

CAPITAL REGION HOUSING CORPORATION

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2012

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INDEPENDENT AUDITORS' REPORT

To the Shareholder of the Capital Region Housing Corporation

We have audited the accompanying financial statements of the Capital Regional Housing Corporation, which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, the statements of operations, changes in net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, and notes, comprising 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 our 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, we consider 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 in our audits 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 the Capital Regional Housing Corporation as at December 31, 2012, December 31, 2011 and January 1, 2011, and its results of operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian public sector accounting standards.

Chartered Accountants
March 26, 2013
Victoria, Canada

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CAPITAL REGION HOUSING CORPORATION

Statements of Financial Position


December 31, 2012, December 31, 2011 and January 1, 2011

Statement A

	December 31, 2012	December 31, 2011	January 1, 2011
Assets			
Current assets:			
Cash and cash equivalents (note 3)	\$ 5,213,668	\$ 4,450,781	\$ 4,347,535
Accounts receivable	247,070	252,067	141,442
Inventory and prepaid expenses	174,551	191,594	171,782
	5,635,289	4,894,442	4,660,759
Investments (note 3)	9,901,455	11,533,346	12,312,612
Restricted cash held by BCHMC	376,416	376,416	376,416
Capital assets (Schedule 3, note 4)	74,200,498	74,070,974	73,152,529
	90,113,658	90,875,178	90,502,316
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued liabilities	1,017,981	1,769,785	825,014
Accrued mortgage interest	255,337	258,959	288,917
Deferred revenue	504,731	588,405	587,056
Security deposits	500,302	477,422	468,488
Due to/(from) Capital Regional District	(585)	(149,461)	6,976
Mortgages payable principal current portion (Schedule 4)	4,063,999	5,039,246	3,326,191
Mortgages payable principal renewal portion (Schedule 4)	288,161	-	13,508,417
	6,629,926	7,984,356	19,011,059
Mortgages payable (Schedule 4, note 5)	69,718,897	69,603,882	60,285,234
Capital Stock (note 6)	1	1	1
Net assets:			
Invested in capital assets	1,829,752	(626,051)	(3,088,395)
Externally restricted:			
Replacement reserve fund (Schedule 1)	9,686,814	10,921,511	11,625,793
CMHC/BCHMC/Homes BC operating agreements	(56,628)	1,533,894	1,185,062
Portfolio stabilization reserve - umbrella agreement (Schedule 2)	803,939	-	-
Portfolio stabilization reserve - ILBC2 agreement (Schedule 2)	(30,954)	(24,243)	(33,826)
Family self sufficiency program	1,412	-	22,000
Internally restricted:			
Portfolio stabilization reserve - no operating agreement (Schedule 2)	98,596	1,901	1,831
Guest suites surplus	21,635	23,303	32,492
Vehicle replacement reserve	75,545	66,856	57,988
Equipment replacement reserve	61,026	73,185	66,563
Unrestricted:			
Corporation stabilization reserve	1,126,823	1,073,476	1,020,130
	13,617,960	13,043,832	10,889,638
Accumulated remeasurement gains (losses)	146,874	243,107	316,384
	13,764,834	13,286,939	11,206,022
Commitments and contingencies (note 8)			
	\$ 90,113,658	\$ 90,875,178	\$ 90,502,316

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

CAPITAL REGION HOUSING CORPORATION

Statements of Operations

STATEMENT B

Years ended December 31, 2012 and 2011

	Operating Funds		Restricted Funds		Total 2012	Total 2011
	Corporation	Rental Housing	Capital Fund	Replacement Reserve Fund		
Revenues:						(Schedule 6)
Tenant rent contributions	\$ -	\$9,614,413	\$ -	\$ -	\$ 9,614,413	\$ 9,327,602
CMHC mortgage assistance	-	115,278	-	-	115,278	482,053
BCHMC rent subsidy assistance	-	1,007,423	-	-	1,007,423	3,435,515
BCHMC umbrella operating agreement funding	-	2,669,047	-	-	2,669,047	-
BCHMC building envelope remediation subsidy	-	36,435	-	-	36,435	6,486
Rental management fees	824,104	-	-	-	824,104	776,347
Rental management fees - other	85,693	-	-	-	85,693	78,351
Investment income	119,709	10,586	-	334,230	464,525	595,930
Guest suites, net	(1,668)	-	-	-	(1,668)	(9,189)
Miscellaneous	2,775	136,765	-	-	139,540	56,087
Vergo capital equity contributions (note 8e)	-	-	-	-	-	1,393,850
	1,030,613	13,589,947	-	334,230	14,954,790	16,143,032
Expenses:						
Administration and property management	981,110	-	-	-	981,110	993,053
Amortization - office equipment and vehicles	-	-	11,323	-	11,323	10,507
Amortization - buildings and equipment	-	-	5,009,970	-	5,009,970	4,379,748
Amortization - land leases	-	-	226,350	-	226,350	226,350
Property taxes	-	1,105,755	-	-	1,105,755	1,138,733
Insurance	-	238,201	-	-	238,201	213,274
	-	653,361	-	-	653,361	637,897
Caretakers/ groundsman	-	1,178,915	-	-	1,178,915	1,124,544
Hydro	-	237,251	-	-	237,251	222,187
Land and Improvement leases	-	335,685	-	-	335,685	365,460
Water	-	501,297	-	-	501,297	492,981
Oil and gas	-	122,222	-	-	122,222	126,995
Garbage	-	152,769	-	-	152,769	149,360
Rental management fee	-	823,701	-	-	823,701	775,980
Audit and legal	-	31,917	-	-	31,917	30,058
Lighting retrofit project	-	74,152	-	-	74,152	-
BCHMC BER 2012 HST refund	-	3,343	-	-	3,343	-
Miscellaneous	-	20,268	-	-	20,268	17,164
Hospitality services (Parry)	-	274,200	-	-	274,200	273,961
Vehicle - operating	-	1,386	-	-	1,386	2,004
Interest on long term debt	-	2,589,872	-	-	2,589,872	2,769,457
	981,110	8,344,295	5,247,643	-	14,573,048	13,949,713
Excess (deficiency) of revenues over expenses before:	49,503	5,245,652	(5,247,643)	334,230	381,742	2,193,319
Recovery BCHMC/Homes BC/ILBC2 2008-2010 deficit	-	198,886	-	-	198,886	-
Repay BCHMC 2011 Parry subsidy overpayment	-	(6,500)	-	-	(6,500)	-
Repay BCHMC BER 2008-2010 GST/HST	-	-	-	-	-	(37,279)
Excess (deficiency) of revenues over expenses	\$ 49,503	\$5,438,038	\$ (5,247,643)	\$ 334,230	\$ 574,128	\$ 2,156,040

See accompanying notes to financial statements.

