

Notice of Meeting and Meeting Agenda Capital Region Housing Corporation Board

Wednesday, January 12, 2022

1:00 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

The Capital Regional District strives to be a place where inclusion is paramount and all people are treated with dignity. We pledge to make our meetings a place where all feel welcome and respected.

1. TERRITORIAL ACKNOWLEDGEMENT

2. APPROVAL OF THE AGENDA

3. ADOPTION OF MINUTES

3.1. [21-905](#) Minutes of the December 8, 2021 Capital Region Housing Corporation Board

Recommendation: That the minutes of the Capital Region Housing Corporation Board meeting of December 8, 2021 be adopted as circulated.

Attachments: [Minutes - December 8, 2021](#)

4. REPORT OF THE CHAIR

5. PRESENTATIONS/DELEGATIONS

In keeping with directives from the Province of BC, there is limited space for the public to attend CRD Board meetings in-person at this time. However, the public may continue to view meeting materials and Live Webcasts online. If you wish to attend a meeting in-person, please email legserv@crd.bc.ca.

CRD encourages delegations to participate electronically. Please complete the online application for "Addressing the Board" on our website and staff will respond with details.

Alternatively, you may email your comments on an agenda item to the CRD Board at crdboard@crd.bc.ca.

5.1. Presentations

5.1.1. [22-005](#) Presentation: CRHC 2021 Audit Planning, Lenora Lee, Lead Audit Engagement Partner, KPMG (Verbal)

Recommendation: That the Capital Region Housing Corporation 2021 Audit Planning verbal presentation be received for information.

5.2. Delegations

6. CONSENT AGENDA

7. ADMINISTRATION REPORTS

7.1. [22-014](#) Capital Region Housing Corporation 2021 Audit Planning Discussion

Recommendation: That the Capital Region Housing Corporation 2021 Audit Plan developed by KPMG be approved.

Attachments: [Staff Report: CRHC 2021 Audit Planning](#)
[Appendix A: CRHC Audit Plan KPMG](#)

7.2. [22-026](#) Cairns Park Mortgage Renewal - Revised Resolution

Recommendation: The Capital Region Housing Corporation Board approve the revised Resolution of Directors to renew the mortgage for Cairns Park.

Attachments: [Staff Report: Cairns Park Mortgage Renewal-Revised Resolution](#)
[Appendix A: Revised Resolution of Directors](#)
[Appendix B: Staff Rpt-Mortgage Renewal-Cairns Park-Oct 13/21](#)

8. REPORTS OF COMMITTEES

9. NOTICE(S) OF MOTION

10. NEW BUSINESS

11. ADJOURNMENT

Meeting Minutes

Capital Region Housing Corporation Board

Wednesday, December 8, 2021

1:00 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

PRESENT:

J. Loveday (Chair), D. Blackwell, P. Brent (for D. Howe), S. Brice (1:09 pm), B. Desjardins (EP), L. Helps, M. Hicks, G. Holman, B. Isitt, D. Kowalewich (for D. Screech), R. Martin, C. McNeil-Smith (EP), R. Mersereau, K. Murdoch, G. Orr, C. Plant, J. Ranns, L. Seaton, M. Tait, N. Taylor, K. Williams, R. Windsor (EP), G. Young

Staff: R. Lapham, Chief Administrative Officer; N. Chan, Chief Financial Officer; L. Hutcheson, General Manager, Parks and Environmental Services; K. Lorette, General Manager, Planning and Protective Services; K. Morley, General Manager, Corporate Services; T. Robbins, General Manager, Integrated Water Services; M. Lagoa, Deputy Corporate Officer; S. Orr, Senior Committee Clerk (Recorder)

EP - Electronic Participation

Regrets: F. Haynes, D. Howe, D. Screech

The meeting was called to order at 1:00 pm.

1. TERRITORIAL ACKNOWLEDGEMENT

Director Taylor provided the Territorial Acknowledgement.

2. APPROVAL OF THE AGENDA

MOVED by Director Blackwell, **SECONDED** by Director Mersereau,
That the agenda for the December 8, 2021 session of the Capital Region Housing
Corporate Board be approved.

CARRIED

3. ADOPTION OF MINUTES

3.1. [21-887](#) Minutes of the November 10, 2021 Capital Region Housing Corporation Board

MOVED by Director Helps, **SECONDED** by Director Mersereau,
That the minutes of the Capital Region Housing Corporation Board meeting of
November 10, 2021 be adopted as circulated.

CARRIED

4. REPORT OF THE CHAIR

I would like to thank all of staff and former Chair Helps for meeting with me and

updating me on board business. I am lucky to have already served on this board for a number of years and have a good foundation of knowledge. I appreciate the time taken to assist me with taking over as Chair. Today is the final meeting of 2021 for the Capital Regional Housing Corporation Board and I would like to thank staff and board members for all their work in 2021. We have ambitious and practical capital plans and operating budgets and as we turn our minds to 2022, there will be very important work for this Board to undertake in terms of completing the CRD housing first program as well as what is a bold and collaborative approach to rapidly building more affordable housing in the region in terms of a new program to take over when the housing first initiative completes. I thank you all for working collaboratively towards that and wish all of you, staff and tenants a happy holidays.

5. PRESENTATIONS/DELEGATIONS

There were no presentations or delegations.

6. CONSENT AGENDA

Item 6.5 was removed from the consent agenda and moved to be considered under Reports of Committees as item 8.1.

