British Columbia Housing Management Commission

Consolidated Financial Statements

March 31, 2024

Contents

Independent auditor's report

To the Board of Commissioners of British Columbia Housing Management Commission and Minister of Housing, Province of British Columbia

Our opinion

In our opinion, the accompanying consolidated financial statements of British Columbia Housing Management Commission and its subsidiary (together, the Commission) as at March 31, 2024 and for the year then ended are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

What we have audited
The Commission's consolidated financial statements comprise:

- the consolidated statement of financial position as at March 31, 2024;
- the consolidated statement of operations for the year then ended;
- the consolidated statement of remeasurement gains (losses) for the year then ended;
- the consolidated statement of changes in net (debt) financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence
We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Emphasis of matter – basis of accounting

We draw attention to note 2(a) to the consolidated financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards. Note 24 to the consolidated financial statements discloses the impact of these differences. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation of the consolidated financial statements in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Commission’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission’s financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Commission to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
May 24, 2024

British Columbia Housing Management Commission

Consolidated Statement of Financial Position

	March 31 2024 ($000's)	March 31 2023 ($000's)
Financial Assets		
Cash	**$ 105,442**	$ 89,405
Portfolio investments (Note 3)	**127,840**	116,566
Receivables (Note 4)	**31,617**	29,666
Long-term Receivables (Note 4)	**236,632**	-
Due from Province of British Columbia (Note 20)	**1,302,810**	1,007,103
Due from Canada Mortgage and Housing Corporation	**50,965**	41,742
Due from Provincial Rental Housing Corporation (Note 1)	**-**	97,878
Construction loans to housing projects (Note 4)	**1,318,950**	1,222,582
Mortgages and loans receivable (Note 5)	**32,492**	18,068
	3,206,748	2,623,010
Liabilities		
Accounts payable and accrued liabilities	**280,825**	190,161
Tenants' prepaid rent	**1,659**	1,673
Deferred revenue (Note 6)	**277,219**	226,783
Unearned lease revenue	**28,043**	-
Deferred capital contributions (Note 7)	**2,001,601**	-
Due to Provincial Treasury (Note 8)	**955,827**	999,661
Society funds held on deposit (Note 9)	**41,673**	30,766
Construction grants payable (Note 10)	**1,285,307**	977,199
Social Housing Agreement Reserves	**4,989**	4,542
Site contamination (Note 11)	**6,159**	-
Long-term debt (Note 12)	**214,894**	-
Asset retirement obligations (Note 13)	**278,832**	-
	5,377,028	2,430,785
Net financial assets (debt)	**(2,170,280)**	192,225
Non-financial assets		
Prepaid expenses and housing subsidies	**6,064**	4,544
Housing and projects under construction (Note 14)	**3,666,595**	-
Riverview Lands redevelopment (Note 14)	**75,059**	-
Other tangible capital assets (Note 14)	**18,932**	11,575
	3,766,650	16,119
Accumulated surplus	**1,596,370**	208,344
Accumulated surplus comprises:		
Accumulated surplus from operations	**1,583,450**	201,370
Accumulated remeasurement gain (loss)	**12,920**	6,974
	$ 1,596,370	$ 208,344

Commitments (Note 19)
Contingencies (Note 22)

On behalf of the Board of Commissioners:

Allan Seckel, Chair

See accompanying notes to the consolidated financial statements

British Columbia Housing Management Commission

Consolidated Statement of Operations

Year Ended March 31	2024 Budget ($000's) (Note 15)	**2024 Actuals ($000's)**	2023 Actuals ($000's)
Revenue			
Provincial contributions	$ 2,546,458	**$ 2,330,234**	$ 2,185,473
Federal contributions	163,439	**179,718**	134,972
Tenant rent	39,743	**40,183**	38,539
Other (Note 16)	70,698	**75,207**	46,827
Portfolio investment income	4,000	**5,396**	4,170
	2,824,338	**2,630,738**	2,409,981
Expenses			
Grants	1,560,828	**1,266,410**	1,238,159
Housing subsidies	835,558	**933,299**	784,081
Rental assistance	121,092	**116,148**	105,291
Salaries and labour	117,392	**109,883**	93,569
Operating expenses	66,645	**80,280**	93,256
Interest expense	45,974	**51,592**	29,051
Building maintenance	30,325	**27,501**	26,533
Office and overhead	19,699	**22,772**	17,189
Utilities	13,307	**11,250**	11,244
Grants in lieu of property taxes (Note 17)	12,082	**10,472**	9,933
Research and education	1,436	**1,105**	1,650
	2,824,338	**2,630,712**	2,409,956
Surplus from operations before the undernoted		**26**	25
Accumulated surplus from consolidation of Provincial Rental Housing Corporation (Notes 1 and 20)		**1,382,054**	-
Annual surplus from operations		**1,382,080**	25
Accumulated surplus from operations at beginning of year		**201,370**	201,345
Accumulated surplus from operations at end of year		**$ 1,583,450**	$ 201,370

See accompanying notes to the consolidated financial statements.