CAPITAL REGION HOUSING CORPORATION

Statements of Changes in Net Assets

STATEMENT C

Year ended December 31, 2012, with comparative information for 2011

	Operating Funds			Restricted Funds		Total 2012	Total 2011
	Corporation	Rental Housing (Schedule 5)	Capital Fund	Replacement Reserve Fund (Schedule 1)	Remeasurement Gains/Losses		
Net assets, beginning of year	\$ 1,236,820	\$ 1,511,552	\$ (626,051)	\$ 10,921,511	\$ 243,107	\$ 13,286,939	\$ 11,206,022
Excess (deficiency) of revenues over expenses	49,503	5,438,038	(5,247,643)	334,230	-	574,128	2,156,040
Interfund transfers:							
Mortgage principal repayments	-	(3,881,213)	3,881,213	-	-	-	-
Transfer CMHC 2008-2011 operating surpluses	-	(1,371,072)	-	1,371,072	-	-	-
Replacement reserve transfers	-	(841,198)	-	841,198	-	-	-
Replacement reserve expenditures	-	-	3,781,197	(3,781,197)	-	-	-
Capital assets acquired	(7,944)	(33,092)	41,036	-	-	-	(1,846)
Vehicle replacement reserve contribution	6,650	(6,650)	-	-	-	-	-
Family self sufficiency program transfers	1,412	(1,412)	-	-	-	-	-
	118	(6,134,637)	7,703,446	(1,568,927)	-	-	(1,846)
Unrealized gains/(losses) on investments	-	-	-	-	(57,951)	(57,951)	(67,179)
Realized (gains)/losses on investments, reported in operations	-	-	-	-	(38,282)	(38,282)	(6,098)
	-	-	-	-	(96,233)	(96,233)	(73,277)
Net assets, end of year	\$ 1,286,441	\$ 814,953	\$ 1,829,752	\$ 9,686,814	\$ 146,874	\$ 13,764,834	\$ 13,286,939

See accompanying notes to financial statements

Year ended December 31, 2011, with comparative information for 2010

	Operating Funds			Restricted Funds		Total 2011	Total 2010
	Corporation	Rental Housing (Schedule 5)	Capital Fund	Replacement Reserve Fund (Schedule 1)	Remeasurement Gains/Losses		
Net assets, beginning of year	\$ 1,199,173	\$ 1,153,067	\$ (3,088,395)	\$ 11,625,793	\$ 316,384	\$ 11,206,022	\$ 10,042,954
Excess (deficiency) of revenues over expenses	15,702	4,939,247	(3,222,755)	423,846	-	2,156,040	1,251,178
Interfund transfers:							
Mortgage principal repayments	-	(3,667,573)	3,667,573	-	-	-	-
Replacement reserve transfers	-	(885,352)	-	885,352	-	-	-
Replacement reserve expenditures	-	-	2,013,480	(2,013,480)	-	-	-
Capital assets acquired	-	(5,892)	4,046	-	-	(1,846)	-
Vehicle replacement reserve contribution	6,650	(6,650)	-	-	-	-	-
Family self sufficiency program transfers	15,295	(15,295)	-	-	-	-	-
	21,945	(4,580,762)	5,685,099	(1,128,128)	-	(1,846)	-
Unrealized gains/(losses) on investments	-	-	-	-	(67,179)	(67,179)	(209,197)
Realized (gains)/losses on investments, reported in operations	-	-	-	-	(6,098)	(6,098)	50,138
	-	-	-	-	(73,277)	(73,277)	(159,059)
Transfer BCHMC 2008 adj Replacement Reserve	-	-	-	-	-	-	83,541
Refund BCHMC BER building permit expense	-	-	-	-	-	-	(12,592)
	-	-	-	-	-	-	70,949
Net assets, end of year	\$ 1,236,820	\$ 1,511,552	\$ (626,051)	\$ 10,921,511	\$ 243,107	\$ 13,286,939	\$ 11,206,022

See accompanying notes to financial statements

CAPITAL REGION HOUSING CORPORATION

Statements of Cash Flows

Years ended December 31, 2012 and 2011

STATEMENT D

	Total 2012	Total 2011
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenues over expenses	\$ 574,128	\$ 2,156,040
Items not involving cash:		
Vergo land contribution (note 5e)	-	(1,123,850)
Net unrealized gains/(losses) on investments (note 1g)	(96,233)	(73,277)
Amortization	5,247,643	4,616,605
Changes in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	4,997	(110,625)
Decrease (increase) in inventory and prepaid expenses	17,043	(19,812)
Increase (decrease) in accounts payable and accrued liabilities	(751,804)	944,771
Increase (decrease) in accrued mortgage interest	(3,622)	(29,958)
Increase (decrease) in deferred revenue	(83,674)	1,349
Increase (decrease) in security deposits	22,880	8,934
Increase (decrease) due from Capital Regional District	148,876	(156,437)
	5,080,234	6,213,740
Investing activities:		
Decrease (increase) in investments	1,631,891	779,266
	1,631,891	779,266
Capital activities:		
Acquisition of capital assets	(5,377,167)	(4,413,046)
	(5,377,167)	(4,413,046)
Financing activities:		
Proceeds of long-term debt	3,309,142	1,190,859
Repayment of long-term debt	(3,881,213)	(3,667,573)
	(572,071)	(2,476,714)
Net change in cash and cash equivalents	762,887	103,246
Cash and cash equivalents, beginning of year	4,450,781	4,347,535
Cash and cash equivalents, end of year	\$ 5,213,668	\$ 4,450,781

See accompanying notes to financial statements.

CAPITAL REGION HOUSING CORPORATION

Notes to Financial Statements Years ended December 31, 2012 and 2011

General

The Capital Region Housing Corporation (the "Corporation") is incorporated under the laws of British Columbia and its principal activity is the provision of rental accommodation. As a wholly owned subsidiary of the Capital Regional District, the Corporation is exempt from taxation under the Income Tax Act and is regarded as a municipality for HST purposes.

On January 1, 2012, the Corporation adopted Canadian Public Sector Accounting Standards. The Corporation has also elected to apply the 4200 standards for government not-for-profit organizations. These are the first financial statements prepared in accordance with these public sector accounting standards.

In accordance with the transitional provisions in Public Sector Accounting Standards, the Corporation has adopted the changes retrospectively. The transition date is January 1, 2011 and all comparative information provided has been presented by applying public sector accounting standards.

A summary of transactional adjustments recorded to net assets and excess of revenues over expenses is provided in note 11.

