SILVERA
FOR SENIORS

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

RSM

INDEPENDENT AUDITOR'S REPORT

To the Member of Silvera For Seniors

Opinion

We have audited the financial statements of Silvera For Seniors (the "Organization"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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 accounting standards for not-for-profit organizations, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization 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.

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

RSM Canada LLP

Chartered Professional Accountants
March 27, 2024
Calgary, Alberta

SILVERA FOR SENIORS

Statement of Financial Position

As at December 31, *(in thousands of dollars)*	**2023**	2022
Assets		
Current		
Cash and cash equivalents	**$1,556**	$139
Accounts receivable (note 3)	**3,576**	6,210
Prepaid expenses and deposits	**269**	211
	5,401	6,560
Non-current		
Cash held in trust (note 5)	**786**	895
Restricted cash and term deposits (note 6)	**11,408**	9,697
Long-term receivable (note 4)	**-**	2,880
Capital assets (note 7)	**139,281**	128,783
	$156,876	$148,815
Liabilities		
Current		
Accounts payable and accrued liabilities	**$3,830**	$3,391
Deferred contributions (note 8)	**1,186**	1,777
Current portion of long-term debt (note 11)	**2,396**	67
Deferred capital contributions (note 9)	**12,214**	3,831
	19,626	9,066
Non-current		
Escalating lease obligations (note 15)	**16**	33
Trust liabilities	**791**	902
Unamortized deferred capital contributions (note 10)	**24,786**	25,750
Long-term debt (note 11)	**30,214**	29,846
	75,433	65,597
Commitments & Contingencies (notes 7, 15 & 16)		
Subsequent Event (note 18)		
Net assets		
Restricted (note 12)	**11,317**	12,200
Unrestricted	**70,126**	71,018
	81,443	83,218
	$156,876	$148,815

See accompanying notes to the financial statements

On behalf of the Board:

"Signed" Director
DOUG NG

"Signed" Director
BRUCE STEWART

SILVERA
FOR SENIORS

Statement of Changes in Net Assets

Year ended December 31 *(in thousands of dollars)*	**Restricted**	**Unrestricted**	**2023**	2022
Balance, beginning of year	**$12,200**	**$71,018**	**$83,218**	$85,326
Deficiency of revenue over expenses	**-**	**(1,775)**	**(1,775)**	(2,108)
Board restrictions	**(883)**	**883**	**-**	-
Balance, end of year	**$11,317**	**$70,126**	**$81,443**	$83,218

See accompanying notes to the financial statements

Statement of Operations

Year ended December 31 *(in thousands of dollars)*	**2023**	2022
Revenue		
Operating	**$21,094**	$17,877
Interest income	**587**	661
Amortization of deferred capital contributions (note 10)	**2,213**	2,055
Other	**1,238**	568
	25,132	21,161
Government funding		
City of Calgary	**8,185**	7,839
Government of Alberta	**3,819**	4,463
	12,004	12,302
	37,136	33,463
Expenses		
Operating	**11,943**	11,361
Wages, benefits and employee costs	**21,081**	18,988
Administration	**124**	175
Long-term debt interest	**1,213**	781
Depreciation (note 7)	**4,870**	4,261
Other	**227**	5
	39,458	35,571
Deficiency of revenue over expenses, before undernoted item	**(2,322)**	(2,108)
Gain on sale of land	**547**	-
Deficiency of revenue over expenses	**$(1,775)**	$(2,108)

See accompanying notes to financial statements

SILVERA FOR SENIORS

Statement of Cash Flows

Year ended December 31 *(in thousands of dollars)*	**2023**	2022
Operating Activities		
Deficiency of revenue over expenses	**$(1,775)**	$(2,108)
Non-cash adjustments to reconcile deficiency of revenue over expenses to operating cash flow:		
Amortization of deferred capital contributions (note 10)	**(2,213)**	(2,055)
Amortization of deferred financing fees	**152**	-
Revenue transferred from deferred capital contributions (note 9)	**(51)**	(57)
Interest on long-term receivable	**(356)**	(583)
Gain on sale of land	**(547)**	-
Depreciation (note 7)	**4,870**	4,261
Other	**85**	(157)
Net change in non-cash operating working capital (note 13)	**519**	2,039
Net cash provided by operating activities	**684**	1,340
Investing Activities		
Purchase of capital assets (note 7)	**(15,487)**	(18,541)
Proceeds from long term receivable (note 4)	**6,000**	6,000
(Decrease) increase in restricted cash and term deposits	**(1,711)**	3,693
Net change in non-cash investing capital	**(221)**	(2,122)
Net cash used in investing activities	**(11,419)**	(10,970)
Financing Activities		
Issuance of long-term debt	**10,740**	14,803
Repayment of long-term debt	**(8,195)**	(8,174)
City of Calgary Development Permit	**-**	61
City of Calgary lifecycle projects	**1,329**	1,225
City of Calgary Grant Funding	**7,037**	-
Rapid Housing Initiative Funding	**1,241**	-
Net cash provided by financing activities	**12,152**	7,915
Net increase (decrease) in cash during the year	**1,417**	(1,715)
Cash and cash equivalents, beginning of year	**139**	1,854
Cash and cash equivalents, end of year	**$1,556**	$139

