

Financial Statements of

BANFF HOUSING CORPORATION

And Independent Auditors' Report thereon

Year ended December 31, 2021

INDEPENDENT AUDITORS' REPORT

To the Shareholder of the Banff Housing Corporation

Opinion

We have audited the financial statements of the Banff Housing Corporation (the Entity), which comprise:

- the statement of financial position as at December 31, 2021;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its results of operations, its remeasurement gain and losses, its changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards including the 4200 series of standards.

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 “Auditors’ Responsibilities for the Audit of the Financial Statements” section of our auditors’ report.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, including the 4200 series of 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the 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 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

Chartered Professional Accountants

May 24, 2022
Calgary, Canada

BANFF HOUSING CORPORATION

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash (note 2)	\$ 1,277,342	\$ 1,622,299
Accounts receivable (note 3)	52,303	51,279
Prepaid expenses	738	670
	<u>1,330,383</u>	<u>1,674,248</u>
Tangible capital assets (note 4)	11,747,939	11,949,363
Second mortgages receivable (note 6)	929,500	958,000
	<u>\$14,007,822</u>	<u>\$14,581,611</u>
Liabilities and Net Assets		
Current liabilities:		
Bank indebtedness (note 2)	\$ 569,833	\$ 595,833
Due to Town Banff (note 10)	455,176	857,512
Accounts payable and accrued liabilities (note 7)	16,889	18,488
Tenant deposits	154,990	149,038
	<u>1,196,888</u>	<u>1,620,871</u>
Rep		
Due to Town Banff (note 10)	10,558,895	10,844,469
Deferred revenue (note 6)	929,500	958,000
Asset retirement obligation (note 5)	—	45,900
	<u>12,685,283</u>	<u>13,469,240</u>
Net assets:		
Net assets invested in tangible capital assets	903,471	940,794
Internally restricted net assets	709,316	420,678
Unrestricted deficit	(290,248)	(249,101)
	<u>1,322,539</u>	<u>1,112,371</u>
Commitments (note 10)		
Economic dependence (note 11)		
	<u>\$14,007,822</u>	<u>\$14,581,611</u>

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors:

_____ Director

_____ Director

BANFF HOUSING CORPORATION

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
General operations:		
Revenue:		
Fees	\$ 83,860	\$ 108,198
Interest	9,140	15,127
Grant income	–	2,460
	<u>93,000</u>	<u>125,779</u>
Expenses:		
Community Housing Reserve contribution (note 12)	302,753	442,633
Wages, management fees and benefits	266,786	256,410
Amortization	201,424	201,714
Professional fees	28,959	26,165
Office supplies, postage and other	17,509	14,904
Insurance	7,589	4,028
Telephone	4,303	4,180
Appraisals	750	2,142
Advertising and promotion	319	(140)
Community Housing Strategy	100	–
Board initiatives	–	89
	<u>830,492</u>	<u>952,125</u>
(Deficiency) of revenues over expenses from general operations	(737,492)	(826,346)
Property rentals:		
Rental revenue	1,797,370	1,729,357
Operating expenses	(491,501)	(447,117)
Interest on due to Town of Banff	(367,976)	(376,829)
Interest on bank indebtedness	(11,383)	(13,831)
Excess of revenues over expenses from property rentals	<u>926,510</u>	<u>891,580</u>
Other income:		
Gain on settlement of asset retirement obligation (note 5)	21,150	–
Excess of revenues over expenses (schedule 1)	<u>\$ 210,168</u>	<u>\$ 65,234</u>

See accompanying notes to financial statements.

BANFF HOUSING CORPORATION

Statement of Changes in Net Assets

Year ended December 31, 2021, with comparative information for 2020

December 31, 2021	Invested in tangible capital assets	Internally restricted net assets	Unrestricted net assets (deficit)	2021
Balance, beginning of year	\$ 940,794	\$ 420,678	\$ (249,101)	\$ 1,112,371
Transfer between funds (note 8)	–	28,500	(28,500)	–
Debt repayment	118,201	158,225	(276,426)	–
Settlement of asset retirement obligation	45,900	(24,750)	(21,150)	–
Excess (deficiency) of revenues over expenses	(201,424)	126,663	284,929	210,168
	\$ 903,471	\$ 709,316	\$ (290,248)	\$ 1,322,539

December 31, 2020	Invested in tangible capital assets	Internally restricted net assets	Unrestricted net assets (deficit)	2020
Balance, beginning of year	\$ 1,142,508	\$ 153,335	\$ (248,706)	\$ 1,047,137
Transfer between funds (note 8)	–	31,500	(31,500)	–
Debt repayment	–	267,572	(267,572)	–
Excess (deficiency) of revenues over expenses	(201,714)	(31,729)	298,677	65,234
	\$ 940,794	\$ 420,678	\$ (249,101)	\$ 1,112,371

See accompanying notes to financial statements.