British Columbia Housing Management Commission

Consolidated Statement of Cash Flows

Year Ended March 31	2024 ($000's)	2023 ($000's)
Cash flows provided by (used in)		
Operating transactions		
Annual surplus from operations	**$ 1,382,080**	$ 25
Non cash Items:		
Accumulated surplus from consolidation of Provincial Rental Housing Corporation (Notes 1 and 20)	**(1,382,054)**	-
Changes in non-cash working capital (Note 18)	**(136,141)**	(438,296)
Portfolio investment income	**(5,396)**	(4,170)
Discount on loans receivable	**(140)**	(493)
Depreciation of tangible capital assets	**4,724**	5,082
	(136,927)	(437,852)
Capital transactions		
Tangible capital asset additions net of disposals	**(12,081)**	(6,287)
Investing transactions		
Construction loans provided to housing projects	**(96,368)**	(295,017)
Cash redemption from short-term investments	**21,567**	672
Cash used for short-term investments	**(21,039)**	(183)
New mortgages provided	**(17,713)**	(944)
Mortgages payments received	**3,429**	7,797
Cash from consolidation of Provincial Rental Housing Corporation (notes 1 and 20)	**1**	-
	(110,123)	(287,675)
Financing transactions		
Grants received for construction	**1,241,280**	1,218,535
Grants used for construction	**(933,172)**	(701,281)
Loans provided by Provincial Treasury	**2,759,145**	2,941,090
Repayment to Provincial Treasury	**(2,802,979)**	(2,677,453)
Social Housing Agreement Reserves	**(13)**	(15)
Additions to society funds	**14,301**	10,585
Society funds used for projects	**(3,394)**	(8,501)
	275,168	782,960
Increase in cash	**16,037**	51,146
Cash, beginning of year	**89,405**	38,259
Cash, end of year	**$ 105,442**	$ 89,405

See accompanying notes to the consolidated financial statements

British Columbia Housing Management Commission

Consolidated Statement of Remeasurement Gains (Losses)

Year Ended March 31	2024 ($000's)	2023 ($000's)
Accumulated remeasurement gain, beginning of year	$ **6,974**	$ 8,311
Amount released to statement of operations	**(1,798)**	-
Unrealized gain (loss) attributable to portfolio investments	**7,744**	(1,337)
Net remeasurement changes for the year	**5,946**	(1,337)
Accumulated remeasurement gain, end of year	$ **12,920**	$ 6,974

Consolidated Statement of Changes in Net (Debt) Financial Assets

Year Ended March 31	Budget ($000's) (Note 15)	2024 ($000's)	2023 ($000's)
Annual surplus from operations		$ **1,382,080**	$ 25
Net remeasurement changes for the year		**5,946**	(1,337)
		1,388,026	(1,312)
Depreciation of tangible capital assets		**4,724**	5,082
Acquisition of tangible capital assets	$ **(5,000)**	**(12,081)**	(6,287)
Housing and projects under construction from consolidation of Provincial Rental Housing Corporation (notes 1 and 20)		**(3,666,595)**	-
Riverview Lands redevelopment from consolidation of Provincial Rental Housing Corporation (notes 1 and 20)		**(75,059)**	-
		(3,749,011)	(1,205)
Acquisition of prepaid expenses		**(17,455)**	(16,308)
Use of prepaid expenses		**15,935**	17,842
Net Changes on prepaid Subsidies		**-**	49,897
		(1,520)	51,431
Changes in net financial assets for the year		**(2,362,505)**	48,914
Net financial assets, beginning of year		**192,225**	143,311
Net financial assets (debt), end of the year		**$ (2,170,280)**	$ 192,225

See accompanying notes to the consolidated financial statements

British Columbia Housing Management Commission

Notes to the Consolidated Financial Statements

March 31, 2024

1. General

The British Columbia Housing Management Commission (the Commission) is a Crown agency established in 1967 to deliver on the provincial government's commitment to the development, management and administration of subsidized housing throughout the Province of British Columbia (the Province). This includes developing and facilitating new social housing, administering rental assistance programs, and a variety of other federal and/or provincial housing programs.

The Provincial Rental Housing Corporation (the Corporation) was incorporated under the Company Act of the Province of British Columbia (the Province) in 1961 and is a related entity to the Commission. Effective January 26, 2024, the Province changed the governance structure, including the appointment process of the Corporation's board of directors, and as a result, the Commission gained control of the Corporation as of that date. The Commission has decided to consolidate the Corporation effective March 31, 2024. See note 20 for more details.

The Corporation holds property for social and other low-cost housing initiatives for the Province. It also holds land under long-term leases to housing providers. The subsidized rental housing units of the Corporation are managed and operated by the Commission. The Commission recognizes the related rental revenue of the housing units and is responsible for all the operating and administrative activities and related costs. The Commission administers agreements relating to the operation of social housing units owned and/or managed by non-profit housing providers. Through the Licensing and Consumer Services Branch, the Commission also has responsibilities related to licensing of builders, home warranty insurance, and research and education to improve the quality of residential construction and consumer protection.

Both the Commission and the Corporation are exempt from federal and provincial income taxes.

2. Significant Accounting Policies

a) Basis of Presentation

These consolidated financial statements have been prepared by management in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia which requires that financial statements be prepared in accordance with Canadian public sector accounting standards except in regard to accounting for government transfers as set out in Note 24.

b) Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the Corporation, which is controlled by the Commission effective March 31, 2024. All balances and transactions between the Commission and the Corporation have been eliminated on consolidation.

c) Use of Estimates

In preparing these consolidated financial statements, management has made estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of estimates include the collectability of receivables, construction loans to housing projects, mortgages receivable, asset retirement obligations and land contamination liability, as well as the useful lives of tangible capital assets. Actual results could differ from those estimates.

d) Revenue Recognition

The Commission is funded primarily by the Province and the Canada Mortgage Housing Corporation (CMHC).

Tenant rent and other Revenues are recognized on an accrual basis in the period in which the transactions or events that gave rise to the revenues occur. The amounts are considered to be collectible and can be reasonably estimated.

Tenant rent revenue represents rent charged to residents and is determined as the lesser of market rent and a percentage of each resident's income.