See accompanying notes to financial statements

Schedule of Revenue and Expenses After Government Grants

Year ended December 31
(in thousands of dollars)

	Revenue excluding Government Grants	Expenses	Operating Surplus (Deficit)	Provincial Grants	Surplus (Deficit) after Provincial Grants	Municipal Grants	2023 Surplus (Deficit) after Government Grants	2022 Surplus (Deficit) after Government Grants
Municipal Lodge Program								
Aspen Commons	$ 5,536	$ 6,318	$ (782)	$ -	$ (782)	$ -	$ (782)	$ (695)
Beaverdam Commons	1,122	1,818	(696)	-	(696)	-	(696)	(705)
Bow Valley Commons	1,091	1,846	(755)	-	(755)	-	(755)	(601)
Confederation Park Commons	106	170	(64)	-	(64)	-	(64)	(496)
Gilchrist Commons	2,281	3,451	(1,170)	-	(1,170)	-	(1,170)	(762)
Shouldice Commons	1,560	2,270	(710)	-	(710)	-	(710)	(600)
Shawnessy Commons	1,166	1,770	(604)	-	(604)	-	(604)	(633)
Spruce Commons	2,764	3,446	(682)	-	(682)	-	(682)	(701)
Valleyview Commons	103	228	(125)	-	(125)	-	(125)	(667)
Lodge Grant & Admin	174	6,100	(5,926)	3,778	(2,148)	8,185	6,037	6,845
	$ 15,903	$ 27,417	$ (11,514)	$ 3,778	$ (7,736)	$ 8,185	$ 449	$ 985
Silvera Mixed Income								
Livingston	-	154	(154)	-	(154)	-	(154)	-
Varsity Estates Village	613	689	(76)	-	(76)	-	(76)	(224)
Vista Apartments	1,317	1,212	105	-	105	-	105	58
Westview Town Suites	2,499	3,765	(1,266)	-	(1,266)	-	(1,266)	(1,888)
Westview Residence West	1,073	1,844	(771)	-	(771)	-	(771)	(340)
Willow Park on the Bow	2,690	2,415	275	-	275	-	275	496
Mixed Income Admin	1,037	1,962	(925)	41	(884)	-	(884)	(1,195)
	9,229	12,041	(2,812)	41	(2,771)	-	(2,771)	(3,093)
Gain on sale of land	547	-	547	-	547	-	547	-
	$ 25,679	$ 39,458	$ (13,779)	$ 3,819	$ (9,960)	$ 8,185	$ (1,775)	$ (2,108)

SILVERA FOR SENIORS

Schedule of Capital Assets and Related Unamortized Deferred Capital Contributions

As at December 31
(in thousands of dollars)

	2023								2022	
	Building & Building Systems	Building Fixtures, Fittings & Flooring	Equipment	Vehicles	Land	WIP	NBV	Unamortized Deferred Capital Contributions	NBV	Unamortized Deferred Capital Contributions
Municipal Lodge Program										
Aspen Commons	$6,959	$336	$650	-	-	$1,765	$9,710	$3,424	$9,896	$3,835
Beaverdam Commons	36	254	25	-	-	643	958	19	331	2
Bow Valley Commons	18	292	20	-	-	22	352	519	458	16
Confederation Park Commons	-	-	-	-	-	-	-	-	24	7
Gilchrist Commons	17	1,486	290	-	-	27	1,820	1,779	2,206	1,922
Shouldice Commons	-	25	34	-	-	699	758	5	64	-
Shawnessy Commons	-	35	16	-	-	15	66	93	624	16
Spruce Commons	4,992	113	94	-	-	1,153	6,352	2,107	6,735	2,241
Valleyview Commons	-	-	-	-	-	-	-	-	60	7
	12,022	2,541	1,129	-	-	4,324	20,016	7,946	20,398	8,046
Silvera Mixed Income										
Bow Valley Lands	-	-	-	-	2,527	534	3,061	-	2,858	-
Livingston	-	-	-	-	3,734	12,796	16,530	-	3,833	-
Varsity Estates Village	2,061	-	-	-	16,522	319	18,902	-	18,777	-
Vista Apartments	13,852	-	396	-	4,835	2	19,085	9,746	19,628	10,282
Westview Town Suites	11,007	117	229	36	2,860	135	14,384	221	15,009	21
Westview Residence West	18,572	950	1,298	-	1,380	-	22,200	-	22,058	-
Westview Vacant Land	-	-	-	-	3,263	2,032	5,295	84	5,164	-
Willow Park on the Bow	18,350	50	77	-	-	862	19,339	6,767	19,193	7,352
	63,842	1,117	2,000	36	35,121	16,680	118,796	16,818	106,520	17,655
Administration	108	44	277	23	-	17	469	22	1,865	49
Total 2023	$75,972	$3,702	$3,406	$59	$35,121	$21,021	$139,281	$24,786	$128,783	$25,750
Total 2022	$75,613	$3,189	$4,193	$90	$35,221	$10,477	$128,783	$25,750		