1. Significant accounting policies

The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations.

a) Revenue Recognition

The Corporation follows the restricted fund balance method of accounting for contributions. Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund in the year received or receivable.

b) Fund Accounting

At December 21, 2011 the Corporation managed four funds – Operating, Capital, Replacement and Subsidy Surplus. Effective April 1, 2012 the CMHC Subsidy Surplus Fund was closed and the balance transferred to the Operating Fund as per Schedule 2.

i. Operating Funds

The Operating Funds reflect the Corporation's assets, liabilities and transactions relating to the ongoing rental and non-rental operations. In accordance with the agreements with BCHMC, a Portfolio Stabilization Reserve has been established for each portfolio's accumulated operating surplus. The Corporation has also established a reserve for the No

CAPITAL REGION HOUSING CORPORATION

Notes to Financial Statements (continued) Years ended December 31, 2012 and 2011

Operating Agreement portfolio. These reserves are used in the event that annual rental revenues and government subsidies are inadequate to meet the portfolio's mortgage payments and operating costs. The Corporation can also contribute funds from these reserves to the Replacement Reserve Fund, if required. At the discretion of the Board, the unrestricted Corporate Stabilization Reserve provides funding for administration and special projects.

ii. Capital Fund

The Capital Fund reflects the Corporation's investment in capital assets and related financial activities.

iii. Replacement Reserve Fund

In accordance with the agreements with British Columbia Housing Management Commission (BCHMC), a Replacement Reserve Fund has been established for each building to pay for the replacement of worn-out capital equipment and other approved items. The Replacement Reserves are funded by an annual transfer from the Rental Operating Fund. Capital expenditures made from the reserve are transferred to the Capital Fund.

c) Capital Assets

Land, buildings, equipment and vehicles are stated at cost. Amortization over their estimated useful lives is provided on the straight-line basis at the following rates:

Asset	Rate
Land leases – BCHMC projects	60 years
Land lease – CMHC project	41 years
Land lease – Rotary House	29 years
Buildings	35 years
Equipment	10 years
Vehicles	5 years

All transfers from the Replacement Reserve Fund and office equipment are stated at cost and amortization is provided on the declining balance basis at 20% per annum.

d) Debt Retirement

Payment of principal on long-term debt is funded by a transfer from the Rental Housing Operating Fund to the Capital Fund.

CAPITAL REGION HOUSING CORPORATION

Notes to Financial Statements (continued) Years ended December 31, 2012 and 2011

e) Operating Agreements

i. Umbrella

Effective April 1, 2012, the Corporation signed an one year Interim Umbrella Operating Agreement (the "Umbrella Agreement") with BCHMC to consolidate three operating agreements, with a total of 42 buildings (1,209 units), into one agreement with the intent to reduce administrative duplication, allow the Corporation more flexibility to determine priorities for the portfolio maintenance and management and create a stable and predictable funding stream for the Corporation. In addition, the parties agreed to work together to develop a long-range capital planning tool to enable the Corporation and BCHMC to determine the capital replacement needs of the portfolio for the next thirty years and to negotiate on the transfer of the land ownership of the BCHMC projects from the Provincial Rental Housing Corporation to the Corporation. The interim agreement is intended to be renewed on April 1, 2013 for a five year term.

ii. CMHC

Prior to April 1, 2012 the Corporation had entered into agreements with CMHC pursuant to Section 95 (formerly Section 56.1) of the National Housing Act whereby CMHC will provide mortgage assistance grants to the Corporation that reduce interest costs to not less than 2% on all mortgages payable. As of January 1, 2005 when a mortgage loan is renewed the mortgage assistance grants shall increase or decrease by the same dollar amount as the monthly loan payment of principal and interest changes.

iii. BCHMC

Prior to April 1, 2012 the Corporation had entered into agreements with BCHMC whereby BCHMC, on behalf of the Provincial and Federal governments, will provide rent subsidy assistance equal to the BCHMC approved difference between tenant rent contributions and BCHMC defined economic rents.

iv. Homes BC Program

Prior to April 1, 2012 the Corporation had entered into agreements with BCHMC under the unilaterally funded Homes BC Program. The Provincial Government agrees to provide rent subsidy assistance for Rent Geared to Income (RGI) units (approximately 60% of total units) based on the difference between the tenant rent contribution and the approved economic rents. The Province also agrees to provide Repayable Assistance equal to the difference between the economic and the approved low-end of market rents for the remaining units.

CAPITAL REGION HOUSING CORPORATION

Notes to Financial Statements (continued) Years ended December 31, 2012 and 2011

v. Independent Living BC II Program

The Corporation has entered into an agreement with BCHMC under the unilaterally funded Independent Living BC II Program. The Provincial Government agrees to provide subsidy assistance for shelter and defined hospitality costs based on the difference between seventy percent (70%) of the residents' net income and the approved operating budget.

vi. CRHC No Operating Agreement

This category includes buildings that receive no mortgage assistance or rent subsidy assistance. Tenant rent contributions are determined by the Corporation.

f) Allocation of Investment Income

Funds available for investment are pooled and interest revenue is allocated to restricted funds at the rate of average prime (2011: average prime plus .75%).

g) Financial Instruments

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. The Corporation has not elected to carry any such financial instruments at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

Long-term debt is recorded at cost.

CAPITAL REGION HOUSING CORPORATION

Notes to Financial Statements (continued) Years ended December 31, 2012 and 2011

The Standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

h) Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

2. Change in Accounting Policy

In addition to adopting the Canadian Public Sector Accounting Standards, including the 4200 standards, on January 1, 2012, the Corporation early adopted Public Accounting Standards PS 3450 - Financial Instruments and PS 2601 – Foreign Currency Translation. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the Corporation's accounting policy choices (see note 1 – Significant Accounting Policies).

The adoption of PS 3450 and PS 2601 had no impact on the financial statements other than disclosure of the Corporation's accounting policy choices.

CAPITAL REGION HOUSING CORPORATION

**Notes to Financial Statements (continued)
Years ended December 31, 2012 and 2011**

3. Cash and Investments

	Level	2012	2011
Cash and cash equivalents			
Bank Account Balances	1	\$ 3,260,198	\$ 2,210,195
Municipal Finance Authority			
Bond and Money Market Funds	1	1,953,470	2,240,586
		\$ 5,213,668	\$ 4,450,781
Investments			
Municipal Finance Authority			
Bond and Money Market Funds	1	\$ 5,461,078	\$ 7,241,207
Bonds – chartered banks	1	4,440,377	4,292,139
		\$ 9,901,455	\$11,533,346

4. Capital Assets

December 31, 2012	Cost	Accumulated Amortization	Net Book Value
Land	\$ 9,496,053	\$ -	\$ 9,496,053
Land under lease	12,601,318	4,156,826	8,444,492
Buildings	104,555,531	55,348,800	49,206,731
Equipment and other	20,598,212	13,544,990	7,053,222
	\$147,251,114	\$73,050,616	\$74,200,498
December 31, 2011			
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 9,496,053	\$ -	\$ 9,496,053
Land under lease	12,601,318	3,930,477	8,670,841
Buildings	103,008,518	52,088,638	50,919,880
Equipment and other	16,768,058	11,783,858	4,984,200
	\$141,873,947	\$67,802,973	\$74,070,974

During 2012, interest of \$20,482 (2011: \$4,966) was capitalized during the construction of Vergo.

CAPITAL REGION HOUSING CORPORATION

Notes to Financial Statements (continued) Years ended December 31, 2012 and 2011

5. Mortgages Payable

Pursuant to Section 5 of the National Housing Act, CMHC has undertaken to insure all mortgages payable by the Corporation except the mortgages on Village on the Green and Vergo. As additional security, the mortgagors hold chattel mortgages and assignments of rent.

6. Capital Stock

Authorized capital: 2,000 shares with par value of \$1 each

Issued capital: 1 share of \$1 par value, owned by the Capital Regional District.