BANFF HOUSING CORPORATION

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 210,168	\$ 65,234
Items not affecting cash:		
Amortization	201,424	201,714
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable	(1,024)	30,741
Increase in prepaid expenses	(68)	–
(Decrease) increase in amounts due to Town of Banff	(411,483)	431,764
(Decrease) increase in accounts payable and accrued liabilities	(1,599)	1,982
Increase (decrease) in tenant deposits	5,952	(2,137)
Decrease in asset retirement obligation	(45,900)	–
	<u>(42,530)</u>	<u>729,298</u>
Investing activities:		
Net change in second mortgages receivable	28,500	31,500
Net change in deferred revenue	(28,500)	(31,500)
	<u>–</u>	<u>–</u>
Financing activities:		
Repayment of principal for Ti'nu Development and Contributions	(276,427)	(267,572)
Repayment of interest on borrowings for Ti'nu Development	–	(99,052)
Repayment of bank indebtedness	(26,000)	(26,000)
	<u>(302,427)</u>	<u>(392,624)</u>
(Decrease) increase in cash	(344,957)	336,674
Cash, beginning of year	1,622,299	1,285,625
Cash, end of year	<u>\$ 1,277,342</u>	<u>\$ 1,622,299</u>

See accompanying notes to financial statements.

BANFF HOUSING CORPORATION

Notes to the Financial Statements

Year ended December 31, 2021, with comparative information for 2020

The Banff Housing Corporation (the “Corporation”) was incorporated as a non-profit organization to provide value priced housing to residents of the Town of Banff, and as such is not subject to income taxes.

1. Significant accounting policies:

The financial statements have been prepared by management 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 deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted interest income is recognized as revenue when earned.

Property sales are recognized based on the completed contract method when ownership of each unit is transferred from the Corporation to each homeowner.

Rental revenue including fees are recognized as revenue during the period in which the services are performed and collectability is reasonably assured.

(b) 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. Management has not elected to carry any financial instruments at fair value.

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.

Unless otherwise noted, it is the Corporation’s opinion that it is not exposed to significant interest rate, currency, liquidity or credit risks arising from its financial instruments.

BANFF HOUSING CORPORATION

Notes to the Financial Statements, page 2

Year ended December 31, 2021, with comparative information for 2020

1. Significant accounting policies (continued):

(c) 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 at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant estimates include the valuation of accounts receivable, the estimated costs and applicability of the asset retirement obligation, and the estimated useful lives of tangible capital assets. Actual results could differ from the estimates made by the Corporation as additional information becomes available in the future.

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 ("COVID-19") outbreak a pandemic. This has resulted in governments worldwide, including the Canadian and Alberta governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, closures of non-essential businesses, and physical distancing, have caused material disruption to businesses in Alberta, resulting in an economic slowdown. Accordingly, economic uncertainties have arisen which could have a negative impact on the Corporation's revenue streams and results of operations

At the time of approval of these financial statements, the Corporation has reviewed its financial activities in response to the COVID-19 pandemic. These factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect to the Corporation is not known at this time.

As a result of the pandemic, the Corporation did allow for rent relief for some tenants, which is included in revenue. There have been no other impacts to contracts or lease agreements, the assessment of provisions and contingent liabilities, or the timing of revenue recognition. The Corporation continues to use its tangible capital assets and management has not assessed any impairment that needs to be recognized on these tangible capital assets at December 31, 2021 as a result of the pandemic. The Corporation continues to manage liquidity risk by forecasting and assessing cash flow requirements on an ongoing basis. As at December 31, 2021, the Corporation continues to meet its contractual obligations within normal payment terms and the Corporation's exposure to credit risk remains largely unchanged.

BANFF HOUSING CORPORATION

Notes to the Financial Statements, page 3

Year ended December 31, 2021, with comparative information for 2020

1. Significant accounting policies (continued):

(d) Tangible capital assets:

Purchased tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed tangible capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. When a tangible capital asset no longer contributes to the Corporation's ability to provide services, its carrying amount is written down to its residual value.

The costs less residual value of the tangible capital assets are amortized over their estimated as follows:

Building	Declining balance	30 months
Rental property equipment	Declining balance	10 years
Condominiums	Declining balance	25 years
Computer equipment	Declining balance	5 years
Ti'nu building	Declining balance	55 years
Ti'nu landscaping	Declining balance	50 years
Ti'nu vehicles	Declining balance	15 years
Ti'nu bins	Declining balance	15 years
Furniture and fixtures	Declining balance	10 years
Computer software	Declining Balance	10 years

(e) Equity interest:

The Corporation does not record its equity interest upon the sale of the Corporation's property unless the Corporation sells all or any portion of the equity interest in the transaction (note 9).

(f) Asset retirement obligation:

The Corporation recognizes the fair value of an asset retirement obligation ("ARO") in the period in which it incurs a legal obligation associated with the retirement of tangible capital assets. Certain building assets contain some asbestos, and it is the Corporation's practice to, if necessary, remediate any asbestos upon disposal of a tangible capital building asset. The estimated fair value of an ARO is capitalized as part of the related tangible capital asset and depreciated on the same basis as the underlying asset. ARO is adjusted for the passage of time, which is recognized as accretion expense, and for revisions to the timing or the amount of the estimated liability. Actual costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual costs incurred and the liability are recognized in the excess of revenues over expenses when remediation is completed.

BANFF HOUSING CORPORATION

Notes to the Financial Statements, page 4

Year ended December 31, 2021, with comparative information for 2020

1. Significant accounting policies (continued):

(g) Cash:

Cash is comprised of cash deposits held with Canadian chartered banking institutions.

2. Cash/bank indebtedness:

Cash generates returns at the bank's prime rate minus 0.65% per annum (2020 – bank's prime rate minus 0.65%).