1. Nature of Operations

Silvera for Seniors ("Silvera" or the "Organization") was chartered in 1962 and operates under the Alberta Housing Act to provide, with assistance from community services, affordable and market housing for senior citizens who are functionally independent. The Organization is a Housing Management Body, pursuant to a Ministerial Order and is also a registered charity and therefore is not taxable under the Income Tax Act (Canada). The Organization operates with the financial support of the City of Calgary and the Government of Alberta.

Silvera operates 1,761 suites in three portfolios.

- Municipal lodges – 779 suites in seven supportive living lodges that are managed in accordance with the Ministerial Order with operating deficiencies and capital maintenance funded by the City of Calgary.
- Seniors Self-contained apartments – 499 self-contained suites in sixteen buildings owned by the Government of Alberta established to provide affordable housing to low-income Alberta senior citizens who are the most in need. The self-contained suites are managed in accordance with the Ministerial Order, for a fee which is determined on a cost reimbursement basis. These operations are not included in these Financial Statements. The 2023 administrative charge to Government of Alberta was $1,077 (2022 - $617) and is included as a reduction of operating expenses. At December 31, 2023, amounts payable were $194 (Receivable 2022 - $119). These are related party transactions in the normal course of operations, are recorded at the agreed upon exchange amount and have no fixed terms of repayment.
- Silvera Mixed Income – 483 suites that are a mix of market townhouses (39 suites), mid-market supportive living (92 suites) and seniors affordable housing apartments (352 suites).

2. Summary of Significant Accounting Policies

These financial statements are prepared in accordance with Part III of the Chartered Professional Accountants of Canada ("CPA Canada") Accounting Handbook, which sets out generally accepted accounting principles for not-for-profit and charitable organizations and includes the significant accounting policies set out below.

Revenue Recognition
The Organization follows the deferral method of accounting for contributions, which includes funding from the City of Calgary and the Government of Alberta, whereby contributions restricted for future expenses are deferred and recognized as revenue in the period that the related expenses are incurred. Contributions that are restricted for the purchase of depreciable capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired asset. Contributions for the purchase of land or capital assets not subject to depreciation are recorded as direct increases to net assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be estimated and collection is reasonably assured.

Operating revenue represents rental revenue and revenue from resident services. Rental revenue is from operating leases as the terms of the lease are for one year or less and are recognized as income on a straight-line basis over the term of the lease on an accrual basis once the tenant commences occupancy. Resident services include dining, housekeeping, parking, cable and internet and are recognized when the services are provided, and collection is reasonably assured. Interest income is recognized based on the passage of time when collectability is reasonably assured.

Capital Assets
Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expenses. Betterments which extend the estimated useful life or enhance the service potential of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value and the write down is recorded in the statement of operations.

Assets under development and intended as rental properties include costs directly attributable to the construction of the new property including planning and design, engineering, legal fees and borrowing costs on specific debt attributed to construction. These assets are not depreciated until construction is substantially complete and the assets are ready for use.

Land acquired or held for future development, which has a known end use as rental property and is not held for sale, is included in capital assets.

Capital assets are depreciated on a straight-line basis over their estimated useful lives reflected in the following table:

Assets	Years
Buildings	40
Building systems	15
Building fixtures, fittings and flooring	10
Vehicles	10
Equipment	5

Contributed Materials and Services
The work of the Organization is dependent on the voluntary services of many organizations and individuals. Since these services are not normally purchased by the Organization and because of the difficulty of determining their fair value, these voluntary services are not recognized in these financial statements. Contributed materials that would otherwise be paid for by the Organization are recorded at fair value when received.