7. Invested in Capital Assets

Investment in capital assets is calculated as follows:

	December 31, 2012	December 31, 2011
Capital assets	\$74,200,498	\$74,070,974
Accounts receivable	16,827	56,849
Interfund due (to)/from	1,331,235	(19,617)
Restricted cash	376,416	376,416
Accounts payable and accrued liabilities	(24,167)	(467,545)
Mortgages payable	(74,071,057)	(74,643,128)
	\$ 1,829,752	(\$626,051)

8. Commitments and Contingencies

a) Related Party Transactions

The Corporation is a wholly owned subsidiary of the Capital Regional District (CRD). The Corporation committed to a sixty year lease for certain land from the CRD at the agreed upon price of \$525,000 which was recognized as a 1997 acquisition in the Capital Fund. In March 2011, the CRD transferred the Mt. View Heights affordable family housing parcel to the Corporation for the Vergo townhouse development (note 8e).

During 2012, the Corporation purchased, at cost, \$123,759 (2011: \$119,879) of administrative support services and \$49,065 (2011: \$51,585) of computer support services from the CRD.

b) Sublease of Kings Place Housing Development

The Corporation entered into agreement with the Cridge Housing Society and the Provincial Rental Housing Corporation to sublease the land and improvements at 1070 Kings Road, Victoria

CAPITAL REGION HOUSING CORPORATION

Notes to Financial Statements (continued) Years ended December 31, 2012 and 2011

for a term of thirty years commencing August 1, 1997. The Homes BC Program Operating Agreement was assigned to the Corporation from the Cridge Housing Society with the approval of the BCHMC. Current annual lease payments amount to \$272,685 and are based on the annual mortgage payments.

c) Building Envelope Remediation (BER)

Prior to the signing of the Umbrella Agreement in 2012, BCHMC provided funding for building envelope failure remediation for BCHMC and Homes BC buildings. BCHMC may require repayment of certain BER subsidies. Repayment would be funded by second mortgages.

Funding for future BER for all buildings except No Operating Agreement buildings, Village on the Green and Vergo, is subject to future negotiations with BCHMC.

d) Homes BC Program Repayable Assistance

Under the new Umbrella Agreement the Homes BC program repayable assistance will no longer apply as of April 1, 2012. Any outstanding repayable assistance owed by the Corporation to BCHMC will be forgiven at a rate of 1/5 each year commencing April 1, 2012. At December 31, 2011 the estimated total of repayable assistance was \$2,348,000.

e) Vergo Townhouse Development (note 5a)

As at May 31, 2012 the Corporation completed the Vergo rental housing property. In 2011, the CRD contributed a Regional Housing Trust Fund capital equity grant of \$270,000 and land with fair market value of \$1,123,850.

Number of Units	Construction Budget	Expended May 31, 2012
18	\$4,680,500	\$4,253,085

9. Pension Liability

The Corporation and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 176,000 active members and approximately 67,000 retired members. Active members include approximately 35,000 contributors from local governments.

The latest valuation as at December 31, 2009 indicated an unfunded liability of \$1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. The actuary does not attribute portions of the unfunded liability to individual employers. The Corporation paid \$114,479 for employer contributions to the plan in fiscal 2012 (2011: \$110,051).

CAPITAL REGION HOUSING CORPORATION

Notes to Financial Statements (continued) Years ended December 31, 2012 and 2011

10. Financial risks and concentration of credit risk

a) Credit risk

Credit risk refers to the risk that a counter party may default on its contractual obligations resulting in a financial loss. The Corporation is exposed to credit risk with respect to the accounts receivable, cash, cash equivalents and investments.

The Corporation assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Corporation at December 31, 2012 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the income statement. Subsequent recoveries of impairment losses related to accounts receivable are credited to the income statement. The balance of the allowance for doubtful accounts at December 31, 2012 is \$0.

The maximum exposure to investment credit risk is the carrying value of the assets.

There have been no significant changes to the credit risk exposure from 2011.

b) Liquidity risk:

Liquidity risk is the risk that the Corporation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Corporation manages its liquidity risk by monitoring its operating requirements. The Corporation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

The contractual maturities of mortgages payable are disclosed in schedule 4.

There have been no significant changes to the liquidity risk exposure from 2011.

c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Corporation's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

i. Foreign exchange risk:

The Corporation does not enter into foreign exchange transactions and therefore is not exposed to foreign exchange risk.

There have been no significant changes to foreign exchange risk exposure from 2011.

CAPITAL REGION HOUSING CORPORATION

Notes to Financial Statements (continued) Years ended December 31, 2012 and 2011

ii. Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates.

The Corporation's investments, including bond and money market funds, are disclosed in note 3 and changes in market interest rates directly impact the fair value of the investments.

The fair value of mortgages payable at December 31, 2012 is \$67,080,720 compared to a carrying value of \$74,071,057. Fair value of mortgages payable has been calculated using the future cash flows (principal and interest) of the actual debt instruments, discounted at the estimated current market rates available to the Corporation for the same or similar debt instruments.

There has been no change to the interest rate risk exposure from 2011.

11. Transitional Adjustments:

a) Net assets:

The following table summarizes the impact of the transition to Public Sector Accounting Standards on the Corporation's net assets as of January 1, 2011:

Net assets	
As previously reported under Canadian generally accepted accounting principles, January 1, 2011	\$11,383,876
Adjustment to correct recording of mortgages payable and deferred revenue	(177,854)
Restated, January 1, 2011	\$11,206,022

b) Statement of operations:

As a result of the retrospective application of public sector accounting standards, the Corporation recorded the following adjustment to excess of revenue over expenses for the year ended December 31, 2011:

Excess of revenue over expenses:	
As previously reported under Canadian generally accepting accounting principles for year ended December 31, 2011	\$2,166,391
Increase to interest on long term debt as a result of correcting the recording of mortgages payable	(10,351)
Restated for the year ended December 31, 2011	\$2,156,040