The bank has authorized a demand operating line of credit to the Corporation in the amount of \$650,000 (2020 - \$650,000), which includes an overdraft lending account of up to \$345,000 (2020 – \$345,000). The line of credit is guaranteed by the Town of Banff and bears interest at the bank's prime rate minus 0.5% per annum (2020 – bank's prime rate minus 0.5%). As at December 31, 2021 there was \$569,833 (2020 – \$595,833) drawn against the line of credit and \$nil (2020 – \$nil) in overdraft. Additionally, the bank has authorized commercial letters of credit up to a maximum of \$300,000 (2020 – \$300,000), and a corporate MasterCard to a maximum of \$50,000 (2020 – \$50,000). As of December 31, 2021, \$489 was outstanding on the corporate MasterCard (2020 – \$3,587), which is included in accounts payable and accrued liabilities.

3. Accounts receivable:

	2021	2020
Amounts outstanding for one year or less	\$ 21,538	\$ 21,948
Amounts outstanding for more than one year	30,765	29,331
	\$ 52,303	\$ 51,279

Included in accounts receivable as at December 31, 2021 are government remittances receivable of \$3,392 (2020 – \$424) relating to federal sales taxes.

BANFF HOUSING CORPORATION

Notes to the Financial Statements, page 5

Year ended December 31, 2021, with comparative information for 2020

4. Tangible capital assets:

			2021	2020
	Cost	Accumulated depreciation	Net book value	Net book value
Land	\$ 1,891,587	\$ –	\$ 1,891,587	\$ 1,891,587
Rental property equipment	2,710	678	2,032	2,304
Condominiums	304,778	157,621	147,157	153,289
Computer equipment	3,707	3,151	556	694
Ti'nu building	9,795,659	622,425	9,173,234	9,351,338
Ti'nu landscaping	498,930	34,925	464,005	473,983
Ti'nu vehicles	45,485	10,613	34,872	37,904
Ti'nu bins	25,427	5,933	19,494	21,189
Furniture and fixtures	14,325	4,131	10,194	11,626
Computer software	6,411	1,603	4,808	5,449
	\$12,589,019	\$ 841,080	\$11,747,939	\$11,949,363

On July 11, 2003, the Corporation assumed a lease agreement from Government of Canada for two condominium units. The lease is treated as capital in nature as it transferred substantially all the benefits and risks incident to ownership of the property to the Corporation. These contributed assets were recorded at their fair value on the date of assignment of the lease, as per the accounting policy. Amortization has been recorded on these assets since July 11, 2003.

The Ti'nu Development is co-owned with the Alberta Social Housing Corporation ("ASHC"). In 2019, an agreement was signed between the ASHC and the Corporation, indicating that each party holds a 50% ownership interest in the leasehold regardless of actual contribution of each party. The Corporation is the operator of the Ti'nu Development and capitalizes their share of assets. The Corporation records all revenues and expenses related to the development. The ASHC shall be consulted on development and management responsibilities and will require annual audited financials to be submitted to the ASHC.

5. Asset retirement obligation:

During the year ended December 31, 2021, the asset retirement obligation was able to be recognized and recorded as the actual balance due as a result of the associated building being sold by the Corporation. As at December 31, 2021 a balance is payable to the Town of Banff for costs for the asbestos abatement for 338 Banff Avenue and is recorded in the amount of \$24,750. The difference between the prior year asset retirement obligation balance of \$45,900 and the actual amount due to the Town of Banff is recorded as a gain on settlement of asset retirement obligations.

BANFF HOUSING CORPORATION

Notes to the Financial Statements, page 6

Year ended December 31, 2021, with comparative information for 2020

6. Second mortgages receivable/deferred revenue:

Deferred revenue arose from mortgages receivable with respect to the Middle Springs I housing development in the Town of Banff. The mortgages are registered against the titles of the properties but become due only when the initial owner ceases to reside in the Middle Springs I development. The full amount of the mortgages is recorded as non-current second mortgage receivable and deferred revenue. When a mortgage becomes due, the revenue is recognized.

During the year, the Corporation collected \$28,500 (2020 – \$31,500) towards second mortgages receivable.

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at December 31, 2021 are government remittances payable of \$nil (2020 – \$nil) relating to federal sales taxes.

8. Internally restricted net assets:

The Corporation has a policy to internally restrict second mortgage revenue. During 2021, \$28,500 of this revenue (2020 – \$31,500) was restricted internally.

9. Investment – equity interest in housing units at cost:

The purpose of the Corporation is to provide value priced housing to long-term residents of the Town of Banff. The Corporation attempts to meet this objective by developing and selling housing units to homeowners at the actual costs required to construct the housing units. The Corporation retains an equity interest in each unit that it sells. This equity interest is determined at the time each unit is initially sold to each homeowner and is calculated as the difference between the fair market value of the unit (determined by an independent appraiser) and the sale price of the unit when it is initially sold to each homeowner.

As at December 31, 2021, there were 183 properties (2020 – 183) in the Corporation's value priced housing portfolio, and the equity interest ranged from 0% to 35% of the fair market value of each property.

This equity interest is not recognized in the financial statements as the timing and amount of consideration that could eventually be realized by the Corporation for this equity interest is not determinable. However, per the terms of its sublease agreement with sub lessees (homeowners) the Corporation can realize any/all of its equity interest upon any sublease disposition of a Corporation property (sale by sub lessee) if it so chooses.

During 2021 the Corporation acquired no properties (2020 – no properties were acquired) and sold no properties (2020 – no properties were sold).