Cash and Cash Equivalents and Cash Held in Trust
Cash and cash held in trust includes cash on deposit. Cash equivalents consist of short-term investments with a maturity of approximately three months or less.

Restricted Cash and Term Deposits
Restricted cash and term deposits include cash on deposit and highly liquid investments with maturities of twelve months or less.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses. Actual results could differ from such estimates by a material amount. The significant estimates are useful lives of the capital assets and provisions for contingencies.

Pension Plan

Contributions to a defined contribution pension plan and a multi-employer pension plan are expensed on an accrual basis. The multi-employer defined benefit pension plan is accounted for consistent with defined contribution plans since the Organization has insufficient information to apply defined benefit plan accounting.

Financial Instruments

The Organization's financial instruments consist of cash and cash equivalents, accounts receivable, long-term receivable, cash held in trust, restricted cash and term deposits, accounts payable and accrued liabilities, trust liabilities and long-term debt. The carrying value of financial assets and liabilities held at December 31, 2023, other than long-term debt, approximates their fair value due to the relatively short periods to maturity. The fair value of long-term debt is determined by discounting the future contractual cash flows under the financing arrangement at discount rates which represent rates presently available to the Organization for long-term debt with a similar term and maturity.

The Organization initially records a financial instrument that was originated, issued or assumed in an arm's length transaction at fair value. Related party debt or equity instruments that are quoted in an active market, debt instruments with observable inputs and derivative instruments are also initially recorded at fair value.

Related party financial instruments that have repayment terms are initially recorded at cost, representing the undiscounted cash flows of that instrument, excluding interest and dividend payments. Related party financial instruments that do not have repayment terms are recorded at cost, determined using the consideration transferred or received. If the consideration transferred or received has repayment terms, then the cost is determined using the undiscounted cash flows, excluding interest and dividend payments, of the financial instrument transferred as consideration. If, however, the consideration transferred is an asset or liability that does not have repayment terms, the cost is initially recognized at the carrying or exchange amount of the consideration transferred or received, depending on the circumstances. The exchange amount is used when the transaction is in the normal course of operations or the transaction is not in the normal course of operations but has commercial substance, the change in ownership interest is substantive and the amount of consideration transferred or received is supported by independent evidence. Otherwise, the consideration transferred or received is recorded at the carrying amount.

For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

The Organization uses the effective interest rate method to amortize any premiums, discounts, transaction costs and financing fees to the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, restricted cash and term deposits, accounts receivable, long-term receivable, accounts payable and accrued liabilities and long-term debt.

(All amounts in thousands of dollars unless otherwise stated)

When there are indications of possible impairment of financial assets measured at cost and amortized cost, the Organization determines if there has been a significant adverse change to the expected timing or amounts of future cash flows expected from the financial asset. The amount of any impairment loss is determined by comparing the carrying amount of the financial asset with the highest of three amounts:

[i] For an arm’s length financial asset, the present value of the cash flows expected to be generated by holding the asset, discounted using a current market rate of interest appropriate to that asset, and for a related party financial debt instrument, the undiscounted cash flows expected to be generated by holding the asset, excluding interest and dividend payments;

[ii] The amount that could be realized by selling the asset at the date of the balance sheet; and

[iii] The amount the Organization expects to realize by exercising its right to any collateral held to secure repayment of the asset, net of all costs necessary to exercise those rights.

Impairment of related party equity instruments is determined as the amount that could be realized by selling the asset at the balance sheet date.

A previously recognized impairment loss is reversed to the extent that the improvement can be related to an event occurring after the impairment was recognized, but the adjusted carrying amount of the financial asset shall be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized.

Forgiveness of all or part of a related party financial asset can only occur after assessing for and recognizing any impairment. This forgiveness is then recognized in the statement of operations.

3. Accounts Receivable

	2023	2022
Current portion of long-term receivable (note 4)	**$2,880**	$5,644
City of Calgary	**135**	137
Government of Alberta	**284**	219
GST Receivable	**84**	99
Other	**193**	111
	$3,576	$6,210

(All amounts in thousands of dollars unless otherwise stated)

4. Long-Term Receivable

In 2020, the Jacques Lodge site was sold for total proceeds of $30.0 million with Silvera providing an interest-free Vendor Take Back ("VTB") mortgage to the purchaser. The present value of the future payments was discounted using an effective interest rate of 4.1%. At December 31 the discounted value of the VTB mortgage receivable was as follows:

	2023	2022
Discounted value of VTB	**$2,880**	$8,524
Current portion of long-term receivable	**2,880**	5,644
Long-term receivable	**$-**	$2,880

During 2023, the Organization received $6,000 against the VTB mortgage with the remaining payment to be received on December 31 as follows:

	Amount
2024	$3,000

5. Cash Held in Trust

	2023	2022
Government of Alberta seniors self-contained apartments	**$232**	$456
Resident security deposits	**554**	439
	$786	$895

Cash held in trust relates to resident security deposits and operating cash for Government of Alberta self-contained apartments. These amounts are classified as a long-term asset as the cash is not available for Silvera's current use due to the ongoing nature of the relationships.