Contributions received or where eligibility criteria have been met are recognized as revenue except where the contribution meets the criteria for deferral. Eligibility criteria are the criteria that the Commission must meet in order to receive the contributions, including authorization by the transferring entity.

For contributions subject to a legislative or contractual stipulation or restriction as to their use, revenue is recognized in the year related expenses are incurred.

e) Deferred Contributions

Canadian public sector accounting standards require that government transfers be recognized when approved and eligibility criteria have been met unless the transfer contains a stipulation that creates a liability, in which case the transfer is recognized over the period that the liability is extinguished.

However, consistent with the Province of British Columbia, Ministry of Finance regulation 198/2011, funding received from the Province for the acquisition or construction of depreciable capital assets is recorded as a liability (deferred capital contribution) and is recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal periods during which the tangible capital asset is used to provide services.

f) Tangible Capital Assets

The Commission capitalizes its tangible capital assets at cost.

i. Land, building and construction in progress.

Land is not depreciated, and buildings are depreciated using the straight-line method as follows:

- Newly constructed buildings are depreciated over a 40-year amortization period;
- Purchases of older buildings are depreciated over the remaining estimated useful life of the building; and,
- Betterments to buildings are depreciated over the extended remaining life of the building.

Construction in progress is not subject to depreciation until the project is complete and transferred to buildings.

ii. Other tangible capital assets

Other tangible capital assets are depreciated over their estimated useful life (see Note 14). Computer software includes desktop applications, server applications, and enterprise applications, which are depreciated over a three-year, five-year, and 10-year amortization period, respectively. Computer hardware includes photocopier hardware, server hardware, data Centre hardware, and communication hardware and is depreciated over a three-year amortization period. Tenant improvements are amortized over their respective lease terms. All other capital assets are depreciated over a five-year amortization period.

iii. Tangible capital assets are written down to residual value when conditions indicate they no longer contribute to the ability of the Commission to provide services or when the value of future economic benefits is less than their net book value. The write-downs are accounted for as expenses in the consolidated statement of operations. Write-downs are not subsequently reversed.

g) Capitalization of Public-Private Partnership Projects

Public-private partnership (P3) projects are delivered by private sector partners selected to design, build, finance, and maintain the assets. The costs of the assets are estimated at fair value, based on construction progress verified by an independent certifier, and include other costs incurred directly by the Corporation. The asset cost includes development and financing fees estimated at fair value, which require the extraction of cost information from the financial model embedded in the project agreement. Interest during construction is also included in the asset cost and is calculated on the P3 asset value, less contributions received during the construction term. The interest rate used is the project's internal rate of return. Upon completion, the project assets are amortized over their estimated useful lives. Correspondingly, an obligation net of the contributions received is recorded as a liability and included in long-term debt. Upon substantial completion, the private sector partner receives monthly payments to cover the partner's operating costs, financing costs and a return of their capital.

h) Səmiq̓wəʔelə (Riverview Lands) Redevelopment

Costs associated with the redevelopment that meet capitalization criteria are capitalized, including carrying costs, construction, net operating income or losses, financing, demolition, land planning and incidental carrying costs net of any revenue generated at the site. Costs are capitalized until the completion of the redevelopment. The net amount recoverable from the redevelopment is considered sufficient to recover the capitalized costs.

i) Property Leases

The Corporation leases property used for housing to housing providers. These 60-year leases are prepaid by the housing providers when the housing projects are completed and ready for occupancy. The Corporation amortizes the amount as lease revenue over the term of each lease and records the unearned portion as unearned lease revenue.

j) Financial Instruments

The Commission's financial instruments consist of cash, portfolio investments, receivables, long-term receivables, due from the Province of British Columbia, due from Canada Mortgage and Housing Corporation, construction loans to housing projects, mortgages and loans receivable, accounts payable and accrued liabilities, due to Provincial Treasury, Society funds held on deposit, construction grants payable and long-term debt.

Equity instruments quoted in an active market (portfolio investments) are measured at fair value upon inception and subsequent to initial recognition. These financial instruments are not reclassified into another measurement category for the duration of their holding period. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs are immediately recognized in income. Realized gains and losses are recognized in the consolidated statement of operations, and unrealized gains/losses from changes in fair value are recorded in the consolidated statement of remeasurement losses.

All other financial assets and financial liabilities are measured at cost or amortized cost subsequent to initial recognition.

The classification of financial instruments is determined upon their initial recognition. Financial instruments are classified as level 1, 2 or 3 for the purposes of describing the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category as described below:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.
- Level 3 - Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

All financial assets are assessed annually for impairment. When financial assets are impaired, impairment losses are recorded in the consolidated statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

Transaction costs for financial instruments measured at fair value are expensed when incurred.

A financial liability or its part is derecognized when it is extinguished.

k) Asset Retirement Obligations

Effective April 1, 2022, the Commission adopted PS3280 Asset Retirement Obligations. PS3280 defines and establishes standards for the recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets.

Its asset retirement activities include decommissioning or dismantling a tangible capital asset that was acquired, constructed, or developed, the abatement of hazardous materials in buildings, i.e. asbestos, lead paint, etc, and the dismantling of leasehold improvements as required in the respective lease agreements. The estimated timing for all hazardous materials removal is based on the end of the buildings' remaining useful lives, while the estimated timing for dismantling leasehold improvements is based on the end of current lease terms.