BANFF HOUSING CORPORATION

Notes to the Financial Statements, page 7

Year ended December 31, 2021, with comparative information for 2020

10. Due to the Town of Banff:

	2021	2020
Due for operations	\$ 169,603	\$ 138,453
Due for Community Housing reserve fund	–	442,633
Due for Ti'nu Contribution	–	158,225
Due for Ti'nu Development	10,844,468	10,962,670
	<u>11,014,071</u>	<u>11,701,981</u>
Less: current portion	455,176	857,512
Non-current portion of due to Town of Banff	<u>\$ 10,558,895</u>	<u>\$ 10,844,469</u>

As at December 31, 2021, there was an amount of \$11,014,071 (2020 – \$11,701,981) payable to the Town of Banff relating mainly to the construction of condominium units on 547 Coyote Lane (the “Ti’nu Development”) in 2019.

The amount owing to the Town of Banff for the Ti’nu Development and Ti’nu Contribution is repayable with principal and interest over 28 years with a maturity date in 2046, which is consistent with the debt amount and repayment terms incurred by the Town of Banff from the Alberta Capital Finance Authority (“ACFA loans”). At December 31, 2021, there is no formal agreement in place and no set repayment or other terms; however, the Corporation has agreed to pay interest equal to the interest payment incurred by the Town of Banff in relation to the ACFA loans. Interest incurred by the Town of Banff on the ACFA loans during the year ended December 31, 2021 is 3.08% per annum (2020 – 3.08%). There are no demand features to this loan.

Principal and interest repayments agreed to are as follows:

	Principal	Interest	Total
2022	\$ 285,573	\$ 358,829	\$ 644,402
2023	295,022	349,380	644,402
2024	304,784	339,618	644,402
2025	314,869	329,533	644,402
2026	325,287	319,115	644,402
Thereafter	9,318,933	3,569,104	12,888,037
	<u>\$ 10,844,468</u>	<u>\$ 5,265,579</u>	<u>\$ 16,110,047</u>

11. Related party transactions and economic dependence:

There is an agreement between the Town of Banff and the Corporation such that the Town of Banff, which is the Corporation’s sole shareholder, administers the Corporation’s payroll function. The Corporation used office space owned by the Town of Banff. These services were provided from the Town of Banff to the Corporation at no charge.

BANFF HOUSING CORPORATION

Notes to the Financial Statements, page 8

Year ended December 31, 2021, with comparative information for 2020

12. Community Housing Reserve contribution:

In consideration of Alberta Social Housing Corporation's (ASHC) capital contribution towards the construction of the Ti'nu Development, the Corporation entered into a co-ownership agreement to set out each party's respective rights and obligations regarding the ongoing maintenance, operation, control and management of the Ti'nu property (note 4). Included in the agreement is direction on the treatment of the annual surplus from the Ti'nu Development including that the amounts may be restricted for the purpose of funding and/or maintaining affordable housing in the Town of Banff. In 2021, the Corporation transferred \$302,753 (2020 – \$442,633) which represents the 2020 surplus to the Town of Banff, to be held in the Town of Banff's restricted Capital Housing reserve. The ending balance in the internally restricted Community Housing reserve for future transfer to the Town of Banff at the end of 2021 is \$318,021 (2020 – \$302,753).

13. Comparative figures:

Certain of the comparative figures have been reclassified to conform to the presentation of the current year financial statements. These reclassifications had no effect on the Corporation's excess of revenues over expenses or net assets.

BANFF HOUSING CORPORATION

Schedule 1 – Segmented Information

Year ended December 31, 2021

	Banff Housing Corporation	The Aster	Moffat	Ti’Nu Manor	2021 Total	2020 Total
General operations:						
Revenue:						
Fees	\$ 83,710	\$ –	\$ –	\$ 150	\$ 83,860	\$ 108,192
Interest	3,347	–	–	5,793	9,140	15,127
Grant Income	–	–	–	–	–	2,460
	87,057	–	–	5,943	93,000	125,779
Expenses:						
Community Housing Reserve Contribution (note 12)	–	–	–	302,753	302,753	442,633
Wages, management fees and benefits	60,721	–	–	206,065	266,786	256,410
Amortization	2,483	–	6,132	192,809	201,424	201,714
Professional fees	7,691	–	–	21,268	28,959	26,165
Office supplies, postage and other	3,232	–	–	14,277	17,509	14,904
Insurance	266	1,117	159	6,047	7,589	4,028
Telephone	1,026	–	–	3,277	4,303	4,180
Appraisals	750	–	–	–	750	2,142
Advertising and promotion	47	–	–	272	319	(140)
Community Housing Strategy	–	–	–	100	100	–
Board initiatives	–	–	–	–	–	89
	76,216	1,117	6,291	746,868	830,492	952,125
Excess (deficiency) of revenues over expenses from general operations						
	10,841	(1,117)	(6,291)	(740,925)	(737,492)	(826,346)
Property rentals:						
Rental revenue	–	–	28,149	1,769,221	1,797,370	1,729,357
Operating expenses	–	(16,767)	(24,694)	(450,040)	(491,501)	(447,117)
Interest on Due to Town of Banff	–	–	–	(367,976)	(367,976)	(376,829)
Interest on bank indebtedness	–	(11,383)	–	–	(11,383)	(13,831)
Excess (deficiency) of revenues over expenses from property rentals						
	–	(28,150)	3,455	951,205	926,510	891,580
Other income:						
Gain on settlement of ARO (note 5)	21,150	–	–	–	21,150	–
Excess (deficiency) of revenues over expenses						
	\$ 31,991	\$ (29,267)	\$ (2,836)	\$ 210,280	\$ 210,168	\$ 65,234

BANFF HOUSING CORPORATION

Notes to the Financial Statements, page 2

Year ended December 31, 2021, with comparative information for 2020

See accompanying notes to financial statements.