(All amounts in thousands of dollars unless otherwise stated)

6. Restricted Cash and Term Deposits

	2023	2022
Cash	**$8,625**	$6,484
Term deposits	**2,783**	3,213
	$11,408	$9,697

Term deposits bear interest at rates ranging from 3.0% to 5.2% per annum (2022 – 1.0% to 3.6%) and mature between July 5, 2024 to October 10, 2024 (2022 – March 1, 2023 and August 20, 2023). The Organization has restricted certain cash and term deposits held for the purposes of maintaining replacement reserves to ensure that the Organization-owned properties are properly maintained; operating reserves to enable the Organization to mitigate operational risk; and capital development reserves to meet long-term housing needs that are compatible with its mandate (note 12).

7. Capital Assets

	Land	Building & Building Systems	Building Fixtures, Fittings & Flooring	Equipment	Vehicles	Work in Progress	Total
As at December 31, 2023							
Cost							
Opening Balance	**$35,221**	**$104,866**	**$5,915**	**$7,660**	**$268**	**$10,477**	**$164,407**
Additions	**-**	**3,761**	**958**	**224**	**-**	**10,544**	**15,487**
Disposals	**(100)**	**(12)**	**(275)**	**(129)**	**(35)**	**-**	**(551)**
Closing Balance	**$35,121**	**$108,615**	**$6,598**	**$7,755**	**$233**	**$21,021**	**$179,343**
Accumulated Depreciation							
Opening Balance	**$-**	**$29,253**	**$2,726**	**$3,467**	**$178**	**$-**	**$35,624**
Additions	**-**	**3,402**	**447**	**1,003**	**18**	**-**	**4,870**
Disposals	**-**	**(12)**	**(277)**	**(121)**	**(22)**	**-**	**(432)**
Closing Balance	**-**	**32,643**	**2,896**	**4,349**	**174**	**-**	**40,062**
Net Book Value	**$ 35,121**	**$75,972**	**$ 3,702**	**$3,406**	**$59**	**$21,021**	**$139,281**

(All amounts in thousands of dollars unless otherwise stated)

	Land	Building & Building Systems	Building Fixtures, Fittings & Flooring	Equipment	Vehicles	Work in Progress	Total
As at December 31, 2022							
Cost							
Opening Balance	$29,025	$71,697	$ 3,477	$4,719	$267	$36,796	$145,981
Additions	6,196	33,169	2,438	3,016	41	(26,319)	18,541
Disposals	-	-	-	(75)	(40)	-	(115)
Closing Balance	$35,221	$104,866	$5,915	$7,660	$268	$10,477	$164,407
Accumulated Depreciation							
Opening Balance	$-	$26,215	$2,442	$2,619	$202	$-	$31,478
Additions	-	3,038	284	923	16	-	4,261
Disposals	-	-	-	(75)	(40)	-	(115)
Closing Balance	-	29,253	2,726	3,467	178	-	35,624
Net Book Value	$35,221	$75,613	$3,189	$4,193	$90	$10,477	$128,783

The work in progress additions are net of transfers to other capital assets that became available for use in the year. Work in progress assets are not subject to amortization as they are not yet available for use.

Capital additions includes borrowing costs on debt directly related to the construction or development of capital assets. Total borrowing costs capitalized in 2023 were $13 (2022 - $110).

In December 2023 Silvera signed an agreement to sell two vacant lots in the community of Bridgeland in the City of Calgary for total proceeds of $18.0 million. The sale is conditional upon the purchaser completing due diligence and Silvera registering the subdivision plan for the property with the Land Titles Office and therefore the sale has not been recognized at year end as these conditions have not been met. If the conditions are waived Silvera expects to receive approximately $8.7 million of the proceeds in 2024 and $9.3 million of the proceeds in 2026. These proceeds will be partially offset by real estate, legal and other related fees to complete the transaction.

8. Deferred Contributions

Deferred contributions relate to amounts received, or receivable, that will fund specific future operating activities. When the specified operating activity is completed, the deferred amounts are recognized as revenue to offset the related expense. If the contributions are to be used for the specified capital asset project, the amounts are transferred to deferred capital contributions (see note 9).

