollars)

For the year ended December 31

	Budget Unaudited	2013	2012
REVENUE			
Rent Revenue	3,057	3,047	3,043
Government transfers			
Conditional grants and restricted funds	-	213	790
Miscellaneous	9	47	24
	<u>3,066</u>	<u>3,307</u>	<u>3,857</u>
EXPENDITURES			
Administration	667	565	487
Maintenance	724	680	1,350
Property operations	565	571	470
Taxes and leases	-	1	-
Utilities	427	359	255
	<u>2,383</u>	<u>2,176</u>	<u>2,562</u>
EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS	683	1,131	1,295
OTHER ITEMS			
Return to The City of Calgary	<u>(683)</u>	<u>(1,131)</u>	<u>(1,295)</u>
SURPLUS	<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 in 24 projects owned by The City of Calgary, as listed below. The Company manages these properties on behalf of The City of Calgary.

Project	Project 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

STATEMENT OF OPERATIONS

For the City of Calgary Partnership Portfolio only
(Expressed in Thousand of Dollars)

For the year ended December 31

	Budget Unaudited	2013	2012
REVENUE			
Rent Revenue	8,017	7,739	7,182
Government transfers			
Conditional grants and restricted funds	-	350	353
Miscellaneous	167	329	235
	8,184	8,418	7,770
EXPENDITURES			
Administration	1,585	1,343	1,053
Maintenance	2,163	1,770	1,880
Property operations	2,088	2,145	1,695
Utilities	892	858	737
	6,728	6,116	5,365
EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS	1,456	2,302	2,405
OTHER ITEMS			
Return to The City of Calgary	(301)	(982)	(301)
SURPLUS	1,155	1,320	2,104

Calhome Properties Ltd
Operating as 'Calgary Housing Company'

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.

Project	Project 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 only
(Expressed in Thousand of Dollars)

For the year ended December 31

	Budget Unaudited	2013	2012
REVENUE			
Rent Revenue	4,358	4,653	4,588
Government transfers			
Shared cost agreements	4,421	4,266	3,400
Conditional grants and restricted funds	-	-	615
Miscellaneous	74	71	274
	<u>8,853</u>	<u>8,990</u>	<u>8,877</u>
EXPENDITURES			
Administration	1,838	1,561	1,377
Maintenance	2,891	2,950	3,467
Property operations	1,532	1,840	1,689
Taxes and leases	976	1,061	971
Utilities	1,616	1,578	1,373
	<u>8,853</u>	<u>8,990</u>	<u>8,877</u>
SURPLUS	<u>-</u>	<u>-</u>	<u>-</u>

Calhome Properties Ltd
Operating as 'Calgary Housing Company'

Provincial Owned Community Housing Portfolio (Unaudited)

This portfolio consists of 2,817 units in 101 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.

Project	Project 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
Erinwoods 5	EW5	28
Erinwoods 2	EW2	14
Erinwoods 3	EW3	84

Calhome Properties Ltd
Operating as 'Calgary Housing Company'

Project	Project Code	Number of Units
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
Radisson Heights 3	RH3	4
Radisson Heights 4	RH4	7
Radisson Heights 5	RH5	9
Radisson Heights 6	RH6	41

Calhome Properties Ltd
Operating as 'Calgary Housing Company'

Project	Project Code	Number of Units
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
Southview 3	SV3	96
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		2,817

Calhome Properties Ltd
Operating as 'Calgary Housing Company'

STATEMENT OF OPERATIONS

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

For the year ended December 31

	Budget Unaudited	2013	2012
REVENUE			
Rent Revenue	12,190	12,364	12,134
Government transfers			
Shared cost agreements	8,279	8,799	8,434
Conditional grants and restricted funds	-	6	3,021
Miscellaneous	238	255	453
	<u>20,707</u>	<u>21,424</u>	<u>24,042</u>
EXPENDITURES			
Administration	4,939	4,201	4,144
Maintenance	3,620	4,461	8,079
Property operations	3,873	4,441	4,273
Taxes and leases	3,544	3,701	3,419
Utilities	4,731	4,620	4,127
	<u>20,707</u>	<u>21,424</u>	<u>24,042</u>
SURPLUS	<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 of Alberta and The City of Calgary.

Under the Private Landlord Rent Supplement Program, CHC makes payments for rental subsidies directly to private landlords. These payments are reimbursed by the Province. The Province also pays administration fees to CHC for administering the program.

In July 2007, the Direct Rent Supplement Program (DRS) started and rent subsidies were given directly to the tenants.

In September 2007, the New Start Rent Supplement Program (NSRP) was launched – a collaboration among The Province, The City and the Calgary Apartment Association (CAA). Under the NSRP, CHC makes payments for rental subsidies directly to CAA landlords who support this program. Funding for this program is from the Provincial-Municipal Sustainability and Capital Enhancement Fund Initiatives. In August 2013, this program was transitioned to the Municipal Rent Shortfall program (MRS), a provincially-funded private landlord rent supplement program.

In 2009, The Province commissioned CHC to administer the Rent Shortfall Program which is operated similar to DRS.

STATEMENT OF OPERATIONS

For the Rent Supplement Portfolio only
(Expressed in Thousand of Dollars)

For the year ended December 31

	Budget Unaudited	2013	2012
REVENUE			
Rent supplement	22,591	21,100	22,622
Interest income	38	33	41
	<u>22,629</u>	<u>21,133</u>	<u>22,663</u>
EXPENDITURES			
Administration	1,683	1,563	1,783
Rent supplement payments	20,946	19,570	20,880
	<u>22,629</u>	<u>21,133</u>	<u>22,663</u>
SURPLUS	<u>-</u>	<u>-</u>	<u>-</u>

Calhome Properties Ltd
Operating as 'Calgary Housing Company'

Great Plains Project (Unaudited)

Alberta Social Housing Corporation (ASHC) appointed Calgary Housing Company (CHC) to manage a new project – Great Plains (GP1) effective October 14, 2013. This is a camp site to accommodate people affected by the flood.

STATEMENT OF OPERATIONS

For the Great Plains Project only
(Expressed in Thousand of Dollars)

For the year ended December 31

	Budget Unaudited	2013	2012
REVENUE			
Rent Revenue	-	23	-
Miscellaneous	-	46	-
	-	69	-
EXPENDITURES			
Administration	-	69	-
	-	69	-
SURPLUS	-	-	-