BRIEFING

Subject: Banff Housing Corporation 2022 Business Plan and Operating Budget

Presented to: Banff Housing Corporation
Shareholder

Date: Date: 2022 June 13

Item #: 4.2

Submitted by: BHC Administrator

This Briefing is submitted for acceptance into the Corporate Record.

REASON FOR BRIEFING

Please find attached a copy of the BHC's 2022 business plan and operating budget.

These documents have been approved by the BHC Board and posted to the Town of Banff [website](#) (They are provided to the Shareholder as information.)

BACKGROUND

N/A

ATTACHMENT

Attachment 1: BHC's 2022 Business Plan

Attachment 2: BHC's 2022 Operating Budget

Submitted By:

On Original

BHC Administrator

Reviewed By:

On Original

Kelly Gibson, Town Manager



2022 Business Plan

General Background Overview

The Banff Housing Corporation (BHC) was incorporated in 1993 and is a Not for Profit organization whose sole shareholder is the Town of Banff (ToB). The BHC operates at arm's length from the ToB, under a mandate created by the Town of Banff Council. The Board of Directors, who governs the BHC, comprises: five (5) or six (6) public members; and one senior administrative personnel from the ToB and one Town of Banff Council member.

The BHC has three full time and two part time employees, that oversee and manage the rental and home equity portfolios, and maintenance of current rental buildings. The Town of Banff subcontracts senior administrative services to oversee the entire BHC portfolio. The BHC office is located at the Ti'nu apartment complex -547 Coyote lane.

Mission/Vision

BHC Vision:

To provide a range of affordable housing options that ensure Banff residents can find a place to call home.

BHC Mission:

Banff Housing Corporation provides and manages a diverse range of quality rental units and equity-restricted & price-restricted homes for residents and retirees of Banff National Park.

Banff Housing Corporation's guiding principles:

- Will adhere to Parks Canada's eligible resident requirements and 100% of our housing units are occupied by people who meet these requirements.
- Will adhere to current best practices that evolve and strengthen the affordable housing program offered by the Banff Housing Corporation.
 - Work to ensure affordability of current and future restricted housing inventory in perpetuity
- Will provide professional and accountable administration under the direction of the Board of Directors
- Will be fiscally responsible

- Will collaborate with municipal, community and regional partners
- Will communicate relevant housing information to stakeholders and residents in a timely and effective manner.

BHC Purpose

The purpose of the Banff Housing Corporation is to help the Town of Banff maintain a healthy and balanced community.

- To manage the current and future homeownership and rental portfolios

The Banff Housing Corporation is bound by the following:

- To operate in a not-for-profit and user pay manner. (A user is the individual or organization who benefit(s) from the activity;
- Not to receive subsidy from municipal taxes for the administration of new and existing developments.

The mandate and obligations of Banff Housing Corporation include:

- a) To have a sole Shareholder, being the Town of Banff;
- b) Maintain and manage leases held by the Corporation on corporate sponsored housing projects or for proposed housing projects;
- c) To sublease lands to individuals by way of a Sublease agreement, where appropriate;
- d) To manage and maintain on a contract basis if required, all of the Town of Banff housing stock, including both rental and for-purchase housing portfolios;
- e) To operate independently under the direction of its Board of Directors in accordance with any directions given by the Shareholder from time to time;
- f) To remain accountable to the Shareholder and the citizens of Town of Banff by operating in accordance with the policies established by the Town Council, through Town Administration participation on the Board of Directors, and through the provision of audited financial statements;
- g) To conduct its business in a not-for profit manner with a user-pay mandate. The Corporation will hire staff and expend funds necessary to complete its mandate within its operating budget;
- h) To monitor and enforce all terms and conditions of occupancy, sublease sale, resale and rental of Corporation housing units;

- i) To implement a selection procedure by which eligible residents are permitted to purchase, or re-sell Corporation housing units. In so doing, the Corporation will develop and maintain a prioritized list of qualified potential future purchasers of existing BHC properties
 - j) To implement a selection procedure by which eligible residents are permitted to rent Corporation community housing units.
 - k) To accept transfer of the MIDDLE SPRINGS I HOUSING DEVELOPMENT second mortgages and transfer to housing specific capital reserves;
 - l) To expend any excess revenue over expenditures to further fulfil its mandate of providing, operating and maintaining housing in the Town of Banff;
 - m) To make recommendations to the Town of Banff on housing with respect to the Banff Housing Corporation portfolio and with respect to BHC or Town of Banff owned rental properties.
 - n) To manage housing of various types and density within the Corporation's portfolio to help the Town of Banff maintain a healthy and balanced community.
 - o) To participate in community conversations with respect to housing in the Town of Banff.
- The Corporation shall be one to which Section 129 of the Municipal Government Act, R.S.A., 1980, Ch. M-36 applies.

BHC Program Description

The BHC has the 3 (three) lines of business in its current portfolio.