CAPITAL REGION HOUSING CORPORATION

SCHEDULE 1

Changes in Replacement Reserve Fund

Year ended December 31, 2012

	Balance at December 31 2011	Contribution from Rental Operating Fund	Interest	Transfer to Capital Fund	Transfers from CMHC 2008-2011 Operating Surplus	Balance at December 31 2012
<u>Umbrella Agreement</u>						
Portage Place	\$ 321,874	\$ 28,000	\$ 9,979	\$ (20,962)	\$ -	\$ 338,891
Campus View Court	132,107	20,400	3,394	(52,408)	-	103,493
Royal Oak Square	544,264	47,000	16,200	(77,522)	-	529,942
Oakwinds	779,324	68,000	24,009	(60,312)	-	811,021
James Yates Gardens	177,246	13,400	5,354	(20,379)	-	175,621
Pinehurst	473,265	37,800	12,685	(154,887)	-	368,863
The Brambles	193,346	26,300	5,804	(24,510)	-	200,940
The Terraces	497,053	25,000	15,581	(21,744)	-	515,890
Michigan Square	304,418	51,000	17,323	(571,311)	521,784	323,214
Olympic View	464,961	71,000	14,258	(40,109)	-	510,110
Swanlea	211,595	16,000	6,412	(23,059)	-	210,948
Firgrove	209,447	37,300	5,481	(76,846)	-	175,382
Beechwood Park	393,445	38,000	35,855	(247,887)	849,288	1,068,701
Grey Oak Square	197,089	27,000	5,871	(27,763)	-	202,197
Willowdene	86,461	-	-	(227,368)	-	(140,907)
Rosewood	280,323	-	8,090	(55,793)	-	232,620
Gladstone	67,805	27,720	737	(89,596)	-	6,666
Camosun Place	63,950	13,978	1,665	(24,017)	-	55,576
Parkview	134,335	46,936	3,538	(47,877)	-	136,932
Carey Lane	22,695	44,592	126	(37,548)	-	29,865
Colquitz Green	137,744	36,033	2,445	(122,932)	-	53,290
Springtide	197,965	-	5,608	(45,935)	-	157,638
Greenlea	205,056	-	2,151	(275,897)	-	(68,690)
Arbutus View	302,438	-	5,206	(279,961)	-	27,683
Amberlea	379,895	-	11,331	(52,675)	-	338,551
Cloverhurst	84,981	-	2,598	(7,799)	-	79,780
Hamlet	85,067	-	2,318	(25,489)	-	61,896
Viewmont	270,977	39,539	6,103	(161,059)	-	155,560
Creekside	251,108	44,574	2,844	(324,726)	-	(26,200)
The Birches	192,519	-	5,046	(70,164)	-	127,401
Caledonia	161,284	-	4,679	(30,569)	-	135,394
The Heathers	183,197	-	5,147	(45,214)	-	143,130
Heron Cove	234,092	-	7,300	(12,610)	-	228,782
Castenea Place	546,224	-	16,729	(48,442)	-	514,511
Leblond Place	381,665	-	11,262	(60,503)	-	332,424
Rotary House	56,370	35,077	1,406	(25,024)	-	67,829
Cairns Park	54,251	4,970	1,739	-	-	60,960
Kings Place	166,067	21,072	4,688	(39,607)	-	152,220
Carillon Place	130,312	-	3,928	(15,201)	-	119,039
Brock Place	192,164	-	5,121	(64,712)	-	132,573
Harbour Lane	267,964	-	7,910	(42,316)	-	233,558
Tillicum Station	396,532	-	12,346	(22,592)	-	386,286
<u>ILBC2 Agreement</u>						
Parry Place	53,160	15,840	1,670	(2,084)	-	68,586
<u>CRHC No Operating Agreement</u>						
Village on the Green	435,476	-	12,293	(103,788)	-	343,981
Vergo	-	4,667	-	-	-	4,667
	10,921,511	\$ 841,198	\$ 334,230	\$ (3,781,197)	\$ 1,371,072	9,686,814

CAPITAL REGION HOUSING CORPORATION

SCHEDULE 2

Changes in Portfolio Stabilization Reserves

Year ended December 31, 2012

	Balance at December 31 2011 <small>(see note below)</small>	Transfer from Subsidy Surplus Reserve Fund	Recovery BCHMC	Interest	Contribution from/(to) Rental Operating Fund <small>(Schedule 5)</small>	Balance at December 31 2012
<u>Umbrella Agreement</u>						
CMHC	\$ -	\$ 345,177	\$ -	\$ 10,528	\$ 502,875	\$ 858,580
BCHMC	-	-	-	-	(112,944)	(112,944)
Homes BC	57,772	-	7,784	-	(7,253)	58,303
	<u>57,772</u>	<u>345,177</u>	<u>7,784</u>	<u>10,528</u>	<u>382,678</u>	<u>803,939</u>
<u>ILBC2 Agreement</u>						
Parry Place	(24,243)	-	1,103	-	(7,814)	(30,954)
	<u>(24,243)</u>		<u>1,103</u>		<u>(7,814)</u>	<u>(30,954)</u>
<u>CRHC No Operating Agreement</u>						
Village on the Green	-	1,901	-	58	64,036	65,995
Vergo	-	-	-	-	32,601	32,601
	<u>-</u>	<u>1,901</u>	<u>-</u>	<u>58</u>	<u>96,637</u>	<u>98,596</u>
	<u>\$ 33,529</u>	<u>\$ 347,078</u>	<u>\$ 8,887</u>	<u>\$ 10,586</u>	<u>\$ 471,501</u>	<u>\$ 871,581</u>

Note: effective April 1, 2012 the Interim Umbrella Operating Agreement required -

- 1) the external restricted balances for Homes BC and ILBC2 be restated as Portfolio Stabilization Reserves.
- 2) the Subsidy Surplus Reserve Fund be closed and the balances be transferred to the respective Portfolio Stabilization Reserves.