MOVED by Director Plant, **SECONDED** by Director Blackwell,
That consent agenda items 6.1. through 6.4. be approved.
CARRIED

6.1. [21-870](#) 2022 Five Year Updated Routine Capital Plans (2020-2024)

1.a) That the Capital Region Housing Corporation Umbrella Operating Agreement (UOA) Updated Five Year Routine Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the UOA 2022 Routine Capital Plan.
2. a) That the Independent Living BC (ILBC) Updated Five Year Routine Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the ILBC 2022 Routine Capital Plan.
3. a) That the No Operating Agreement (NOA) Updated Five Year Routine Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the NOA 2022 Routine Capital Plan.
4. a) That the Investment in Housing Innovation (IHI) Updated Five Year Routine Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the IHI 2022 Routine Capital Plan.
5. a) That the Regional Housing First Program (RHFP) Updated Five Year Routine Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the RHFP 2022 Routine Capital Plan.
6. a) That the Community Housing Fund (CHF) Five Year Routine Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the CHF Routine 2022 Capital Plan.
CARRIED

6.2. [21-871](#) Major Capital Plan (2022-2026)

1. That the 2022-2026 Major Capital Plan be approved; and
2. That staff be authorized to submit grant funding applications and receive grant funding for up to four CRHC Redevelopment projects, through Canada Mortgage and Housing Corporation, BC Housing Management Commission,

Federation of Canadian Municipalities and other funding programs as necessary and as they become available.

CARRIED

6.3. [21-872](#) 2022 Administration and Development Services Budgets

1. That the Capital Region Housing Corporation 2022 Administration Budget be approved; and

2. That the Capital Region Housing Corporation 2022 Development Services Budget be approved.

CARRIED

6.4. [21-873](#) 2022 Portfolio Operating Budgets

1. That the 2022 Operating Budget for the Umbrella Operating Agreement be approved;

2. That the 2022 Operating Budget for the No Operating Agreement be approved;

3. That the 2022 Operating Budget for the Independent Living BC Agreement be approved;

4. That the 2022 Operating Budget for the Regional Housing First Program Agreement be approved;

5. That the 2022 Operating Budget for the Investment in Housing Innovation be approved;

6. That the 2022 Operating Budget for the Community Housing Fund (CHF) be approved; and

7. That any 2021 operating surplus/(deficits) to be transferred to/(from) the individual Portfolio Stabilization Reserves be authorized.

CARRIED

7. ADMINISTRATION REPORTS

7.1. [21-894](#) Caledonia Redevelopment - Pre-Development Funding Mortgage

Director Helps declared a personal conflict of interest and recused herself from the meeting at 1:06 pm.

K. Lorette spoke to Item 7.1.

MOVED by Director Isitt, **SECONDED** by Director Taylor,

1. That the Chief Administrative Officer and Chief Financial Officer be directed to negotiate and execute a mortgage with BC Housing Management Commission for the Olympic View Property to secure pre-development funding in the amount of \$3,005,049 for the Caledonia Redevelopment;

2. That the resolution, attached as Appendix A and required by BC Housing Management Commission to authorize the execution of the Loan, Mortgage, and other documents for the pre-development funding be approved; and

3. That staff be directed to do all things necessary to secure and accept the pre-development funding and conclude the loan and mortgage from BC Housing Management Commission.

CARRIED

Director Helps returned to the meeting at 1:07 pm.

8. REPORTS OF COMMITTEES

8.1. [21-874](#) Michigan Square Redevelopment Mortgage Registration and Final Budget Approval

Discussion ensued regarding:

- Water damage
- Cost analysis of renovation versus replacement costs
- Environmental impacts of demolition
- Third party review on construction model

MOVED by Director Seaton, SECONDED by Director Murdoch,

1. That the resolutions, attached as Appendix A, Appendix B and Appendix C and required by BC Housing Management Commission to authorize the execution of the Section 219 Covenants and the Loan and Mortgage documents for Michigan Square (PID 001-225-197) be approved;

2. That the Cost Overrun Agreement, attached as Appendix D, be approved; and
3. That the Chief Administrative Officer be authorized to do all things necessary to effect the project and take such steps as are required to conclude the financing, construction and operation of the Michigan Square Redevelopment project.

CARRIED

9. NOTICE(S) OF MOTION

There were no Notice(s) of Motion.

10. NEW BUSINESS

There was no new business.

11. ADJOURNMENT

MOVED by Director Seaton, SECONDED by Director Helps,

That the December 8, 2021 Capital Region Housing Corporation Board meeting be adjourned at 1:17 pm.

CARRIED

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER

**REPORT TO CAPITAL REGION HOUSING CORPORATION BOARD
MEETING OF WEDNESDAY, JANUARY 12, 2022**

SUBJECT **Capital Region Housing Corporation 2021 Audit Planning Discussion**

ISSUE SUMMARY

This report provides information to the Capital Region Housing Corporation Board (the Board) on the 2021 Audit Plan and related work to be completed by KPMG for the 2021 year-end audit of the Capital Region Housing Corporation (CRHC).

BACKGROUND

As a local government controlled entity, the CRHC is required by the Inspector of Municipalities to appoint an auditor pursuant to its articles of incorporation and the *Business Corporations Act*. KPMG was appointed by the CRHC Board for the upcoming audit.

Consistent with the approach from previous years, the auditors circulate the audit plan to the Board for information prior to the start of the audit. KPMG will make a presentation to the Board to review the 2021 annual Audit Planning Report (Appendix A), as a fundamental component of the CRHC's annual financial statement audit. This standard audit procedure is similarly undertaken by other local governments in the region.

The presentation will provide the Board with an overview of the audit strategy and approach that KPMG will use in addressing any significant risks. The audit plan is designed to identify and address key financial reporting risks, including fraud, by evaluating the existence, quality and effectiveness of management's internal controls over financial reporting. KPMG notes, in Appendix A, that they have not identified any areas of significant financial reporting risks. However, there is a presumed fraud risk around revenue and management override of controls. KPMG addresses this risk by performing testing of journal entries and other adjustments, performing a retrospective review of estimates and evaluating the business rationale of significant unusual transactions. Additionally, at the Board meeting, KPMG will obtain the Board's views on the risk of fraud for the CRHC.

KPMG will present to the Board an overview of the audit cycle, timetable and specific areas that the audit will focus on, including: Regional Housing First Program, contracts between CRD, CRHC, BC Housing and CMHC, significant funding received and expenses incurred, and amortization of new buildings. KPMG will provide the basis of audit materiality they deem necessary to evaluate any misstatements they identify during the audit.