1. Home Ownership

The BHC has provided home ownership opportunities in order to provide homes within the community of Banff at below market cost for residents of the Town.

A. Equity Share Model:

The BHC has implemented a unique *Sub-Lease Agreement* whereby the original homeowner paid the total cost of construction and land, and the BHC retained the equity difference between the aforementioned costs and the appraised market value of the unit. Contingent on the BHC's approval (approval is based upon the BHC Re-Sale Policy) and in order to provide continuing below-market opportunities, the potential purchase cost to a subsequent owner is the same percentage of current market value as

originally established. The equity share portfolio contains 161 units including row houses, duplexes, and single-family homes.

B. Price Restricted Model:

The Middle Springs 2G development and Peyto Place were sold at eighty percent (80%) of fair market value and the future resale of these properties was tied to the same equity share (80%) and a price restriction of two percent per annum, compounded annually. In 2022, the Aster housing development will be complete and additional price restricted units will be added to the portfolio .

- Price restricted homes: 22
- New for 2022: 33 price restricted units (the Aster)

TOTAL: 55

2. Rental:

The BHC currently owns:

- Two (2) two- bedroom rental properties (Moffat Manor)
- 131 units at 547 Coyote Lane. Mix of studios, one bedroom and two bedrooms. Development is known as Ti'nu apartment complex.

TOTAL: 133

3. Middle Springs 1: Second Mortgages

The BHC recovers the equity invested with respect to the Middle Springs 1 second mortgages over time. Second mortgages range from \$28,500.00- \$33,000.00 and are due and payable when the original owner of a Middle Springs 1 property either ceases to reside in the property or the property is sold. As of December 31, 2021, \$929,500 remained in deferred revenue relating to Middle Spring 1 second mortgages. To date repayment of these mortgages were used to assist in capital requirements of the BHC. There are currently 32 remaining second mortgages.

BHC Goals/Strategies 2022

The Banff Housing Corporation's intent is to focus on maintaining strong internal governance of the organization while addressing, in collaboration with community partners, the housing requirements of the community to ensure everyone in Banff has a place to call home.

1. Strategy/Objective: Housing Sustainability

Through the ongoing implementation of areas defined in the Town of Banff's 2014 Community Housing Strategy, the BHC will continue to work with the Town of Banff, Parks Canada, community stakeholders, and the Town of Banff Housing Sustainability Manager in developing strategies and plans for managing current rental and for-purchase units, with consideration given to future development additions to the portfolio that will meet the needs of Banff residents.

Key Players: BHC Board/BHC Administration/Parks Canada/Housing Sustainability Manager.

Performance measure: The TOB Senior Administration will provide management to the BHC staff team and provide updates to the Board on an ongoing basis regarding BHC housing portfolio, budget, and operations management.

2. Strategy/Objective: Communications

The BHC will continue to hone the communication strategy for both internal and external communications. This will be reflective of all forms of digital and print media, website development, and direct correspondence. There will be an annual review that will include an evaluation of the key messaging that the Board would like to convey to the community and BHC homeowners. Continue to populate the Banff.ca/housing website with Banff Housing Corporation information on both rental and for-sale properties.

Key Players: BHC Board / BHC Administration/TOB Housing Sustainability/ TOB Communication Specialist.

Performance measure: The Board will review current communications and explore methods to engage and reach members.

3. Strategy/Objective: BHC – Administration & Annual Strategic planning.

Home Sales Portfolio: the BHC will continue to provide ongoing administrative services for homeowners including administering/updating the Registered Resale List (RRL), equity and price restricted home sales; Shareholder and board meeting preparation, management of BHC financial and lease assignment consents; implementing Board/Shareholder policies/procedures; responding to inquiries from outside 3rd parties.

Rental Portfolio: The BHC will continue to grow BHC as a rental provider, including the development, intake, and processing of all rental applications, tenant application and

lease management, financial management of all rental income, preventative maintenance, and long-term capital planning.

Administration: Creating long-term strategic plans and yearly work plans for all areas.

Key Player: BHC Administration/BHC Board/ TOB Housing Sustainability.

Performance measure: Conducting annual performance evaluations, tracking areas of focus for Administration based on established needs, identified issues, strategic planning, and BHC monthly and yearly work plans.