CAPITAL REGION HOUSING CORPORATION

SCHEDULE 3

Capital Assets

Year ended December 31, 2012

	Completed	Cost					Total	Accumulated Amortization	2012	2011
		Land	Land Under Lease	Buildings	Equipment and Other	Transfer from Replacement Reserve Fund				
In Operation										
<u>Umbrella Agreement</u>										
Portage Place	Aug/83	\$ 328,659	\$ -	\$ 965,774	\$ 266,121	\$ 20,962	\$ 1,581,516	\$ (1,032,132)	\$ 549,384	\$ 576,705
Campus View Court	Sep/83	341,224	-	688,111	282,849	52,408	1,364,592	(851,858)	512,734	498,288
Royal Oak Square	Mar/84	666,280	-	2,051,834	537,723	77,522	3,333,359	(2,165,110)	1,168,249	1,186,908
Oakwinds	Feb/85	-	830,075	2,835,407	796,731	60,312	4,522,525	(3,470,465)	1,052,060	1,148,453
James Yates Gardens	Oct/84	103,200	-	387,934	111,164	20,379	622,677	(421,011)	201,666	200,363
Pinehurst	Feb/85	277,692	-	1,188,811	282,400	154,887	1,903,790	(1,168,517)	735,273	660,815
The Brambles	Jun/85	275,975	-	1,048,104	479,974	24,510	1,828,563	(1,159,768)	668,795	720,031
The Terraces	May/85	356,532	-	1,087,668	574,781	21,744	2,040,725	(1,275,012)	765,713	822,957
Michigan Square	Sep/85	784,763	-	3,154,222	1,547,609	571,311	6,057,905	(3,718,043)	2,339,862	2,089,736
Olympic View	Apr/86	900,000	-	3,288,908	1,175,789	40,109	5,404,806	(3,487,029)	1,917,777	2,038,144
Swanlea	Dec/85	230,215	-	746,556	222,455	23,059	1,222,285	(776,122)	446,163	461,094
Firgrove	Feb/86	480,000	-	1,763,183	639,619	76,846	2,959,648	(1,912,449)	1,047,199	1,061,777
Beechwood Park	Feb/86	888,000	-	2,317,623	617,319	247,887	4,070,829	(2,354,803)	1,716,026	1,608,928
Grey Oak Square	Apr/86	409,015	-	1,290,394	460,568	27,763	2,187,740	(1,374,714)	813,026	849,397
Willowdene	Sep/87	-	-	884,186	217,721	227,368	1,329,275	(829,083)	500,192	359,978
Rosewood	Oct/88	-	255,000	1,864,715	401,606	55,793	2,577,114	(1,725,931)	851,183	895,333
Gladstone	Jan/89	-	197,000	912,600	282,829	89,596	1,482,025	(941,458)	540,567	514,215
Camosun Place	Mar/89	-	108,000	489,700	109,713	24,017	731,430	(466,522)	264,908	268,232
Parkview	May/89	-	283,250	1,795,567	545,883	47,877	2,672,577	(1,725,645)	946,932	1,008,243
Carey Lane	Aug/89	-	283,250	1,443,751	509,072	37,548	2,273,621	(1,485,419)	788,202	837,750
Colquitz Green	Nov/89	-	160,250	1,504,000	353,751	122,932	2,140,933	(1,367,862)	773,071	746,840
Springtide	May/90	-	324,500	2,519,309	504,847	45,935	3,394,591	(2,170,940)	1,223,651	1,295,049
Greenlea	Feb/90	-	305,750	1,560,300	270,704	275,897	2,412,651	(1,406,887)	1,005,764	850,107
Arbutus View	Jul/90	-	370,250	1,592,750	285,111	279,961	2,528,072	(1,478,120)	1,049,952	890,556
Amberlea	May/90	-	447,501	2,578,479	425,837	52,675	3,504,492	(2,226,399)	1,278,093	1,336,068
Cloverhurst	May/90	-	197,000	651,500	143,393	7,799	999,692	(616,208)	383,484	407,239
Hamlet	Oct/90	-	152,000	803,000	143,173	25,489	1,123,662	(703,067)	420,595	433,469
Viewmont	Aug/91	-	402,140	2,378,046	286,024	161,059	3,227,269	(1,895,231)	1,332,038	1,294,144
Creekside	Apr/92	-	388,250	2,363,830	285,231	324,726	3,362,037	(1,842,948)	1,519,089	1,348,670
The Birches	Aug/92	-	675,000	3,684,874	490,248	70,164	4,920,286	(2,826,399)	2,093,887	2,185,552
Caledonia	Apr/93	-	403,473	1,452,777	228,887	30,569	2,115,706	(1,142,006)	973,700	1,011,889
The Heathers	Apr/93	-	436,279	1,974,683	229,903	45,214	2,686,079	(1,461,045)	1,225,034	1,265,484
Heron Cove	Oct/93	-	270,000	2,274,691	243,944	12,610	2,801,245	(1,580,354)	1,220,891	1,294,279
Castanea Place	Feb/95	-	1,277,000	4,841,879	517,979	48,442	6,685,300	(3,279,112)	3,406,188	3,557,497
Leblond Place	Sep/96	-	900,000	4,506,231	237,842	60,503	5,704,576	(2,627,196)	3,077,380	3,189,349
Rotary House	Nov/06	-	556,600	2,994,000	226,956	25,024	3,802,580	(1,106,507)	2,696,073	2,839,538
Cairns Park	Dec/96	-	240,000	415,314	42,271	-	697,585	(303,223)	394,362	412,421
Kings Place	N/A	-	-	-	207,631	39,607	247,238	(148,525)	98,713	83,784
Carillon Place	Jul/98	-	525,000	1,280,389	106,243	15,201	1,926,833	(760,680)	1,166,153	1,206,473
Brock Place	Jan/00	-	840,000	3,465,836	257,432	64,712	4,627,980	(1,649,611)	2,978,369	3,062,142
Harbour Lane	Oct/01	-	825,000	3,607,266	100,324	42,316	4,574,906	(1,473,792)	3,101,114	3,192,778
Tillicum Station	Jul/02	-	948,750	4,300,764	137,490	22,592	5,409,596	(1,633,567)	3,776,029	3,905,650
<u>Building Envelope Remediation</u>										
Amberlea	-	-	-	2,367,415	-	-	2,367,415	(803,967)	1,563,448	1,662,527
Cloverhurst	-	-	-	1,105,204	-	-	1,105,204	(379,848)	725,356	785,802
Birches	-	-	-	1,635,610	-	-	1,635,610	(561,867)	1,073,743	1,150,439
Heron Cove	-	-	-	1,756,374	-	-	1,756,374	(558,154)	1,198,220	1,278,101
Castanea Place	-	-	-	2,531,350	-	-	2,531,350	(681,160)	1,850,190	1,959,025
Leblond Place	-	-	-	3,337,941	-	-	3,337,941	(704,681)	2,633,260	2,779,552
<u>ILBC2 Agreement</u>										
Parry Place	Jun/08	1,400,000	-	4,651,679	18,644	2,084	6,072,407	(672,964)	5,399,443	5,532,760
<u>CRHC No Operating Agreement</u>										
Village on the Green	May/84	910,171	-	2,002,921	459,394	103,788	3,476,274	(2,043,942)	1,432,332	1,430,471
Vergo	May/12	1,144,327	-	4,212,071	41,014	-	5,397,412	(124,446)	5,272,966	3,840,593
Office Equipment	-	-	-	-	450,272	-	450,272	(431,570)	18,702	15,433
Vehicles	-	-	-	-	60,544	-	60,544	(47,247)	13,297	19,946
		\$ 9,496,053	\$ 12,601,318	\$ 104,555,531	\$ 16,817,015	\$ 3,781,197	\$ 147,251,114	\$ (73,050,616)	\$ 74,200,498	\$ 74,070,974

CAPITAL REGION HOUSING CORPORATION

SCHEDULE 4

Capital Fund - Mortgages Payable

Year ended December 31, 2012

Rental Property	Interest		2012	2011
	Rate	Maturity Date		
<u>Umbrella Agreement</u>				
Portage Place	3.680%	August 1,2018	\$ 435,934	\$ 503,942
Campus View Court	2.860%	December 1,2013	344,030	398,335
Royal Oak Square	2.710%	March 1,2019	953,346	1,091,542
Oakwinds	2.760%	June 1,2015	1,563,339	1,758,073
James Yates Gardens	2.650%	February 1,2015	199,468	225,763
Pinehurst	2.760%	June 1,2015	621,411	697,836
The Brambles	2.400%	October 1,2015	572,926	641,860
The Terraces	2.400%	October 1,2015	619,362	694,798
Michigan Square	2.260%	August 1,2016	1,768,885	1,975,498
Olympic View	2.930%	April 1,2021	1,974,512	2,180,880
Swanlea	3.430%	December 1,2020	448,126	496,047
Firgrove	3.150%	February 1,2021	1,033,800	1,143,200
Beechwood Park	3.150%	February 1,2021	1,480,891	1,637,604
Grey Oak Square	3.150%	March 1,2021	789,628	872,233
Willowdene	3.680%	December 1,2018	440,601	477,554
Rosewood	3.680%	December 1,2018	1,124,939	1,207,322
Gladstone	3.680%	December 1,2018	597,967	640,960
Camosun Place	2.710%	April 1,2019	317,357	341,189
Parkview	3.440%	September 1,2019	1,174,906	1,257,659
Carey Lane	3.440%	September 1,2019	991,080	1,059,079
Colquitz Green	3.510%	February 1,2020	975,464	1,040,383
Springtide	3.130%	October 1,2020	1,724,096	1,836,144
Greenlea	3.430%	June 1,2020	1,130,704	1,203,860
Arbutus View	3.130%	October 1,2020	1,185,573	1,261,393
Amberlea	3.130%	October 1,2020	1,841,818	1,961,516
Cloverhurst	3.130%	October 1,2020	514,531	547,970
Hamlet	3.430%	February 1,2021	591,967	628,139
Viewmont	2.490%	October 1,2021	1,762,305	1,869,346
Creekside	3.650%	June 1,2021	1,725,162	1,815,365
The Birches	3.540%	September 1,2018	2,740,575	2,880,977
Caledonia	3.650%	June 1,2018	1,207,959	1,265,849
The Heathers	3.650%	June 1,2018	1,546,368	1,620,476
Heron Cove	3.680%	December 1,2018	1,656,312	1,732,219
Castanea Place	3.430%	June 1,2020	4,456,075	4,643,995
Leblond Place	2.490%	October 1,2021	3,345,160	3,483,647
Leblond Place - 2nd mortgage	2.999%	October 1,2015	3,084,915	3,141,053
Rotary House	4.370%	March 1,2018	2,436,427	2,546,870
Cairns Park	4.759%	December 1,2016	489,356	504,927
Carillon Place	3.615%	July 1,2014	1,405,028	1,450,349
Brock Place	5.260%	January 1,2020	3,643,544	3,729,394
Harbour Lane	4.653%	October 1,2016	3,558,456	3,642,724
Tillicum Station	5.029%	July 1,2014	4,614,177	4,707,701
<u>ILBC2 Agreement</u>				
Parry Place	2.934%	May 1,2014	4,185,440	4,269,393
<u>CRHC No Operating Agreement</u>				
Village on the Green	4.900%	October 1,2014	2,325,962	2,367,205
Vergo	3.450%	August 1,2022	4,471,175	1,190,859
			\$ 74,071,057	\$ 74,643,128