ALTERNATIVES

Alternative 1

That the Capital Region Housing Corporation 2021 Audit Plan developed by KPMG be approved.

Alternative 2

That this report be referred back to staff for additional information.

IMPLICATIONS

Financial Implications

KPMG will begin the year-end audit field work on February 21, 2022, for approximately one week. The auditors will perform sample testing on many areas including invoices, journal entries, accounts receivables, and accounts payables in order to gain reasonable assurance that all aspects of financial transactions are being recorded and reported in compliance with Canadian Public Sector Accounting Standards (PSAS). The audit team will also conduct interviews with staff in order to review internal controls and processes. Subsequent to completion of the audit field work, financial statements will be finalized by CRHC staff. As part of the audit process, the auditors will provide the CRHC with a detailed Audit Findings Report. The finalized financial statements will be presented to the Hospitals and Housing Committee along with the Audit Findings Report.

CONCLUSION

KPMG's primary objective of the Financial Statement audit is to present an opinion on the extent to which the CRHC's consolidated financial statements are fairly presented, in accordance with the Public Sector Accounting Standards. As part of the annual audit, KPMG provides an audit plan to the Board. The auditors will conduct their audit of the 2021 financial statements pursuant to this plan.

RECOMMENDATION

That the Capital Region Housing Corporation 2021 Audit Plan developed by KPMG be approved.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Michael Barnes, MPP, Acting General Manager, Planning & Protective Services
Concurrence:	Larisa Hutcheson, P. Eng., Acting Chief Administrative Officer

ATTACHMENT(S)

Appendix A: KPMG CRHC 2021 Audit Planning Report

Capital Region Housing Corporation

Audit Planning Report for the year ended
December 31, 2021

KPMG LLP

Prepared for the Board of Directors' meeting on
January 12, 2022

kpmg.ca/audit



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The contacts at KPMG in connection with this report are:

Lenora Lee
Engagement Partner
Tel: 250.480.3588
lenoramlee@kpmg.ca

Sarah Burden
Senior Manager
Tel: 250.480.3562
sburden1@kpmg.ca

This report is intended solely for the information and use of management, the Hospitals and Housing Committee and the Board of Directors and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report to the Hospitals and Housing Committee and Board of Directors has been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



Executive summary

Areas of focus for financial reporting

Our audit of the Capital Region Housing Corporation (the “Entity” or “CRHC”) is risk-focused. In planning our audit, we have identified areas of financial reporting where significant risks of material misstatement may arise. These include:

- Presumed fraud risk of management override of controls
- Regional Housing First Program

See pages 3 - 4.

Effective communication

We are committed to transparent and thorough reporting of issues to management and the Capital Region Housing Corporation Board of Directors (the “Board”). This is achieved through formal and informal meetings and communications throughout the year. If you have any comments you would like to bring to our attention, please contact Lenora Lee.

See Appendix 1.

Materiality

Materiality has been established by considering various metrics that are relevant to the users of the financial statements, including total revenues. We have determined materiality to be \$500,000 (2020 - \$450,000).

See page 2.

Quality control and independence

We are independent and have a robust and consistent system of quality control. We provide complete transparency on all services and follow the Board’s approved protocols.

See page 6.

New accounting standards

PSAB has introduced Section PS3160, *Public Private Partnerships*, which includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. The standard has an effective date of April 1, 2023, and may be applied retroactively or prospectively. Early adoption is permitted, and the Capital Regional District (“CRD”) is currently evaluating if it will early adopt this standard at January 1, 2021. For consistency in accounting policies, if CRD early adopts the standard, CRHC would also early adopt this standard concurrently.

PS 3280 *Asset Retirement Obligations* will be effective from April 1, 2022 and will require additional assets and liabilities to be recognized to reflect the integral cost of owning and operating tangible capital assets. This will be a significant project for management to identify and measure all obligations.

See page 5.

Current developments

Please refer to Appendix 2 for the current developments updates, including new accounting standards.

Materiality

Materiality is used to identify risks of material misstatements, develop an appropriate audit response to such risks, and evaluate the level at which we think misstatements will reasonably influence users of the financial statements. It considers both quantitative and qualitative factors.

To respond to aggregation risk, we design our procedures to detect misstatements at a lower level of materiality. Professional standards require us to re-assess materiality at the completion of our audit based on period-end results or new information in order to confirm whether the amount determined for planning purposes remains appropriate.

Materiality determination	Comments	Amount
Materiality	Established by considering various metrics that are relevant to the users of the financial statements and determined to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements. The corresponding amount for the prior year's audit was \$450,000.	\$500,000
Benchmark	Based on total revenues for the year ended December 31, 2020 normalized for Provincial/Federal contributions for capital projects. The prior year benchmark was based on 2020 budgeted total revenues of \$20.4 million to reflect known growth and potential changes from COVID-19.	\$20.5 million
% of Benchmark	The prescribed range is between 0.5% and 3.0% of the benchmark The corresponding percentage for the prior year's audit was 2.20%.	2.44%
Audit misstatement posting threshold	Threshold used to accumulate misstatements identified during the audit. The corresponding amount for the prior year's audit was \$22,500.	\$25,000

We will report to the Hospitals and Housing Committee:



Corrected audit misstatements



Uncorrected audit misstatements

Audit risks

Significant risk- professional requirements

Why is it significant?

Fraud risk from revenue recognition

This is a presumed fraud risk. The risk of fraud from revenue recognition has not been assessed as a significant risk as we have not identified any specific incentives to fraudulently adjust revenue recognition, and there are no indications of opportunities or rationalization to perpetrate fraud.

Fraud risk from management override of controls

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities. There are no specific additional risks of management override relating to this audit.

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include testing of journal entries and other adjustments, performing a retrospective review of estimates and evaluating the business rationale of significant unusual transactions.