Banff Housing Corporation Budget 2022

	Aster	BHC	Moffatt Manor	Ti'nu	TOTAL
INCOME					
4-1120 Application Fee RRL		1,000.00			1,000.00
4-1400 Administration Fees		47,056.00			47,056.00
4-1410 Admin fee penalty		1,500.00			1,500.00
4-1420 Admin Fee interest		100.00			100.00
4-1600 Rental Property Revenue					
4-1610 Rental-Rent Revenue			32,010.72	1,778,936.14	1,810,946.86
4-1615 Rental-Ti'nu Storage Unit				5,000.00	5,000.00
4-1620 Rental-Admin charges				8,000.00	8,000.00
4-1630 Rental-Car Share revenue				5,000.00	5,000.00
4-1640 Rental-Laundry revenue				32,500.00	32,500.00
Total 4-1600 Rental Property Revenue	\$ 0.00	\$ 49,656.00	\$ 32,010.72	\$ 1,829,436.14	\$ 1,911,102.86
4-1700 Interest Income -Operating acct		3,300.00		4,400.00	7,700.00
4-1720 Interest income-Ti'nu DD				1,200.00	1,200.00
4-1900 RRL Sales Fees		25,000.00			25,000.00
4-5002 Consent Fees		6,000.00			6,000.00
4-5010 Subordination Income		1,500.00			1,500.00
49900 Uncategorized Income					
Sales					
Total Income	\$ 0.00	\$ 85,456.00	\$ 32,010.72	\$ 1,835,036.14	\$ 1,952,502.86
GROSS PROFIT	\$ 0.00	\$ 85,456.00	\$ 32,010.72	\$ 1,835,036.14	\$ 1,952,502.86
EXPENSES					
6-1000 RRL Appraisals		2,500.00			2,500.00
6-1100 Bank Charges and Interest	22,000.00			644,402.00	666,402.00
6-1120 Non-deductible into & penalties					
6-1300 Advertising and Promotion		3,040.00		1,500.00	4,540.00
6-1350 Wages		28,286.01		254,574.06	282,860.07
6-1375 Benefits		5,216.00		46,946.53	52,162.53
6-1400 Conferences & Training		1,500.00		3,000.00	4,500.00

6-1500 Office Supplies & Postage		1,500.00		4,500.00	6,000.00
6-1520 Dues & Fees		1,150.00		700.00	1,850.00
6-1540 Community Events				2,500.00	2,500.00
6-1600 Professional Fees and Services		5,496.00		49,464.00	54,960.00
6-1605 Legal Fees-Operation		2,200.00		1,000.00	3,200.00
6-1900 Telephone		1,050.00		3,570.00	6,620.00
6-2400 Insurance	0.00	375.00	225.00	8,500.00	9,100.00
6-9900 Ti'nu Car Share expenses					
6-9910 Ti'nu Car share-Insurance				18,734.00	18,734.00
6-9920 Ti'nu Car share-fuel, maint.				5,000.00	5,000.00
7-2000 Rental Property Expenses					
7-2125 Rental-Rent Manager Software				2,500.00	2,500.00
7-2250 Rental-Repair & Maintenance			1,500.00	38,000.00	39,500.00
7-2255 Rental - Grounds Supplies				3,100.00	3,100.00
7-2811 Rental - Subcontracted Trades Electric				3,090.00	3,090.00
7-2822 Rental - Subcontracted Trades Plumbing				7,000.00	7,000.00
7-2833 Rental - Subcontracted Trades Windows				4,250.00	4,250.00
7-2844 Rental - Subcontracted Trades Misc.				1,500.00	1,500.00
7-2855 Fire, Sprinkler, CO2 systems				5,000.00	5,000.00
7-2866 Rental - Subcontracted Trades Elevator				10,200.00	10,200.00
7-2877 Cleaning - Units/Carpets/Vent				5,665.00	5,665.00
7-2888 Security Systems				3,605.00	3,605.00
7-2899 Subcontracted Trades Grounds				6,000.00	6,000.00
7-2800 Rental - Subcontracted Trades - SUBTOTAL				49,410.00	49,410.00
7-2275 Rental - Small Equipment				2,050.00	2,050.00
7-2300 Rental-Property Tax	9,945.00		4,500.00	97,000.00	111,445.00
7-2400 Rental-Uniform expenses		500.00		1,000.00	1,500.00
7-2600 Rental-Condo Fees			10,500.00		10,500.00
7-2650 Rental-Utilities					234,070.00
7-2651 7-2651 Water/Sewer/Waste				77,250.00	
7-2652 Gas				30,000.00	
7-2653 7-2653 Electric				125,000.00	
7-2654 7-2654 Rental Telephone				1,820.00	
7-2700 Rental - Security				15,600.00	15,600.00

7-2750 Rental-Laundry				7,050.00	7,050.00
7-3000 Lending Program Supplies				2,500.00	2,500.00
9-9999 Suspense					
QuickBooks Payments Fees	1,500.00			1,000.00	2,500.00
Uncategorized Expense					
Total Expenses	\$ 31,945.00	\$ 54,313.01	\$ 16,725.00	\$ 1,494,570.59	\$ 1,599,553.60
PROFIT/Housing reserve fund	-\$ 31,945.00	\$ 31,142.99	\$ 15,285.72	\$ 340,465.55	\$ 352,949.26



BRIEFING

Subject: Value of 2022 Banff Housing Corporation Equity Share

Presented to: Banff Housing Corporation
Shareholder

Date: 2022 June 13

Submitted by: BHC Administrator

Item #: 4.3

This Briefing is submitted for acceptance into the Corporate Record.

REASON FOR BRIEFING

Please find attached a table showing the 2022 residential assessed values for BHC developments. The source information for this report is obtained from the current 2022 Town of Banff property tax assessment.

BACKGROUND

BHC portfolio

The assessed value of the BHC's equity share portfolio has increased to \$134,553,542 from \$131,245,370 (2021 or +3%). The assessed value of the BHC's price restricted portfolio has increased to \$12,471,020 from \$12,222,250 (2021) or 2%. The assessed value of the entire BHC portfolio has decreased to \$147,024,562 from \$143,467,620 (2021) or +2%.