The asset retirement obligation at the consolidated financial statement date is measured based on the Commission's estimate of the amount required to retire its tangible capital asset at the balance sheet date. This was performed using unit cost estimations provided by a third-party consultant. The asset retirement cost is calculated using a discount rate of 3.49% (2023: 3.55%), which is the effective interest rate on the taxpayer-supported debt that is updated quarterly by the Provincial Treasury.

l) Government transfers

The Commission records government transfers (including grants and housing subsidies) as expenses during the period the transfer is authorized, and the recipient has met all eligibility criteria.

m) Employee Benefit Plans

The public service's employees and employers contribute to the Public Service Pension Plan (the Plan), a jointly trusteed pension plan. The Public Service Pension Board of Trustees, representing plan members and employers, is responsible for overseeing the plan's management, including investing assets and administering benefits. The Plan is a multi-employer contributory defined benefits pension plan, and pension benefits are expensed as incurred. The Plan has approximately 70,000 active plan members and approximately 55,000 retired plan members.

An actuarial valuation is performed every three years to assess the financial position of the Plan and the adequacy of plan funding. The latest valuation, as of March 31, 2023, indicated an actuarial surplus of $4.49 billion for basic pension benefits. The actuary does not attribute portions of the unfunded liability or surplus to individual employers. The Commission paid $8,086,264 for employer contributions to the Plan in fiscal 2023/2024 (2022/2023: $7,644,971).

n) New accounting standards adopted

Effective April 1, 2023, the Commission adopted sections PS 3400—Revenue, PSG-8—Purchased Intangibles, and PS 3160—Public Private Partnerships issued by the Public Sector Accounting Board. The adoption of these standards did not have a material impact on these consolidated financial statements.

3. Portfolio Investments

Portfolio Investments are held in pooled investments and managed by five investment management firms. Income derived from the investments is reinvested into the portfolio. Management meets periodically to review the fund managers' performance and ensure compliance with the BC Housing investment policy. Quarterly reports are provided to the BC Housing Board of Commissioners.

4. Receivables and Construction Loans to Housing Projects

a) Receivables

Receivables are recorded at cost less an amount for allowance of doubtful accounts. The allowance is determined on the basis of past collection experience. As at March 31, 2024, the allowance totaled $7,173,000 (2023: $4,711,000). Changes in the valuation allowance are recognized in the consolidated statement of operations.

b) Long-term Receivables

The Corporation completed the sale of the Little Mountain property on July 2, 2013, for proceeds of $333,957,000. The purchaser is required to provide the Corporation with 234 non-market housing units and to pay the balance of the purchase price based on the proportion of the site developed in phases over time. The current receivable is adjusted based on the updated cash flow forecast, and it is equal to the net present value of the remaining expected future payments, discounted at 2.31 percent, and the fixed value of the remaining 181 social housing units.

c) Construction Loans to Housing Projects

In its capacity as a *National Housing Act* (NHA) approved lender, the Commission advances approved interim construction loan draws to both non-profit housing providers and developers under the social housing and market rental housing programs. The loan advances are repaid upon project construction completion, and arrangement of long-term takeout mortgages with CMHC and/or NHA-approved lenders. Borrowers are charged interim interest at the Province's weighted average borrowing rate for short-term funds, plus administration costs. The average yield for the year 2023/2024 is 5.41% (2022/2023: 3.07%). The allowance for construction loans to housing projects for the year 2023/2024 totaled $7,190,000 (2022/2023: $8,614,000).

5. Mortgages and loans receivable

a) Non-profit Housing Provider Mortgages Receivable

The Commission periodically continues to hold construction financing mortgages receivable after construction is completed. In all but rare situations, these mortgages are tendered for take-out financing provided by private sector financial institutions within twelve months of the construction completion date. As of March 31, 2024, the carrying amount of construction financing mortgages receivable was $25,969,000 (2023: $9,257,000). These receivables are secured by mortgages and/or promissory notes.

b) BC HOME Partnership Loans Receivable

Through the BC Home Owner Mortgage and Equity Partnership (BC HOME Partnership), the Commission assisted eligible first-time homebuyers by providing repayable down payment assistance loans. The loans, secured as a second mortgage by property, are interest and payment-free for the first five years, after which interest at prime plus 0.5% will begin to accrue, and principal and interest payments will be amortized over 20 years. The initial interest rate is set when the loan is conditionally approved and will be reset at the Royal Bank of Canada Prime Rate plus 0.5% at each of the 10th, 15th, and 20th anniversary dates.

The program stopped accepting new applications on March 31, 2018. As at March 31, 2024, the carrying amount of the loans receivable was $6,447,000 (2023: $8,735,000).

c) Other Loans Receivable

$76,000 in other loan receivables are for the projects managed by other government entities.

6. Deferred Revenue

Deferred revenue represents restricted contributions for the Commission’s specific programs or restrictions on using the contributions in future periods.

	2023	Contributions Received	Revenue Recognized	**2024**
	($000's)	($000's)	($000's)	**($000's)**
Provincial Contributions	$ 15,645	$ 1,407,479	$ (1,406,941)	**$ 16,183**
Federal Contribution	200,111	$ 230,103	$ (179,718)	**250,496**
Other Agencies	11,027	$ 7,031	$ (7,518)	**10,540**
	$ 226,783	$ 1,644,613	$ (1,594,177)	**$ 277,219**

7. Deferred Capital Contributions

Deferred capital contributions are grants received that are restricted for the purchase and/or development of tangible capital assets, such as new social housing projects or the major rehabilitation of buildings. The carrying amount of deferred capital contributions assumed by the Commission on March 31, 2024, is $2,001,601,000. See note 20 for further disclosure.

8. Due to Provincial Treasury

Amounts represent short-term funds borrowed from the Province for the purpose of facilitating the construction or renovation of affordable housing and for the HousingHub program. The maximum amount is not to exceed $1.639 billion for the construction or renovation of affordable housing and $2 billion for HousingHub. Amounts drawn bear interest at a rate charged by the provincial Ministry of Finance. The debt is available by way of a series of rolling short-term promissory notes (that, when due, can be rolled into further short-term promissory notes).