Our audit approach

Professional standards require that we obtain your view on the risk of fraud. We make similar inquiries to management as part of our planning process:

- Are you aware of, or have you identified any instances of actual, suspected, possible, or alleged non-compliance of laws and regulations or fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets? If so, have the instances been appropriately addressed and how have they been addressed?
- What are your views about fraud risks in CRHC?
- How do you exercise effective oversight of management's processes for identifying and responding to the risk of fraud in CRHC and internal controls that management has established to mitigate these fraud risks?
- Has CRHC entered into any significant unusual transactions?

Areas of focus

Other areas of focus

Regional Housing First Program

Why are we focusing here?

This was a relatively new business model for CRHC in prior periods and involves significant funding, capital asset expenditure and new transactions between CRD and CRHC.

Our audit approach

- We will review the Board meeting minutes and any related committees for this program.
- We will obtain and review the contracts and agreements between CRD, CRHC, BC Housing and CMHC.
- Significant funding received and expenses incurred during 2021 will be compared to bank statements, contractual agreements and invoices.
- We will assess management's accounting and disclosures for the transactions related to the program including estimates for amortization expense in the year new buildings are available for occupancy.

New accounting standards

Standard	Summary and implications
Asset Retirement Obligations (PS 3280)	<ul style="list-style-type: none">– The new standard is effective for fiscal years beginning on or after April 1, 2022 – for CRHC, January 1, 2023.– The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs will be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area.– Examples of asset retirement obligations which fall under the scope of the standard are buildings with asbestos, end of lease provisions, fuel storage tank removal, wastewater or sewage treatment facilities and closure and post-closure obligations associated with landfills.– The ARO standard will require CRHC to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets (“TCA”). The amount of the initial liability will be added to the historical cost of the asset and amortized over its useful life.– This will be a significant project to identify and measure all obligations. As a result of the new standard, CRHC will:<ul style="list-style-type: none">• Create an asset retirement obligation policy.• Review active and inactive tangible capital assets to identify those with retirement obligations.• Review legal agreements, directives and legislation to determine if any legal obligations exist with respect to asset retirements.• Reconcile this inventory with the complete tangible capital assets listing and the site inventory for contaminated sites.• Engage functions outside of finance (particularly asset management and engineering) to coordinate resources to identify AROs and obtain information to estimate the value of potential AROs.• Calculate and estimate costs directly attributable to each asset retirement and determine the appropriate discount rate.• Determine the method for transition (retroactive, modified retroactive or prospective) and the financial reporting impacts, including accounting policies and additional disclosure requirements.– Additional audit effort will be required in 2022 and 2023 leading up to and in the year of adoption to:<ul style="list-style-type: none">• Review the asset retirement obligation policy against the requirements of the standard.• Verify the completeness of the inventory of tangible capital assets and the related legal obligations.• Audit the measurement of each obligation, the reasonability of any discount rates and assess estimation uncertainty.• Review the anticipated financial reporting impacts, including accounting policies and disclosures.– We may require input from internal specialists to support this audit work.– Management will be providing the Board with further detail of the project plan for adoption of this significant new standard.

Audit Quality: How do we deliver audit quality?

Transparency report



Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contribute to its delivery.

‘Perform quality engagements’ sits at the core along with our commitment to continually monitor and remediate to fulfil on our quality drivers.

Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.

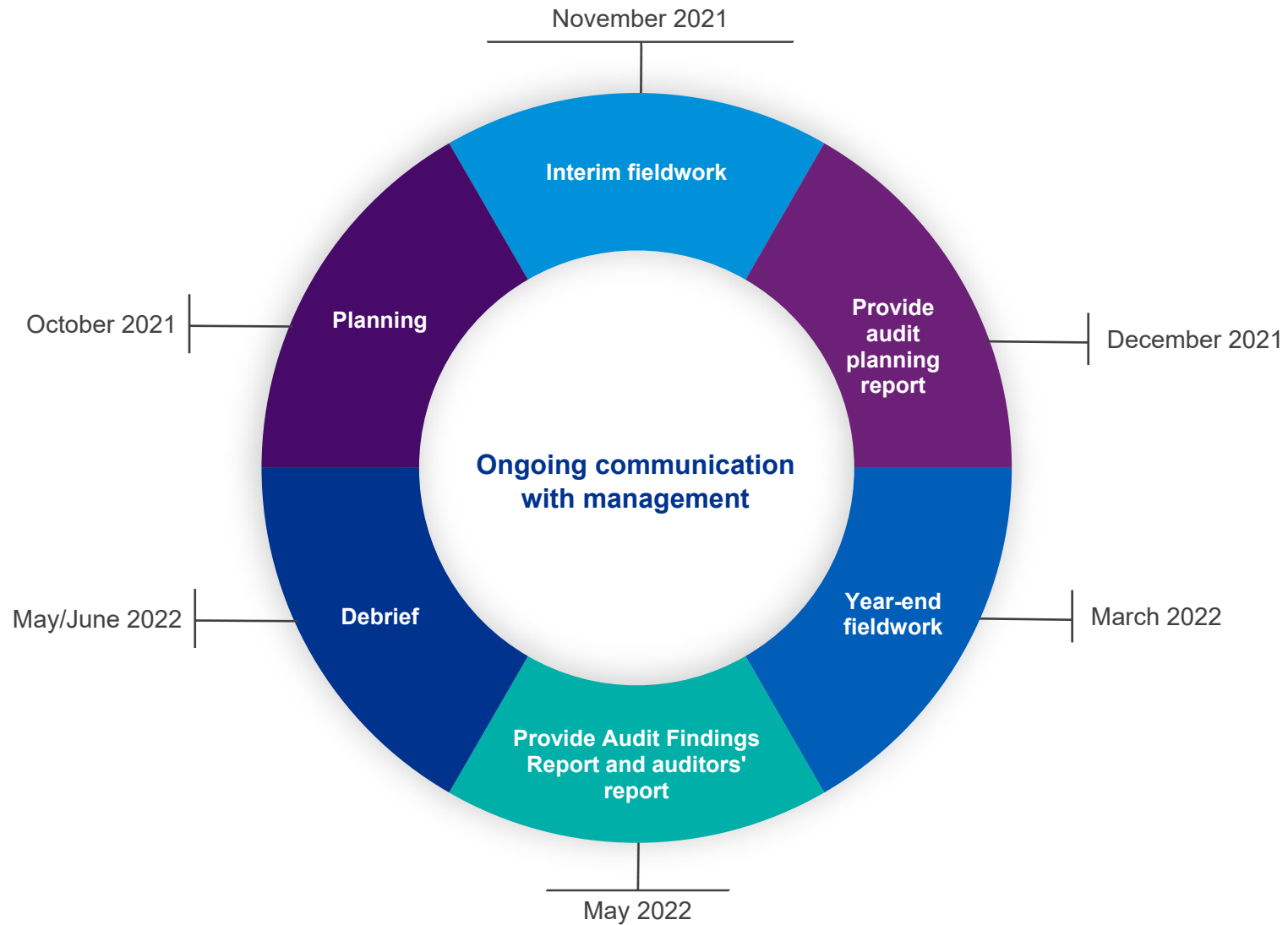
We define **‘audit quality’** as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality controls**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics, and integrity**.