(All amounts in thousands of dollars unless otherwise stated)

Changes in deferred contributions are as follows:

	2023	2022
Beginning of year	**$1,777**	$1,338
Additions	**462**	599
Transferred to revenue	**(1,053)**	(160)
	$1,186	$1,777

9. Deferred Capital Contributions

Deferred capital contributions relate to amounts received, or receivable, that will fund specific future capital projects. When the specified capital project is completed, the deferred amounts are transferred to unamortized deferred capital contributions and amortized over the useful life of the related capital asset.

Changes in deferred capital contributions are as follows:

	2023	2022
Beginning of year	**$3,831**	$15,996
City of Calgary Rapid Housing Initiative funding	**7,037**	-
City of Calgary grants	**1,241**	-
City of Calgary lifecycle grants	**1,327**	760
City of Calgary HIP funding	**-**	61
CMHC grants	**-**	(110)
Transferred to revenue	**(51)**	(57)
Transferred to unamortized deferred capital contributions (note 10)	**(1,171)**	(12,819)
	$12,214	$3,831

In March 2023, Silvera entered into two funding agreements with the City of Calgary. One agreement was under the Government of Canada's Rapid Housing Initiative and the second agreement was a capital grant from the City of Calgary. The funding from both agreements as well as a contribution from the Organization support the building of a 35-suite senior's self-contained apartment building in the community of Livingston in the City of Calgary, providing affordable housing to the most vulnerable Canadians. Under the agreements the City of Calgary committed to contribute up to $7,037 from the Rapid Housing Initiative funding and $2,560 from the City of Calgary capital grant. Silvera will receive the unencumbered title for the property upon the agreement's expiry which will be forty years from the date of the first occupancy permit which is expected to be in 2024. During the term of the agreements the Organization is required to maintain certain operating and reporting requirements and the property is to be used for the purpose of providing affordable housing for people and populations who are vulnerable and meet the affordability criteria defined in the agreement.

10. Unamortized Deferred Capital Contributions

Unamortized deferred capital contributions relate to amounts received for the purchase of capital assets which are currently in use.

(All amounts in thousands of dollars unless otherwise stated)

Changes in unamortized deferred capital contributions are as follows:

	2023	2022
Beginning of year	**$25,750**	$14,986
Transferred from deferred capital contributions (note 9)	**1,171**	12,819
Transferred from deferred contributions	**78**	-
Recognized to amortize capital assets	**(2,213)**	(2,055)
	$24,786	$25,750

In March 2021, Silvera entered into a funding agreement with the City of Calgary under the Government of Canada's Rapid Housing Initiative to provide affordable housing to the most vulnerable Canadians. Under the agreement the City of Calgary contributed $15,504 for the purpose of purchasing and converting a suites hotel into a senior's self-contained apartment building. Silvera will receive the unencumbered title for the property upon the agreement's expiry on March 1, 2042. During the term of the agreement the Organization is required to maintain certain operating and reporting requirements and the property is to be used for the purpose of providing affordable housing for people and populations who are vulnerable and meet the affordability criteria defined in the agreement. This project was completed and is being amortized over the life of the asset.

11. Long-term Debt

	2023	2022
Non-revolving term credit facility	**$-**	$8,195
BMO MLI Select	**8,455**	-
City of Calgary non-revolving credit facility	**8,099**	8,099
Vendor takeback mortgage	**2,052**	1,916
CMHC Financing	**13,894**	11,593
CMHC seed loans	**110**	110
	32,610	29,913
Less current portion	**2,396**	67
	$30,214	$29,846

In 2019, the Organization secured a non-revolving term credit facility with a major Canadian Chartered Bank for the Westview Town Suites renovation project construction costs. The facility could be drawn upon up to $8,264 and incurred interest at the Canadian Chartered Bank's prime plus 1.3% per annum (2022 – prime plus 1.3% per annum). The facility matured on March 31, 2023 and was extended by the bank until it was repaid on June 29, 2023.

In 2023, the Organization entered into a fixed rate term loan with a major Canadian Chartered Bank to repay the non-revolving term credit facility which matured in 2023. Total proceeds were $8,781. This was offset by costs to secure the loan totalling $308. The loan matures on July 2, 2033, bears interest at 4.33% per annum and is amortized over 45 years. The loan is repayable in monthly blended principal and interest payments of $37 during the loan term. The loan is secured by a first collateral mortgage over Silvera's Willow Park on the Bow property, an assignment of contracts and all insurance policies regarding the property.