Principal due within each of the next five years on these mortgages is approximately as follows:

	Assuming no mortgage renewal	Assuming mortgage renewal
2013	\$4,352,160	\$4,063,998
2014	16,110,345	4,198,983
2015	9,065,968	4,337,867
2016	8,067,874	4,484,326
2017	3,251,403	4,631,044

SCHEDULE 5

CAPITAL REGION HOUSING CORPORATION

Operating Fund - Rental Operations
Year ended December 31, 2012

	Revenues			Expenditures and Interfund Transfers			Surplus/(Deficit) from Operations after Interfund Transfers	Allocation from (to) Portfolio Stabilization Reserves				
	Number of units	Tenant rent contributions	CMHC mortgage assistance	BCHMC fixed funding	Other	Total			Transfer to Replacement Reserve	Debt Charges	Total	
												Operating Costs
<u>Umbrella Agreement</u>												
CMHC												
Portage Place	17	\$ 169,305	\$ 4,664	\$ 13,994	\$ 62	\$ 188,025	\$ 74,691	\$ 28,000	\$ 85,074	\$ 187,765	\$ 260	\$ (260)
Campus View Court	12	130,947	3,076	9,227	589	143,839	54,361	20,400	64,797	139,558	4,281	(4,281)
Royal Oak Square	38	373,556	5,374	16,122	916	395,968	157,792	47,000	165,602	370,394	25,574	(25,574)
Oakwinds	50	531,415	16,308	48,923	847	597,493	207,321	68,000	240,097	515,418	82,075	(82,075)
James Yates Gardens	8	62,574	2,032	6,096	1,584	72,286	45,166	13,400	31,872	90,438	(18,152)	18,152
Pinehurst	20	202,824	6,548	19,642	887	229,901	94,584	37,800	94,444	226,828	3,073	(3,073)
The Brambles	18	177,178	5,149	15,448	750	198,525	83,482	26,300	83,374	193,156	5,369	(5,369)
The Terraces	20	190,350	5,667	17,002	5,328	218,347	89,036	25,000	91,056	205,092	13,255	(13,255)
Michigan Square	62	445,637	14,744	44,231	35,061	539,673	225,648	51,000	248,542	525,190	14,483	(14,483)
Olympic View	60	647,092	17,653	52,957	1,981	719,683	242,582	71,000	266,640	580,222	139,461	(139,461)
Swanlea	14	150,009	4,529	13,585	914	169,037	58,973	16,000	63,936	138,909	30,128	(30,128)
Fitgrove	32	301,707	9,276	27,826	1,006	339,815	128,529	37,300	143,331	309,160	30,655	(30,655)
Beechwood Park	48	491,361	13,263	39,789	8,661	553,074	185,211	38,000	205,318	428,529	124,545	(124,545)
Grey Oak Square	24	247,752	6,995	20,984	1,094	276,825	93,449	27,000	108,508	228,957	47,868	(47,868)
	423	\$ 4,121,707	\$ 115,278	\$ 345,826	\$ 59,680	\$ 4,642,491	\$ 1,740,825	\$ 506,200	\$ 1,892,591	\$ 4,139,616	\$ 502,875	\$ (502,875)

**SCHEDULE 5
(continued)**

CAPITAL REGION HOUSING CORPORATION
Operating Fund - Rental Operations
Year ended December 31, 2012