As of March 31, 2024, the total amount borrowed by the Commission for construction/renovation was $522,110,000 (2023: $477,449,000). The total amount borrowed by the Commission for HousingHub projects was $433,717,000 (2023: $522,212,000), with interest rates ranging from 4.84% to 5.21%.

British Columbia Housing Management Commission

Notes to the Consolidated Financial Statements

March 31, 2024

9. Society Funds Held on Deposit

These funds represent the balance of mortgage advances held to cover various non-profit society construction and soft costs required to complete their projects. Interest accrues on the society funds at the prime rate minus 1.8%.

10. Construction Grants Payable

Grants for construction represent liabilities to individual projects in advance of construction. The remaining balance will be paid as construction progresses.

	2023 ($000's)	Construction grants recognized ($000's)	Construction grants applied ($000's)	**2024 ($000's)**
Building BC:				
Rapid Response to Homelessness	-	(376)	376	-
Affordable Rental Housing	-	44,886	(44,886)	-
Deepeding Affordability	7,364	30,250	(21,145)	16,469
Community Housing Fund	260,406	325,294	(140,135)	445,565
Indigenous Housing Fund	122,301	82,432	(28,896)	175,837
MOU Metro Vancouver Housing Corp	-	119,991	(17)	119,974
Supportive Housing Fund	-	148,114	(148,114)	-
Women's Transition Housing Fund	-	113,404	(113,404)	-
Homeless Action Plan	-	6,623	(6,623)	-
Homeless Encamp Action Response Temp Hsg	-	18,460	(18,460)	-
Complex Care	-	2,692	(2,692)	
Captital Renewal Fundig (Non-profit & PRHC)	136,637	150,671	(136,184)	151,125
Ventilation Improvement Fund (VIF)	-	83	(83)	-
Investment in Housing Innovation	20,282	-	(12,406)	7,876
Pandemic Recovery Grant	-	706	(706)	-
BC PHI Provincial Matching	4,996	2,500	(1,862)	5,634
Mental Health Housing Initiative	261	-	(31)	230
Permanent Housing Plan	-	21,433	(21,433)	-
Permanent Housing Plan Extension	-	11,035	(11,035)	-
Shovel-Ready Housing Grant	248,220	-	(52,751)	195,469
Cost Pressure Grant	128,428	-	(12,224)	116,203
Other Project Grants	11,310	107,064	(101,076)	17,299
Federal Bilateral Agreement	34,425	43,107	(46,468)	31,064
Federal Rapid Housing Iniative (RHI)	2,524	371	(377)	2,517
Federal Co-investment Fund	-	8,586	(8,586)	-
Federal Capital Renewal Fund (CRF)	-	3,954	(3,954)	-
Other	45	-	-	**45**
	$ 977,199	$ 1,241,280	$ (933,172)	**$ 1,285,307**

British Columbia Housing Management Commission

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11. Site Contamination

The Ministry of Citizens' Services and the Ministry of Health transferred $7,420,000 to the Corporation in February 2015 for the remediation of contaminated sites at Səmiq̓wəʔelə (Riverview Lands) project site. As of March 31, 2024, the total liability is $6,160,000.

The contamination and cost of remediation over the life of the projects are under regular review, and the liability is adjusted as information is available. As of March 31, 2024, the liability amount is enough to cover the present value of remediation costs required; any portion of the amount transferred that proves to exceed the actual amount required will be repayable by the Commission to the Ministry of Citizens' Services.

12. Long-Term Debt

The carrying amount of long-term debt assumed by the Commission at March 31, 2024 is outlined below. See note 20 for further disclosure.

		2024 ($000's)
Canada Mortgage and Housing Corporation (CMHC) Debenture mortgages repayable at the end of each year, maturing between the years 2025 and 2029, with a weighted average rate of 8.11% (2023: 8.00%) and secured by unregistered first mortgages on properties of the Corporation.	$	11,371
Chartered banks and CMHC Mortgages repayable monthly over terms of up to 35 years, with an average rate of 3.19% (2023: 2.59%), secured by registered first mortgages on properties of the Corporation.		153,007
Public-Private Partnership Obligations SRO Renewal Initiative, 18-year contract until January 2031 with Habitat Housing Initiative, monthly payments including interest at 6.73% per annum, payable in accordance with the project agreement terms commencing July 2014 to a maximum of $788,377.		50,516
	$	214,894

There is no change to the terms of the Public-Private Partnership arrangement occurring during the reporting period.

The aggregate principal repayments required in each of the next five fiscal years and thereafter are estimated to be as follows:

	($000's)
2025	**52,197**
2026	**25,177**
2027	**33,710**
2028	**35,947**
2029	**14,435**
Thereafter	**53,428**
	$ **214,894**

13. Asset Retirement Obligation

The asset retirement obligations include:

- The abatement of hazardous materials in buildings, i.e. asbestos, lead paint, etc.
- Leasehold obligation, which includes dismantling of leasehold improvements and returning the land to the original condition as required in the lease agreements.

The carrying amount of asset retirement obligation assumed by the Commission on March 31, 2024, is $279,000,000.

14. Non-Financial Assets

a) Housing and projects under construction

The carrying amount of housing and projects under construction assumed by the Commission at March 31, 2024 is outlined below. See note 20 for further disclosure.