As part of the purchase of the Varsity Estates Village townhouse complex in 2020, the Organization and the vendor agreed to a take back Promissory Note. In 2022 the Organization repaid the remaining $8,099 and outstanding interest of the Promissory Note with proceeds from the City of Calgary non-revolving credit facility agreement. The repayment was made from funds from the issuance of a promissory note under the City of Calgary non revolving credit facility in the amount of $8,099 with an interest rate of 4.31% per annum and interest only payments payable semi annually on March 15 and September 15. An administration fee of 0.25% is charged on any outstanding balances and is paid semi annually. The maximum amount available under the non-revolving credit facility is $8,099. The promissory note matures on September 15, 2027. The promissory note is secured by a fixed security charge over the townhouses and land.

The non-recurring credit facility contains two financial covenants.

- The annual debt service coverage ratio must exceed 1.25:1.
- The net debt to net assets ratio cannot exceed 60%.

The Organization was in compliance with both covenants at December 31, 2022 and December 31, 2023.

In 2022 Silvera entered into an agreement to purchase vacant land in the community of Livingston in northeast Calgary for a purchase price of $3,980. The vendor can repurchase portions of the land from Silvera if certain conditions related to the development of the properties is not carried out by December 31, 2029. The purchase was funded with $1,812 from the Organizations capital development reserves and a $2,168 VTB non interest bearing mortgage due December 16, 2024 from the vendor. The present value of the future payment related to the VTB non interest borrowing mortgage was discounted using an effective interest rate of 5.50% per annum. At December 31, 2023 the discounted value of the VTB mortgage was $2,052 (2022 - $1,916). In the event the mortgage is not paid on its due date it will bear interest at prime plus 6% per annum until the mortgage is fully paid. The security on the VTB mortgage is the land.

In February 2021, the Organization secured financing with CMHC for the construction of Westview Residence West that consists of a repayable loan facility (the "CMHC Financing") in an amount up to $14,548 and a forgivable loan in an amount up to $656. The interest rate on the repayable portion is 1.46% per annum. Security for this CMHC Financing consists of a first priority mortgage granted by the borrower, a general security agreement, first priority general assignment, an assignment of contracts and all insurance policies and a no interest letter. The CMHC Financing matures on August 1, 2031, with principal payments beginning in 2024. The CMHC Financing is amortized over 50 years. Monthly blended payments of principal and interest during the loan term are $31. The forgivable loan portion is earned over 20 years beginning January 1st, 2024, based on the Organization meeting certain conditions. If the conditions are not met the forgivable loan amount that has not been earned is repayable. The forgivable loan amount is included with the CMHC Financing and will be recognized into income as it is earned.

In 2020, the Organization entered into a $4.5 million revolving credit facility with a major Canadian Chartered Bank. The credit facility has nil drawn at December 31, 2023 (2022 – nil). The credit facility matures on July 8, 2024, is renewable at the lender's consent and is secured by a general security agreement over the assets of the Organization as well as assignment of the VTB mortgage receivable (note 4) in the event of default. To the extent the credit facility is not renewed the balance would be due one year from the maturity date.

(All amounts in thousands of dollars unless otherwise stated)

The Organization has annual long term debt repayment commitments as follows:

2024	**$2,396**
2025	**254**
2026	**259**
2027	**8,364**
2028 and thereafter	**21,337**
	$32,610

The Organization has letters of credit of $680 (2022 - $688) outstanding that are fully cash collateralized at December 31, 2023.

12. Restricted Net Assets

The Board of Directors may, at its discretion, restrict any excess revenue over expenses to support the future requirements of the Organization. Restricted funds are not available for unrestricted purposes without prior approval of the Board of Directors.

Restricted amounts are designated as follows:

	2023	2022
Operating		
Municipal Lodge Program	**$2,087**	$1,579
General Reserve	**339**	323
Community Engagement	**364**	364
	2,790	2,266
Capital development		
Westview Campus	**3,390**	4,489
Livingston Development	**2,909**	3,013
East Riverside Development	**2,228**	2,432
	8,527	9,934
Restricted net assets	**$11,317**	$12,200

In 2022, the Board of Directors approved the restriction of $6,260 for the Livingston Development and $4,500 for the East Riverside Development. In 2023, the Board approved an additional $2,915 for the Livingston development to bring the total amount restricted to $9,175.