	Number of units	Revenues		Expenditures and Interfund Transfers			Surplus/(Deficit) from Operations after Interfund Transfers	Allocation from (to) Portfolio Stabilization Reserve				
		Tenant rent contributions	BCHMC rent subsidy	BCHMC fixed funding	Other	Total			Operating Costs	Replacement Reserve	Debt Charges	Total
Umbrella Agreement												
BCHMC												
Willowdene	15	\$ 109,344	\$ 13,779	\$ 41,337	\$ 80	\$ 164,540	\$ 117,064	\$ -	\$ 53,780	\$ 170,844	\$ (6,304)	\$ 6,304
Rosewood	44	214,346	19,826	59,931	1,333	295,436	172,869	-	125,106	297,975	(2,539)	2,539
Gladstone	14	82,798	16,742	47,144	-	146,684	57,303	27,720	65,687	150,710	(4,026)	4,026
Camosun Place	8	48,891	8,047	24,619	-	81,557	36,753	13,978	32,733	83,464	(1,907)	1,907
Parkview	26	157,618	29,922	86,693	328	274,561	114,228	46,936	124,422	285,586	(11,025)	11,025
Carey Lane	22	138,218	22,213	63,106	406	223,943	79,836	44,592	103,116	227,544	(3,601)	3,601
Colquitz Green	20	136,097	18,901	57,881	84	212,963	83,934	36,033	100,143	220,110	(7,147)	7,147
Springtide	48	225,305	28,661	85,797	17,048	356,811	191,756	-	167,560	359,316	(2,505)	2,505
Greenlea	21	132,651	10,602	34,488	561	178,302	76,441	-	113,021	189,462	(11,160)	11,160
Arbutus View	23	143,696	13,227	38,961	112	195,996	80,887	-	113,972	194,859	1,137	(1,137)
Ambefea	44	226,362	29,228	86,737	37,337	379,664	215,574	-	179,001	394,575	(14,911)	14,911
Cloverhurst	10	46,499	11,078	31,671	-	89,248	43,584	-	50,006	93,590	(4,342)	4,342
Hamlet	10	47,585	12,621	38,621	-	98,827	45,263	-	57,004	102,267	(3,440)	3,440
Viewmont	36	160,196	39,769	120,609	1,216	321,790	130,863	39,539	152,138	322,540	(750)	750
Creekside	24	151,710	30,559	85,901	423	268,593	89,470	44,574	154,477	288,521	(19,928)	19,928
The Birches	56	249,483	40,820	123,372	1,484	415,159	173,126	-	239,397	412,523	2,636	(2,636)
Caledonia	18	88,759	20,332	61,848	70	171,009	67,476	-	102,790	170,266	743	(743)
The Heathers	26	116,430	27,882	82,872	782	227,966	88,979	-	131,587	220,566	7,400	(7,400)
Heron Cove	24	147,455	16,439	49,832	12	213,738	82,673	-	137,908	220,581	(6,843)	6,843
Castanea Place	59	317,423	54,564	160,888	1,142	534,017	207,448	-	343,168	550,616	(16,599)	16,599
Leblond Place	43	209,164	87,198	263,476	1,796	561,634	193,046	-	372,210	565,256	(3,622)	3,622
Rotary House	41	176,784	57,236	171,266	14,436	419,722	170,289	35,077	218,567	423,933	(4,211)	4,211
Homes BC	632	\$ 3,326,814	\$ 609,646	\$ 1,817,050	\$ 78,650	\$ 5,832,160	\$ 2,518,862	\$ 288,449	\$ 3,137,793	\$ 5,945,104	\$ (112,944)	\$ 112,944
Cairns Park	6	42,618	7,182	21,546	-	71,346	26,941	4,970	39,031	70,942	404	(404)
Kings Place	35	285,999	26,924	161,234	20,096	494,253	457,333	21,072	-	478,405	15,848	(15,848)
Carillon Place	15	131,060	8,755	25,673	992	166,480	60,253	-	96,621	156,874	9,606	(9,606)
Brock Place	30	266,177	30,167	89,595	1,813	387,752	123,804	-	277,872	401,676	(13,924)	13,924
Harbour Lane	28	228,512	33,203	98,955	930	361,600	135,003	-	246,278	381,281	(19,681)	19,681
Tillicum Station	40	350,365	36,320	109,168	865	496,718	170,507	-	325,717	496,224	494	(494)
	154	\$ 1,304,731	\$ 142,551	\$ 506,171	\$ 24,696	\$ 1,978,149	\$ 973,841	\$ 26,042	\$ 985,519	\$ 1,985,402	\$ (7,253)	\$ 7,253
	1,209	\$ 8,753,252	\$ -	\$ 2,669,047	\$ 163,026	\$ 12,452,800	\$ 5,233,528	\$ 820,691	\$ 6,015,903	\$ 12,070,122	\$ 382,678	\$ (382,678)

**SCHEDULE 5
(continued)**

CAPITAL REGION HOUSING CORPORATION
Operating Fund - Rental Operations
Year ended December 31, 2012

	Number of units	Revenues			Expenditures and Interfund Transfers			Surplus/(Deficit) from Operations after Interfund Transfers	Allocation from (to) Portfolio Stabilization Reserve			
		Tenant rent contributions	BCHMC rent subsidy	BCHMC fixed funding	Other	Total	Operating Costs			Transfer to Replacement Reserve	Debt Charges	Total
<u>ILBC2 Agreement</u>												
Parry Place	21	\$ 349,617	\$ 255,226	\$ -	\$ 9,850	\$ 614,693	\$ 399,325	\$ 15,840	\$ 207,342	\$ 622,507	\$ (7,814)	\$ 7,814
<u>CRHC No Operating Agreement</u>												
Village on the Green	38	\$ 356,969	\$ -	\$ -	\$ 324	\$ 357,293	\$ 138,264	\$ -	\$ -	\$ -	\$ -	\$ -
Vergo	18	154,575	-	-	-	154,575	24,460	4,667	-	-	-	-
	56	\$ 511,544	\$ -	\$ -	\$ 324	\$ 511,868	\$ 162,724	\$ 4,667	\$ 247,840	\$ 415,231	\$ 96,637	\$ (96,637)
TOTALS	1,286	\$ 9,614,413	\$ 2,669,047	\$ 173,200	\$ 13,579,361	\$ 5,795,577	\$ 841,198	\$ 6,471,085	\$ 13,107,860	\$ 471,501	\$ (471,501)	

CAPITAL REGION HOUSING CORPORATION

Statement of Operations
Year ended December 31, 2011

SCHEDULE 6

	Operating Funds			Restricted Funds		Total 2011
	Corporation	Rental Housing	Capital Fund	Replacement Reserve Fund	Subsidy Surplus Reserve Fund	
Revenues:						
Tenant rent contributions	\$ -	\$9,327,602	\$ -	\$ -	\$ -	\$ 9,327,602
CMHC mortgage assistance	-	482,053	-	-	-	482,053
BCHMC rent subsidy assistance	-	3,435,515	-	-	-	3,435,515
BCHMC building envelope remediation subsidy	-	6,486	-	-	-	6,486
Rental management fees	776,347	-	-	-	-	776,347
Rental management fees - other	78,351	-	-	-	-	78,351
Investment income (note 1f)	159,409	-	-	423,846	12,675	595,930
Guest suites, net	(9,189)	-	-	-	-	(9,189)
Miscellaneous	3,837	52,250	-	-	-	56,087
Vergo capital equity contributions (note 8e)	-	-	1,393,850	-	-	1,393,850
	1,008,755	13,303,906	1,393,850	423,846	12,675	16,143,032
Expenses:						
Administration and property management	993,053	-	-	-	-	993,053
Amortization - office equipment and vehicles	-	-	10,507	-	-	10,507
Amortization - buildings and equipment	-	-	4,379,748	-	-	4,379,748
Amortization - land leases	-	-	226,350	-	-	226,350
Property taxes	-	1,138,733	-	-	-	1,138,733
Insurance	-	213,274	-	-	-	213,274
Maintenance	-	637,897	-	-	-	637,897
Caretakers/ groundsmen	-	1,124,544	-	-	-	1,124,544
Hydro	-	222,187	-	-	-	222,187
Land and Improvement leases	-	365,460	-	-	-	365,460
Water	-	492,981	-	-	-	492,981
Oil and gas	-	126,995	-	-	-	126,995
Garbage	-	149,360	-	-	-	149,360
Rental management fee	-	775,980	-	-	-	775,980
Audit and legal	-	30,058	-	-	-	30,058
Miscellaneous	-	17,164	-	-	-	17,164
Hospitality services (Parry)	-	273,961	-	-	-	273,961
Vehicle - operating	-	2,004	-	-	-	2,004
Interest on long term debt	-	2,769,457	-	-	-	2,769,457
	993,053	8,340,055	4,616,605	-	-	13,949,713
Excess (deficiency) of revenues over expenses before:	15,702	4,963,851	(3,222,755)	423,846	12,675	2,193,319
Repay BCHMC BER 2008-2010 GST/HST	-	(37,279)	-	-	-	(37,279)
Excess (deficiency) of revenues over expenses	\$ 15,702	\$4,926,572	\$(3,222,755)	\$ 423,846	\$ 12,675	\$ 2,156,040

See accompanying notes to financial statements.