	Land ($000's)	Building ($000's)	Construction in Progress ($000's)	**Net Book Value March 31, 2024 ($000's)**
Housing and projects under construction	$ 1,012,683	$ 2,210,658	$ 443,254	**$ 3,666,595**

b) Səmiq̓wəʔelə (Riverview Lands) redevelopment

On February 2, 2015, ownership of Səmiq̓wəʔelə (Riverview Lands) was transferred to the Corporation from the Ministry of Citizens' Services. The land is to be redeveloped over the next several years. The proceeds from the redevelopment, including lease and film revenues, will fund the development costs. The carrying amount of Riverview Lands assumed by the Commission at March 31, 2024 is outlined below. See note 20 for further disclosure.

	Land ($000's)	Construction in Progress ($000's)	Building ($000's)	Accumulative Depreciation ($000's)	**Net Book Value March 31, 2024 ($000's)**
Riverview	$ 3,788	$ 61,166	$ 13,752	$ (3,647)	**$ 75,059**

kʷikʷəƛ̓əm First Nation (KFN) asserted their aboriginal title to a collection of lands, including səmiq̓ʷəʔelə (Riverview), through the filing of a civil land claim in 2016, naming the Commission and the Corporation. In 2021, the Commission, the Corporation and KFN, and all other named parties in the land claim agreed to a Reconciliation Agreement (RA) process led by the Ministry of Indigenous Relations & Reconciliation (MIRR). The purpose of the RA is to provide a non-litigation means of resolving KFN's assertion of aboriginal title. The land claim is currently in adjournment, with anticipated agreements into 2025. The Commission, the Corporation and MIRR are collaborating with KFN to co-determine an ownership outcome for səmiq̓ʷəʔelə that would resolve KFN's claim.

c) Other Tangible Capital Assets

	2023 March 31 ($000's) Cost	Additions	Disposals	**2024 March 31 ($000's) Cost**
Computer software	$ 29,772	$ 9,467	$ -	$ 39,239
Computer hardware	74	-	-	74
Tenant improvements	12,729	1,844	-	14,573
Office furniture	3,162	-	-	3,162
Office equipment	129	-	-	129
Vehicles	2,220	629	7	2,842
Grounds equipment	2,264	141	18	2,387
	$ 50,350	$ 12,081	$ 25	$ 62,406

	Accumulated Depreciation	Depreciation	Disposals	**Accumulated Depreciation**
Computer software	$ 21,244	$ 2,920	$ -	$ 24,164
Computer hardware	55	19	-	74
Tenant improvements	11,249	940	-	12,189
Office furniture	2,957	206	-	3,163
Office equipment	90	10	-	100
Vehicles	1,806	270	7	2,069
Grounds equipment	1,374	359	18	1,715
	$ 38,775	$ 4,724	$ 25	$ 43,474
Net Book Value	**$ 11,575**			**$ 18,932**

15. Budget Figures

Budgeted figures are provided for comparative purposes and are consistent with the budget presented in the 2023/2024 – 2025/2026 Service Plan that was released in February 2023.

16. Other Revenue

		2024 ($000's)		2023 ($000's)
Licensing & Consumer Service Revenue	$	**5,608**	$	5,740
Interest Revenue		**57,494**		32,865
Commercial Rent/Lease Revenue		**2,519**		3,007
Operational Contribution on special projects		**3,564**		964
Miscellaneous Revenue		**6,022**		4,251
Total Other Revenue	$	**75,207**	$	46,827

17. Grants in Lieu of Property Taxes

The Commission, on behalf of the Province, pays each municipality a grant equivalent to gross property taxes due for all residential properties and projects managed.

18. Changes in Non-Cash Working Capital

		2024 ($000's)		2023 ($000's)
Accounts payable and accrued liabilities	$	**90,574**	$	48,746
Tenants' prepaid rent		**(14)**		198
Deferred revenue		**50,436**		42,450
Due from Canada Mortgage and Housing Corporation		**(9,223)**		(5,978)
Due from Province of British Columbia		**(295,707)**		(600,170)
Due from (to) Provincial Rental Housing Corporation		**30,425**		29,970
Prepaid expenses and housing subsidies		**(1,520)**		51,431
Receivables		**(1,112)**		(4,943)
	$	**(136,141)**	$	(438,296)

19. Commitments

a) Rental Obligations

The Commission has minimum rental obligations under operating leases for office space over the next five years and beyond as follows:

		($000's)
2025	$	6,119
2026		6,107
2027		6,269
2028		6,384
2029		2,009
Beyond		1,499
Total	$	28,387

b) Contractual Obligations- Housing Subsidies

The Commission has significant contractual obligations with non-profit housing societies for the provision of annual subsidies. These contracts are reviewed annually to evaluate the level of commitment. The forecasted amount over the next five years and beyond as follows:

		($000's)
2025	$	714,273
2026		610,448
2027		261,097
2028		204,454
2029		162,709
Beyond		3,323,420
Total	$	5,276,401

c) Contractual Obligations- Construction

The Commission entered into construction contracts to build or renovate 399 projects owned by the Corporation. Total construction commitments as of March 31, 2024, were $68,000,000. All construction contracts are expected to be completed within two years. As construction progresses, the asset values are recorded as work in progress (WIP) in the Corporation. Upon construction completion, WIP will be transferred to capital assets, and depreciation will commence.

d) Public-Private Partnership Commitments

The Corporation has entered into a public-private partnership project (P3) with Habitat Housing Initiative (HHI) to renovate 13 single-room occupancy Hotels in Vancouver's Downtown Eastside. The information provided below shows the anticipated cash outflow, net of federal contributions provided during construction, for future obligations under the contract with HHI for the capital cost and financing, the facility maintenance and lifecycle costs as defined in the Project Agreement. Payments to the private partner are contingent on specified performance criteria and include an estimation of inflation where applicable.