13. Net Change in Non-cash Operating Working Capital

	2023	2022
(Increase) decrease in accounts receivable	**$(117)**	$3,202
(Increase) decrease in prepaid expenses	**(58)**	187
Increase (decrease) in accounts payable and accrued liabilities	**662**	(1,796)
Increase in deferred contributions	**34**	439
Net (decrease) increase in cash held in trust and trust liabilities	**(2)**	7
	$519	$2,039

14. Pension Plans

The pension obligations of all qualifying permanent, full-time employees are covered though participation in the Local Authorities Pension Plan ("LAPP") which is administered by the Alberta Pensions Services Corporation. The plan is a multi-employer plan offered to various unrelated employers throughout Alberta. The responsibility for strategic direction and plan asset management is held by the LAPP Board of Directors, composed of management and labour representatives. LAPP provides a defined benefit pension based on the employees' earnings and length of service.

The most recent valuation for financial reporting purposes completed by the LAPP as at December 31, 2022 disclosed net assets available for benefits of $58.7 billion (2021 - $61.7 billion) with pension obligations of $46.1 billion (2021 - $49.8 billion) resulting in a surplus of $12.6 billion (2021 - $11.9 billion).

The Organization makes contributions to the plan based on a percentage of employee income which is set by the LAPP Board of Directors. Total pension expense for employees covered under this plan during the year was $481 (2022 - $411) and is included as an expense in wages, benefits and employee costs in the statement of operations.

The Organization sponsors a defined contribution pension plan that covers most part-time and all full-time employees not eligible to participate in LAPP. Total pension expense, for employees, covered under this plan during the year was $272 (2022 - $224) and is included as an expense in wages, benefits and employee costs in the statement of operations.

15. Commitments

The Organization rents office space under an operating lease which expires December 15, 2024. The future annual rent payments pursuant to the lease are $143. The operating lease has escalating payments over its term. As such, an escalating lease obligation of $16 (2022 - $33) has been recognized on the statement of financial position.

In the ordinary course of business, the Organization uses a competitive tendering process to secure contractors at fixed prices for capital projects. At December 31, 2023 Silvera had fixed price contracts in place for capital projects to be completed in 2024 totalling $5,825.

Silvera has entered into fixed purchase price contracts for natural gas and electricity. The natural gas contracts expire at the end of 2027 and provide approximately 75% of Silvera's natural gas consumption at $2.545 per gigajoule. The electricity contracts expire at the end of 2025 and provide approximately 75% of Silvera's electricity consumption at a fixed price of $0.05749 per kilowatt hour.

16. Contingencies

As part of the normal course of business, the Organization is involved in various claims and litigation. The Organization has determined that the outcome of any claims and litigation is unlikely to result in a material loss and accordingly no provisions have been recorded in the December 31, 2023 financial statements.

17. Risks and Uncertainties

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk principally associated with borrowings. Fixed rates, associated with long-term debt, introduce risk at the time of maturity.

Credit Risk
The Organization is exposed to credit risk, which is the risk that a counterparty will fail to perform an obligation or settle a liability, resulting in a financial loss to the Organization. Credit risk is assessed as low for the Organization.

The Organization's trade accounts receivable are primarily due from governments and are subject to normal credit risks. At December 31, 2023 government related accounts receivable was 12% (2022 – 6%).

The maximum credit risk exposure associated with the Organization's financial assets is the carrying amount of accounts receivable.

Liquidity Risk
The Organization is exposed to liquidity risk which is the risk that the Organization will be unable to generate or obtain sufficient cash to meet its obligations as they come due. Mitigation of this risk is achieved through active management of cash and debt. The liquidity risk is assessed as low for the Organization. Accounts payable and accrued liabilities are due within the next fiscal year.

Economic Dependence
Silvera is dependent on the City of Calgary maintaining the Municipal and Capital Lifecycle Grants. Mitigation of this risk is achieved by the Organization's ability to requisition deficits from taxpayers, but Silvera would have to fund operations in the interim.

18. Subsequent Event

In 2024 the Organization secured financing with CMHC for the construction of 12 suites as part of the Livingston Terrace Apartments project that consists of a repayable loan facility in an amount up to $2,876 and a forgivable loan in an amount up to $105. The interest rate will be determined when Silvera makes its first draw on the facility. Security consists of a first priority mortgage granted by the borrower, a general security agreement, first priority general assignment, an assignment of contracts and all insurance policies and a no interest letter. The Financing matures ten years from the date of the first draw, with principal payments beginning once the property achieves twelve months of revenue totaling approximately $167. The financing is amortized over 50 years. The forgivable loan portion is earned over 20 years beginning on the date when principal repayments begin and based on the Organization meeting certain conditions. If the conditions are not met the forgivable loan amount that has not been earned is repayable. The forgivable loan amount will be included with the repayable financing and will be recognized into income as it is earned.