Doing the right thing. Always.

Key milestones and deliverables

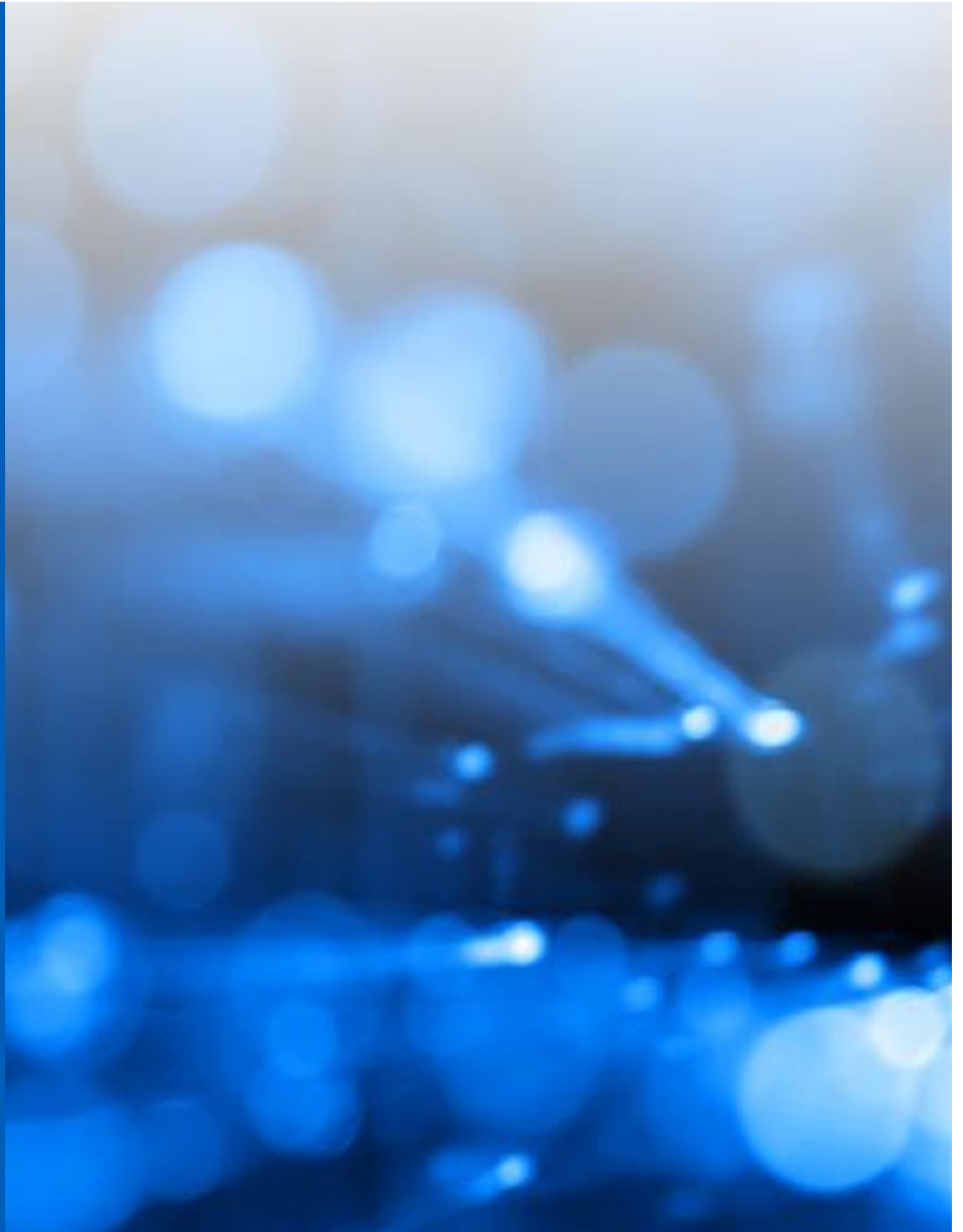


Appendices

Content

Appendix 1: Required communications

Appendix 2: Current developments and insights



Appendix 1: Other required communications

Auditors' report

A copy of our draft auditors' report setting out the conclusion of our audit will be provided at the completion of the audit.

Engagement letter

The objectives of the audit, our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in the engagement letter.

Audit findings report

At the completion of the audit, we will provide our findings report to the Hospitals and Housing Committee.

Management representation letter

We will obtain from management certain representations at the completion of the audit. In accordance with professional standards, a copy of the representation letter will be provided to the Hospitals and Housing Committee.

Independence

At the completion of our audit, we will re-confirm our independence to the Hospitals and Housing Committee.

Internal control deficiencies

Control deficiencies identified during the audit will be communicated to management and the Hospitals and Housing Committee.