As construction progressed, the asset values were recorded as tangible capital assets (see Note 14), and the obligation was recorded as a liability and included in long-term debt (see Note 12). Upon construction completion, the obligation is met through the capital component of the monthly service payments over the term of the Project Agreement, which is paid directly by the Commission.

		Capital ($000's)		Facility Maintenance and Lifecycle ($000's)		**Total Payments ($000's)**
2025		9,461		2,031		**11,492**
2026		9,461		2,040		**11,501**
2027		9,461		1,840		**11,301**
2028		9,461		1,994		**11,455**
2029		9,461		2,218		**11,679**
Thereafter		17,344		3,658		**21,002**
Total	$	64,649	$	13,781	**$**	**78,430**

e) Loan Insurance Agreement

CMHC provides loan insurance under the *NHA*. The CMHC/BC Housing Loan Insurance Agreement allows the Commission to arrange long-term CMHC loan-insured mortgages on behalf of non-profit housing providers. In the event of a loan default, the Commission is required to rectify the default and fully reimburse CMHC for claims paid to approved lenders. Since the establishment of the Loan Insurance Agreement in January 1993, the Commission has never had a claim made against the Loan Insurance Agreement. The Commission underwrites the mortgages in accordance with CMHC Handbook for multi-unit properties, registers a charge on title to ensure access to property and requires housing providers to enter into an operating agreement with BC Housing to ensure ongoing operational compliance and access to housing provider's financial information.

The maximum value of mortgages that can be insured under this agreement is $4.5 billion. As of March 31, 2024, the total value of outstanding CMHC insured mortgages was $3,385,550,000 (2023: $3,161,207,000). No claim is expected on this portfolio, and the Commission has not recorded a provision for loss.

20. Related Party Transactions

As at March 31, 2024, the Commission accounted for its control in the Corporation and as a result, the following assets and liabilities have been consolidated in the Commission's financial statements at their carrying amounts at that date.

	March 31 2024 ($000's)
Financial assets	
Cash	$ 1
Debenture subsidy receivable	839
Long-term receivables	236,632
	237,472
Liabilities	
Interest payable	90
Deferred capital contributions	2,001,601
Due to BC Housing Management Commission	67,453
Unearned lease revenue	28,043
Site contamination	6,159
Long-term debt	214,894
Asset retirement obligations	278,832
	2,597,072
Net debt	(2,359,600)
Non-financial assets	
Housing and projects under construction	3,666,595
Riverview Lands redevelopment	75,059
	3,741,654
Accumulated surplus	$ 1,382,054

The residual, representing the corporation's accumulated surplus of $1,382,088,000 as of March 31, 2024, has been reflected within the Commission's consolidated statement of operations. This arrangement has been accounted for under PS 3420 - Inter-entity transactions and PS 2200 - Related party transactions.

The Commission is related through common control to all Province of BC ministries, agencies, Crown corporations, school districts, health authorities, hospital societies, universities and colleges that are included in the provincial government reporting entity. Transactions with these entities, unless disclosed otherwise, are considered to be in the normal course of operations and are recorded at the exchanged amount, which is the amount of consideration established and agreed to by the related parties. Funds are due on receipt of the invoice and bear no interest. As of March 31, 2024, the total due from the Province was $1,302,810,000 (2023: $1,007,103,000).

21. Contractual Rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future. The Commission has contractual rights to receive payments under the following agreements or to receive lease payments as follows:

Contractual right with:	Description	2025 ($000's)	2026 ($000's)	2027 ($000's)	2028 ($000's)	2029 ($000's)	Thereafter ($000's)
CMHC	Annual funding under the Social Housing Agreement (SHA)	$ 63,711	$ 51,422	$ 37,306	$ 23,295	$ 13,564	13,500
CMHC	Annual funding under Bilateral Agreement	89,392	-	-	-	-	-
Non-profit housing providers	Land/and or building lease payments on properties owned by the Corporation	1,808	1,668	1,612	1,514	1,192	13,675
Total		$ 154,911	$ 53,090	$ 38,918	$ 24,809	$ 14,756	$ 27,175

22. Contingencies

a) Letters of Credit

As of March 31, 2024, the Commission was contingently liable with respect to letters of credit totalling $17,798,000 (2023: $14,163,000) for municipal development cost charges.

b) Legal Claims

The nature of the Commission’s activities is such that there will be litigation pending or in progress at any time. With respect to claims on March 31, 2024, management is of the opinion that it has valid defenses and appropriate insurance coverage in place, or if there is an unfunded risk, such claims are not expected to have a material effect on the Commission’s financial position. Outstanding contingencies are reviewed on an ongoing basis and are provided for based on management’s best estimate of the ultimate settlement.

c) Collective agreements with BCGEU

The commission has two collective agreements (administrative/clerical division & maintenance/service division) with BC General Employees' Union (BCGEU) that expired on March 31, 2022. As at March 31, 2024, the bargaining process was still ongoing. When a ratified agreement is reached, retroactive compensation will be calculated starting from April 1, 2022.

23. Financial Instrument Risks

The Commission, through its financial assets and liabilities, is exposed to credit risk, interest rate risk, market risk and liquidity risk. The following analysis provides a measurement of those risks on March 31, 2024:

a) Credit Risk

Credit risk is the risk that the Commission will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Commission to credit risk consist primarily of cash and portfolio investments, receivables due from the Province of British Columbia, due from Canada Mortgage and Housing Corporation, mortgages and loans receivable and construction loans to housing projects.