Residential Assessment	2015	2016	2017	2018	2019	2020	2021
BHC Equity Share	\$99,476,710	\$101,808,440	\$104,083,600	\$117,862,920	\$126,533,270	\$131,245,370	\$134,553,542
% change year over year	4%	2%	2%	13%	7%	4%	3%
BHC Price restricted	\$10,309,500	\$ 10,428,600	\$ 10,876,100	\$11,517,300	\$11,983,260	\$12,222,250	\$12,471,020
	2%	2%	2%	2%	2%	2%	2%
Total BHC portfolio	\$109,786,210	\$ 112,237,040	\$ 117,959,700	\$129,380,220	\$138,516,530	\$143,467,620	\$ 147,024,562
% change year over year	4%	2%	5%	10%	7%	4%	2%

2021 BHC Properties	Total	H/O Equity	BHC Equity
Equity Share Properties	\$134,553,542	\$100,267,989	\$33,557,153
Price Restricted Properties	\$12,471,020	\$9,239,056	\$3,169,184
Total	\$147,042,562	\$109,507,045	\$36,726,338

ATTACHMENT

Attachment: BHC Equity share

Submitted By: On Original
BHC Administrator

Reviewed By: On Original
Kelly Gibson, Town Manager

2021 EQUITY			
Equity Share Properties			
	2021 Assessed Values	H/O Equity \$	BHC Equity \$
Riverview Court	\$14,361,982	\$10,006,161	\$4,355,821
MS2A (Jasper Way)	\$12,093,220	\$8,208,298	\$3,884,922
MS2B (Sulphur Court)	\$20,702,470	\$16,610,691	\$4,091,779
MS2C (Middle Springs Drive)	\$14,150,300	\$10,405,861	\$3,744,439
MS2D (Fairholme Place)	\$26,817,590	\$18,578,708	\$7,510,482
MS2E (Middle Springs Drive)	\$30,922,650	\$24,381,630	\$6,541,020
MS2F	\$15,505,330	\$12,076,640	\$3,428,690
Subtotal	<u>\$134,553,542</u>	<u>\$100,267,989</u>	<u>\$33,557,153</u>
Price Restricted Properties			
		Price restricted amount (rounded) December 31st 2021	BHC Equity \$
MS2G (Jasper way)	\$6,907,750	\$5,155,898	\$1,751,852
Peyto Place	\$4,293,970	\$3,138,964	\$1,092,226
22 Fairholme Place	\$591,070	\$440,460	\$150,610
24 Fairholme Place	\$678,230	\$503,734	\$174,496
Subtotal	<u>\$12,471,020</u>	<u>\$9,239,056</u>	<u>\$3,169,184</u>
Equity Share Properties	\$134,553,542	\$100,267,989	\$33,557,153
Price Restricted Properties	<u>\$12,471,020</u>	<u>\$9,239,056</u>	<u>\$3,169,184</u>
Total	<u>\$147,024,562</u>	<u>\$109,507,045</u>	<u>\$36,726,338</u>

21 Equity Share Properties Average Price	
Riverview Court	\$ 797,888
MS2A	\$ 863,801
MS2B	\$ 862,603
MS2C	\$ 832,371
MS2D	\$ 880,015
MS2E	\$ 858,142
MS2F	\$ 738,349
Average	\$ 833,310
Price Restricted Properties	
Jasper Way	\$ 690,775
Peyto Place	\$ 429,397
Average	\$ 560,086

2020			
Equity Share Properties			
	2020 Assessed Values	H/O Equity \$	BHC Equity \$
Riverview Court	\$13,733,990	\$9,557,362	\$4,176,628
MS2A (Jasper Way)	\$11,936,460	\$8,101,273	\$3,835,187
MS2B (Sulphur Court)	\$20,268,420	\$16,265,192	\$4,003,228
MS2C (Middle Springs Drive)	\$13,769,720	\$10,126,019	\$3,643,701
MS2D (Fairholme Place)	\$26,256,150	\$18,198,269	\$7,356,241
MS2E (Middle Springs Drive)	\$30,097,270	\$23,739,018	\$6,358,252
MS2F	\$15,183,720	\$11,824,656	\$3,359,064
Subtotal	<u>\$131,245,730</u>	<u>\$97,811,789</u>	<u>\$32,732,301</u>
Price Restricted Properties			
		Price restricted amount (rounded) December 31st 2020	BHC Equity \$
MS2G (Jasper way)	\$6,772,300	\$5,155,898	\$1,616,402
Peyto Place	\$4,205,540	\$3,138,964	\$1,003,796
22 Fairholme Place	\$579,480	\$440,460	\$139,020
24 Fairholme Place	\$664,930	\$503,734	\$161,196
Subtotal	<u>\$12,222,250</u>	<u>\$9,239,056</u>	<u>\$2,920,414</u>
Equity Share Properties	\$131,245,730	\$97,811,789	\$32,732,301
Price Restricted Properties	<u>\$12,222,250</u>	<u>\$9,239,056</u>	<u>\$2,920,414</u>
Total	<u>\$143,467,980</u>	<u>\$107,050,845</u>	<u>\$35,652,716</u>

2020 Equity Share Average Price	
Riverview Court	\$ 762,999
MS2A	\$ 852,604
MS2B	\$ 844,518
MS2C	\$ 809,984
MS2D	\$ 864,895
MS2E	\$ 834,525
MS2F	\$ 723,034
Average	\$ 813,223
Price Restricted Properties	
Jasper Way	\$ 677,230
Peyto Place	\$ 420,554
Average	\$ 548,892

YOY % change

5%
1%
2%
3%
2%
3%
2%
2%
2%
2%
2%
2%
2%
2%