Appendix 2: Current developments

Public Sector Accounting Standards

Standard	Summary and implications
Asset Retirement Obligations	<ul style="list-style-type: none">– The new standard is effective for fiscal years beginning on or after April 1, 2022.– The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs will be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area.– The ARO standard will require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets (“TCA”). The amount of the initial liability will be added to the historical cost of the asset and amortized over its useful life.– As a result of the new standard, the public sector entity will have to:<ul style="list-style-type: none">• Consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset;• Carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements;• Begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.
Revenue	<ul style="list-style-type: none">– The new standard is effective for fiscal years beginning on or after April 1, 2023. The effective date was deferred by one year due to COVID-19.– The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.– The standard notes that in the case of revenues arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.– The standard notes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.

Appendix 2: Current developments (continued)

Standard	Summary and implications
Employee Future Benefit Obligations	<ul style="list-style-type: none"> – PSAB has initiated a review of sections PS3250 <i>Retirement Benefits</i> and PS3255 <i>Post-Employment Benefits, Compensated Absences and Termination Benefits</i>. In July 2020, PSAB approved a revised project plan. – PSAB intends to use principles from International Public Sector Accounting Standard 39 <i>Employee Benefits</i> as a starting point to develop the Canadian standard. – Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, PSAB will implement a multi-release strategy for the new standards. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues. – PSAB released an exposure draft on proposed section PS3251, <i>Employee Benefits</i> in July 2021. Comments to PSAB on the proposed section were due by November 25, 2021. Proposed Section PS 3251 would apply to fiscal years beginning on or after April 1, 2026 and should be applied retroactively. Earlier adoption is permitted. The proposed PS3251 would replace existing Section PS 3250 and Section PS 3255. This proposed section would result in organizations recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position. Organizations would also assess the funding status of their post-employment benefit plans to determine the appropriate rate for discounting post-employment benefit obligations.
Concepts Underlying Financial Performance	<ul style="list-style-type: none"> – PSAB is in the process of reviewing the conceptual framework that provides the core concepts and objectives underlying Canadian public sector accounting standards. – PSAB released four exposure drafts in early 2021 for the proposed conceptual framework and proposed revised reporting model, and their related consequential amendments. The Board is in the process of considering stakeholder comments received. – PSAB is proposing a revised, ten chapter conceptual framework intended to replace PS 1000 <i>Financial Statement Concepts</i> and PS 1100 <i>Financial Statement Objectives</i>. The revised conceptual framework would be defined and elaborate on the characteristics of public sector entities and their financial reporting objectives. Additional information would be provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts would be introduced. – In addition, PSAB is proposing: <ul style="list-style-type: none"> • Relocation of the net debt indicator to its own statement and the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained. • Separating liabilities into financial liabilities and non-financial liabilities. • Restructuring the statement of financial position to present non-financial assets before liabilities. • Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). • Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”. • A new provision whereby an entity can use an amended budget in certain circumstances. – Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.

Appendix 2: Current developments (continued)

Standard	Summary and implications
Purchased Intangibles	<ul style="list-style-type: none"> – In October 2019, PSAB approved a proposal to allow public sector entities to recognize intangibles purchased through an exchange transaction. Practitioners are expected to use the definition of an asset, the general recognition criteria and the GAAP hierarchy to account for purchased intangibles. – PSAB has approved Public Sector Guideline 8 which allows recognition of intangibles purchased through an exchange transaction. Narrow-scope amendments were made to Section PS 1000 Financial statement concepts to remove prohibition on recognition of intangibles purchased through exchange transactions and PS 1201 Financial statement presentation to remove the requirement to disclose that purchased intangibles are not recognized. – The effective date is April 1, 2023 with early adoption permitted. Application may be retroactive or prospective.
2022 – 2027 Strategic Plan	<ul style="list-style-type: none"> – PSAB's Draft 2022 – 2027 Strategic Plan was issued for public comment in May 2021. Comments were requested for October 6, 2021. – The Strategic Plan sets out broad strategic objectives that help guide PSAB in achieving its public interest mandate over a multi-year period, and determining standard-setting priorities – The Strategic Plan emphasizes four key priorities: <ul style="list-style-type: none"> – Develop relevant and high-quality accounting standards - Continue to develop relevant and high-quality accounting standards in line with PSAB's due process, including implementation of the international strategy (focused on adapting International Public Sector Accounting Standards for new standards) and completion of the Conceptual Framework and Reporting Model project. – Enhance and strengthen relationships with stakeholders - Includes increased engagement with Indigenous Governments and exploring the use of customized reporting. – Enhance and strengthen relationships with other standard setters – In addition to continued collaboration with other standard setters, this emphasizes strengthened relationship with the IPSASB. – Support forward-looking accounting and reporting initiatives – Supporting and encouraging ESG reporting, and consideration of the development of ESG reporting guidance for the Canadian public sector.

Appendix 2: Current developments and insights (continued)

Thought leadership

Thought leadership	Overview	Link
2020 Audit Quality and Transparency Report	Learn about KPMG's ongoing commitment to continuous audit quality improvement. We are investing in new innovative technologies and building strategic alliances with leading technology companies that will have a transformative impact on the auditing process and profession. How do we seek to make an impact on society through the work that we do?	Link to report
KPMG 2021 CEO Outlook	This year we surveyed over 1,300 CEOs globally and the results are pointing to an optimistic outlook amongst Canadian CEOs. Some of the key themes coming out of the survey include expectations for aggressive growth through expansion, investment in both people and technology as well as a focus on delivering on environmental, social and governance ("ESG") and sustainability commitments.	Link to portal
2021 CEO Pulse Survey	Building on our findings from the CEO Outlook report, this year's survey remains aligned with these three key themes: growth in a digitally accelerated economy, digital workforces, and leading with purpose. The findings have revealed while there has been a shift in priorities in some areas, other areas have remained unchanged.	Link to portal
Implications of coronavirus (COVID-19)	Resources to help you understand your exposure to COVID-19, and more importantly, position your business to be resilient in the face of this and the next global threat.	Learn more
	KPMG Global IFRS Institute - COVID-19 financial reporting resource center	Learn more
Put your data to work to gain competitive advantage	There is no "digital economy". The economy is digital and "digits" refer to data. Data is the lifeblood of every organization on this planet and organizations that embrace this notion are well positioned to grow as industries continue to evolve and disrupt at an ever-increasing pace.	Link to report
Board Leadership Centre	KPMG in Canada Board Leadership Centre engages with directors, board members and business leaders to discuss timely and relevant boardroom challenges and deliver practical thought leadership on risk and strategy, talent and technology, globalization and regulatory issues, financial reporting and more.	Learn more