Credit risk associated with cash is managed by investing these financial assets in instruments held with reputable Canadian chartered banks. Credit risk associated with portfolio investments is managed by investing in pooled funds that have a well-diversified portfolio of securities.

With respect to construction loans to housing projects, the development phase of a project bears some credit risk due to municipal zoning uncertainty, the capacity of non-profit housing providers, and funding availability. During this phase, credit risk is mitigated by an assessment of collectability. During the construction phase of a project, credit risk is low with respect to construction loans to housing projects owned by non-profit housing providers as the loans are secured by property and repaid at substantial completion of the project (see Note 4).

With respect to mortgages and loan receivables, credit risk is mitigated as these receivables are also secured by property (see Note 5).

To reduce the risk associated with long-term receivables, the Corporation periodically evaluates the collectability of its accounts receivable and adjusts it to reflect the true value of the receivable when necessary.

The Commission is also exposed to credit risk through its CMHC indemnifications as in the event of a loan default, the Commission is required to rectify the default and fully reimburse CMHC for claims paid and approved to lenders. This is further disclosed in note 19 (e). The Commission mitigates this risk by identifying and locating an alternate housing provider to own the asset, continue the operation and assume the loan obligation. Since the establishment of the Loan Insurance Agreement in January 1993, the Commission has never had a claim made against the Loan Insurance Agreement.

The Commission is not significantly exposed to credit risk on its receivables from the Province.

b) Market Risk

Market risk is comprised of currency risk, interest rate risk and other price risk.

Interest rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Construction loans bear interest at the Province's weighted average borrowing rate, however this risk is mitigated due to the relatively stable Provincial borrowing rate and the fact that these loans are relatively short term in nature (within two years). Investments bear some interest rate risk, but these risks are mitigated through the diversification of the portfolio.

The Commission is subject to interest rate risk when refinancing its long-term debt portfolio. The Commission mitigates this risk by maximizing its borrowing from CMHC and seeking competitive interest rates from financial institutions. The Commission is also able to mitigate short- and long-term interest rate changes through the Commission's ability to borrow directly from the Provincial Treasury.

Other price risk

Other price risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Commission has an investment policy to ensure investments are managed appropriately and invested in diversified funds to secure the preservation of capital and the availability of liquid funds. The Commission has also retained qualified investment firms to invest surplus funds in accordance with its investment policy.

Currency risk - Currency risk is the risk arising from change in price of one currency in relation to another. The Commission is not exposed to currency risk.

c) Liquidity Risk

Liquidity risk is the risk that the Commission will not be able to meet its obligations as they fall due. The Commission maintains adequate levels of working capital to ensure all its obligations can be met as they become due. To further manage liquidity risk, the Commission has a borrowing limit of up to $2.8 billion with the Province, including an additional approved $2 billion borrowing limit for the HousingHub program. The debt is available by way of a series of rolling short-term promissory notes. The Commission therefore can access further financing through these promissory notes as they are repaid in stages through the receipt of cash on construction loans receivable. Further financing can also be obtained through transfers and grants from the Province to mitigate this risk. The Commission has the option to sell its portfolio investments.

The majority of the Commission's financial assets and liabilities are current, maturing within one year. The table below shows the various financial assets and liabilities that mature after one year.

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2024

Financial assets	Up to 1 year ($000's)	1 to 5 years ($000's)	Over 5 years ($000's)	Total ($000's)
Construction loans to housing projects	$ 1,131,653	$ 187,297	$ -	**$ 1,318,950**
Mortgages and loans receivable	$ 616	2,498	29,378	**32,492**
Long-term receivables	$ 23,316	$ 44,752	$ 168,564	**$ 236,632**
Total	$ 1,155,585	$ 234,547	$ 197,942	**$ 1,588,074**

Financial liabilities	Up to 1 year ($000's)	1 to 5 years ($000's)	Over 5 years ($000's)	Total ($000's)
Society funds held on deposit	$ 4,548	8,166	28,959	**41,673**
Long-term debt	$ 52,197	$ 109,269	$ 53,428	**$ 214,894**
Total	$ 56,745	$ 117,435	$ 82,387	**$ 256,567**

2023

Financial assets	Up to 1 year ($000's)	1 to 5 years ($000's)	Over 5 years ($000's)	Total ($000's)
Construction loans to housing projects	$ 787,185	$ 435,397	$ -	**$ 1,222,582**
Mortgages and loans receivable	$ 1,364	2,802	13,902	**18,068**
Total	$ 788,549	$ 438,199	$ 13,902	**$ 1,240,650**

Financial liabilities	Up to 1 year ($000's)	1 to 5 years ($000's)	Over 5 years ($000's)	Total ($000's)
Society funds held on deposit	$ 561	9,093	21,112	**30,766**
Total	$ 561	$ 9,093	$ 21,112	**$ 30,766**

24. Impact of Accounting for Government Transfers in accordance with the Budget Transparency and Accounting Act

As noted in the significant accounting policies (see Note 2), section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia and its related regulations require the Corporation to account for government transfers for capital assets by deferring and recognizing them in revenue at the same rate that amortization of the related capital asset is recorded. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be reported in income immediately. If government transfers were accounted for under Canadian public sector accounting standards, the impact of this difference on the financial statements of the Corporation is as follows:

a) For the year ended March 31, 2023, an increase to the annual surplus of $175,057,000; and,

b) On March 31, 2023, there was an increase in accumulated surplus and a decrease in contributions of $1,618,818,000.

c) For the year ended March 31, 2024, an increase to the annual surplus of $313,905,000; and,

d) On March 31, 2024, there was an increase in accumulated surplus and a decrease in contributions of $1,932,723,000.