Appendix 2: Current developments and insights (continued)

Thought leadership (continued)

Resources	Summary	Links
Accelerate	Our Accelerate series offer insight into the key issues driving the Audit Committee agenda in a number of key areas in risk management: cyber risk; internal control of financial reporting, disclosure and regulation; digital disruption and the future of the finance function; enterprise risk management; and the evolution of environmental, social and governance issues.	Link to series
Return to the workplace	<p>As all levels of government begin to take steps toward re-opening the country and restarting our economy, planning for the return to a physical workplace is quickly becoming a top priority for many organizations. With the guidelines for the pandemic continuing to evolve daily, there are many considerations, stages and factors employers need to assess in order to properly develop a robust action plan which can ensure the health and safety of their workforce.</p> <p>We have put together a Return to the Workplace guide to support an organization's planning efforts in preparing to return to physical workplace. Our guide includes a list of considerations, stages and factors that can help establish a robust action plan for your organization to safely return to work. The guide is supported by a dynamic playbook, which our team has developed to outline a comprehensive list of actions an organization can take, based on their unique situation and immediate needs.</p>	Website link Link to guide
Audit and Assurance Insights	KPMG provides curated research and insights on audit and assurance matters for audit committees and boards.	Link to portal
KPMG Climate Change Financial Reporting Resource Centre	KPMG's climate change resource centre provides FAQs to help you identify the potential financial statement impacts for your business.	Link to portal
You Can't Go Green Without Blue – The Blue Economy is Critical to All Companies' ESG Ambitions	In this report, KPMG considers how leading corporates and investors can take action to capture the value that can be found in a healthy, sustainable ocean economy.	Link to portal
The Future of Local Government	The Future of Local Government report provides a Canadian perspective for how local governments can meet the rapidly changing needs and expectations of their stakeholders – the citizens, partners and leaders across diverse cities and communities they serve.	Link to portal



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REPORT TO CAPITAL REGION HOUSING CORPORATION BOARD MEETING OF WEDNESDAY, JANUARY 12, 2022

SUBJECT Cairns Park Mortgage Renewal – Revised Resolution

ISSUE SUMMARY

A revised Resolution of Directors is required from the Capital Region Housing Corporation (CRHC) Board of Directors to renew the mortgage for Cairns Park.

BACKGROUND

The mortgage for Cairns Park, 9882 Seventh Street, Sidney, BC was due for renewal on December 1, 2021, and on October 13, 2021 the Board approved the following recommendations to proceed with the renewal.

- 1) *That the resolution required by BC Housing Management Commission to renew the mortgage for Cairns Park for a term not to exceed the expiry of the existing operating agreement be approved; and*
- 2) *That the Chief Administrative Officer and Chief Financial Officer be authorized to sign any documents related to the mortgage renewal.*

Staff proceeded with the renewal process and BC Housing awarded the mortgage to Computershare Trust Company of Canada c/o MCAP Financial Limited Partnership. The previous mortgage for Cairns Park was also held through MCAP.

CRHC's legal counsel has advised that the Resolution of Directors approved by the Board did not specify delegation of the Board's authority to the Chief Administrative Officer and Chief Financial Officer, and they have provided a revised resolution, attached as Appendix A, for Board approval.

There are no changes to the financial implications provided to the Board in the report of October 13, 2021 (attached as Appendix B).

CONCLUSION

A revised Resolution of Directors is required to finalize the mortgage renewal for Cairns Park. There are no financial or other implications and the revision clarifies the Board's delegation of authority to the Chief Administrative Officer and Chief Financial Officer to execute the documents.

RECOMMENDATION

The Capital Region Housing Corporation Board approve the revised Resolution of Directors to renew the mortgage for Cairns Park.

Submitted by:	Don Elliott, BA, MUP, Senior Manager Regional Housing
Concurrence:	Michael Barnes, MPP, Acting General Manager Planning & Protective Services
Concurrence:	Larisa Hutcheson, P. Eng., Acting Chief Administrative Officer

ATTACHMENTS:

Appendix A: Revised Resolution of Directors

Appendix B: Staff Report - Mortgage Renewal, Cairns Park, October 13, 2021

Capital Region Housing Corporation (the "Borrower")
CERTIFIED COPY OF RESOLUTION OF DIRECTORS

BE IT RESOLVED:

That the Borrower hereby irrevocably authorize and direct British Columbia Housing Management Commission ("BCHMC") to act on its behalf to renew the existing mortgage presently held by MCAP Financial Corporation (the "Mortgage") for the project located at 9882 Seventh Street, Sidney, BC (BCHMC file no. 13329 / 841), including but not limited to selecting, at BCHMC's sole discretion, the mortgage renewal terms and arranging mortgage renewal with the take-out lender (the "Take-out Lender") on terms and conditions that are acceptable to BCHMC.

BE IT FURTHER RESOLVED:

One or more of Robert Kenneth Lapham, Chief Administrative Officer, Nelson Chan, Chief Financial Officer, or their duly authorized delegates, or one or more officers or directors of the Borrower, for and on behalf of the Borrower be and are hereby authorized to execute and deliver under the seal of the Borrower or otherwise, all such deeds, documents and other writings and to do such acts and things in connection with the Mortgage assignment, renewal and amendment as they, in their discretion, may consider to be necessary or desirable for giving effect to this resolution and for the purpose of fulfilling the requirements of the lender of the monies.

I, _____ THE UNDERSIGNED, _____ of Capital Region Housing Corporation hereby certify the above to be a true copy of a resolution duly passed by the Directors of the Borrower at a meeting held on the ____ day of January, 2022, , and that such resolution has not been rescinded, amended or modified and is now in full force and effect.

WITNESS my hand this _____ day of January, 2022.

Witness

Name:
Title:



**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, OCTOBER 06, 2021**

SUBJECT Mortgage Renewal – Cairns Park

ISSUE SUMMARY

BC Housing Management Commission (BCHMC) requires a resolution from the Capital Region Housing Corporation (CRHC) Board of Directors to renew the mortgage for Cairns Park.

BACKGROUND

The mortgage for Cairns Park, a 6-unit townhome complex at 9882 – 7th Street, Sidney, BC, constructed in 1996, is due for renewal on December 1, 2021. The current mortgage is held by MCAP Financial Corporation at a rate of 1.6980%.

The Cairns Park operating agreement states that at the expiry of the loan term, CRHC is required to secure the loan balance in accordance with the BCHMC requirements. BCHMC will publish tender calls to interested Canada Mortgage and Housing Corporation (CMHC)-approved lenders to secure the best interest rate and terms available in the market. BC Housing requires a Resolution of the Board, attached as Appendix A, to authorize any two officers or directors of the Borrower to execute all documents related to the mortgage renewal.

Renewal details are shown in Table 1.

Table 1 – Mortgage Details

Building	Existing mortgage interest rate	Principal at renewal	Annual Subsidy	Remaining Term	Operating Agreement & Mortgage Maturity Date
Cairns Park 6-unit townhouse	1.698%	\$291,059	\$22,315	10 years	December 1, 2031

ALTERNATIVES

Alternative 1

The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:

- 1) That the resolution required by BC Housing Management Commission to renew the mortgage for Cairns Park for a term not to exceed the expiry of the existing operating agreement be approved; and
- 2) That the Chief Administrative Officer and Chief Financial Officer be authorized to sign any documents related to the mortgage renewal.

Alternative 2

The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:

That staff be directed to review other financing options based on Capital Region Housing Corporation Board direction.

IMPLICATIONS

Financial Implications

Recent tender rates BCHMC has obtained for 10-year mortgage terms are shown in Table 2:

Table 2 – BCHMC 10-year Tender Rates

Date	Rate
January 2020	2.840%
September 2020	1.631%
January 2021	1.519%
June 2021	2.459%

If the Board approves the BCHMC tendered mortgage renewal process, CRHC will continue to benefit from the preferential interest rates available through the BCHMC tender process and continue to receive the annual rent subsidy assistance for Cairns Park until the expiry of the operating agreement.

A Board decision to not renew the mortgage under the BCHMC tender process would necessitate acquiring BCHMC's permission and securing a commitment for alternate financing through private sector lenders. Commercial lenders typical charge rates based on the current bond yield cost of funds plus 20 basis points. For comparison, rates in recent months have been in the 2.25% - 2.50% range.

The Municipal Finance Authority (MFA) is a lending option that would require the Capital Regional District (CRD) to borrow on behalf of the CRHC. Under this option, CRD's Land Banking and Housing Service borrowing capacity would be reduced by the required \$291,000 and any increase to the maximum borrowing capacity (Bylaw No. 3715) would require an alternative approval process.

An evaluation of borrowing rates and subsidy levels shows the BCHMC tendered mortgage renewals interest rate is the most cost-effective option.

Should the Board direct staff to borrow outside the BCHMC tendered mortgage renewal process, the annual rent subsidy assistance will be revised based on the lesser of the BCHMC tendered interest rate or the CRHC acquired interest rate for the remaining 10-year term.

CONCLUSION

As per the Cairns Park operating agreement, BCHMC is required to secure the loan on behalf of CRHC at expiry of the loan term. BCHMC will tender the mortgage renewal to CMHC approved lenders to secure the best interest rate and terms available in the market.

RECOMMENDATION

The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:

- 1) That the resolution required by BC Housing Management Commission to renew the mortgage for Cairns Park for a term not to exceed the expiry of the existing operating agreement be approved; and
- 2) That the Chief Administrative Officer and Chief Financial Officer be authorized to sign any documents related to the mortgage renewal.

Submitted by:	Don Elliott, BA, MUP, Senior Manager, Regional Housing
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENT

Appendix A – Resolution of Directors

Capital Region Housing Corporation
(the "Borrower")

CERTIFIED COPY OF RESOLUTION OF DIRECTORS

BE IT RESOLVED:

That the Borrower hereby irrevocably authorize and direct British Columbia Housing Management Commission ("BCHMC") to act on its behalf to renew the existing mortgage presently held by MCAP Financial Corporation (the "Mortgage") for the project located at 9882 Seventh Street, Sidney, BC (BCHMC file no. 13329 / 841), including but not limited to selecting, at BCHMC's sole discretion, the mortgage renewal terms and arranging mortgage renewal with the take-out lender (the "Take-out Lender") on terms and conditions that are acceptable to BCHMC.

BE IT FURTHER RESOLVED:

That any two officers or directors of the Borrower for and on behalf of the Borrower be and are hereby authorized to execute and deliver under the seal of the Borrower or otherwise, all such deeds, documents and other writings and to do such acts and things in connection with the Mortgage assignment, renewal and amendment as they, in their discretion, may consider to be necessary or desirable for giving effect to this resolution and for the purpose of fulfilling the requirements of the lender of the monies.

I, _____, THE UNDERSIGNED,
Corporate Officer of the Borrower, hereby certify the above to be a true copy of a resolution duly passed by the Directors of the Borrower at a meeting held on the 13 day of October, 2021 and that such resolution has not been rescinded, amended or modified and is now in full force and effect.

WITNESS my hand this _____ day of _____, 20____.

Witness

Signature