SILVERA FOR SENIORS 60 YEARS 1962 | 2022

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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, 2022 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, 2022, 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.

Other Matter

The financial statements of Organization for the year ended December 31, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on March 25, 2022.

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 30, 2023
Calgary, Alberta

Statement of Financial Position

As at December 31, *(in thousands of dollars)*	**2022**	2021
Assets		
Current		
Cash and cash equivalents	**$139**	$1,854
Accounts receivable (note 3)	**6,210**	9,046
Prepaid expenses and deposits	**211**	398
	6,560	11,298
Non-current		
Cash held in trust (note 5)	**895**	1,516
Restricted cash and term deposits (note 6)	**9,697**	13,390
Long-term receivable (note 4)	**2,880**	8,524
Capital assets (note 7)	**128,783**	114,503
	$148,815	$149,231
Liabilities		
Current		
Accounts payable and accrued liabilities	**$3,391**	$6,844
Deferred contributions (note 8)	**1,777**	1,338
Current portion of long-term debt (note 11)	**67**	75
Deferred capital contributions (note 9)	**3,831**	15,996
	9,066	24,253
Non-current		
Escalating lease obligations (note 15)	**33**	51
Trust liabilities	**902**	1,516
Unamortized deferred capital contributions (note 10)	**25,750**	14,986
Long-term debt (note 11)	**29,846**	23,099
	65,597	63,905
Commitments & Contingencies (notes 15 & 16)		
Subsequent Event (note 18)		
Net assets		
Restricted (note 12)	**12,200**	15,571
Unrestricted	**71,018**	69,755
	83,218	85,326
	$148,815	$149,231

See accompanying notes to the financial statements

On behalf of the Board:

"Signed" Director
DOUG NG

"Signed" Director
BRUCE STEWART

Statement of Changes in Net Assets

Year ended December 31 *(in thousands of dollars)*	**Restricted**	**Unrestricted**	**2022**	2021
Balance, beginning of year	**$15,571**	**$69,755**	**$85,326**	$66,917
(Deficiency) excess of revenue over expenses	**-**	**(2,108)**	**(2,108)**	2,782
Contributions for land	**-**	**-**	**-**	15,627
Board restrictions	**(3,371)**	**3,371**	**-**	-
Balance, end of year	**$12,200**	**$71,018**	**$83,218**	$85,326

See accompanying notes to the financial statements

Statement of Operations

Year ended December 31 *(in thousands of dollars)*	**2022**	2021
Revenue		
Operating	**$17,877**	$16,190
Interest income	**661**	942
Amortization of deferred capital contributions (note 10)	**2,055**	1,207
Other	**568**	346
	21,161	18,685
Government funding		
City of Calgary	**7,839**	7,803
Government of Alberta	**4,463**	6,051
	12,302	13,854
	33,463	32,539
Expenses		
Operating	**11,361**	10,871
Human resources	**18,988**	19,434
Administration	**175**	877
Long-term debt interest	**781**	443
Depreciation (note 7)	**4,261**	2,384
Other	**5**	5
	35,571	34,014
Excess (deficiency) of revenue over expenses, before undernoted item	**(2,108)**	(1,475)
Gain on sale of land	**-**	4,257
Excess (deficiency) of revenue over expenses	**$(2,108)**	$2,782

See accompanying notes to financial statements

Statement of Cash Flows

Year ended December 31 *(in thousands of dollars)*	**2022**	2021
Operating Activities		
Excess (deficiency) of revenue over expenses	**$(2,108)**	$2,782
Non-cash adjustments to reconcile excess (deficiency) of revenue over expenses to operating cash flow:		
Amortization of deferred capital contributions (note 10)	**(2,055)**	(1,207)
Revenue transferred from deferred capital contributions (note 9)	**(57)**	(713)
Interest on long-term receivable	**(583)**	(885)
Gain on sale of land	**-**	(4,257)
Depreciation (note 7)	**4,261**	2,384
Other	**(157)**	25
Net change in non-cash operating working capital (note 13)	**2,039**	2,934
Net cash provided by operating activities	**1,340**	1,063
Investing Activities		
Purchase of capital assets (note 7)	**(18,541)**	(39,423)
Proceeds from long term receivable (note 4)	**6,000**	6,000
Proceeds on the sale of assets	**-**	5,579
Decrease in restricted cash and term deposits	**3,693**	2,112
Net change in non-cash investing capital	**(2,122)**	(1,439)
Net cash used in investing activities	**(10,970)**	(27,171)
Financing Activities		
Issuance of long-term debt	**14,803**	8,756
Repayment of long-term debt	**(8,174)**	(9,316)
City of Calgary Development Permit	**61**	184
City of Calgary lifecycle projects	**1,225**	4,400
City of Calgary funding for the Gilchrist Lodge	**-**	2,300
Donations for the purchase of capital assets	**-**	149
Rapid Housing Initiative funding	**-**	15,504
Net cash provided by financing activities	**7,915**	21,977
Net (decrease) increase in cash during the year	**(1,715)**	(4,131)
Cash and cash equivalents, beginning of year	**1,854**	5,985
Cash and cash equivalents, end of year	**$139**	$1,854

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	2022 Surplus (Deficit) after Government Grants	2021 Surplus (Deficit) after Government Grants
Municipal Lodge Program								
Aspen Commons	$ 5,303	$ 6,030	$ (727)	$ 32	$ (695)	$ -	$ (695)	$ (1,353)
Beaverdam Commons	1,023	1,738	(715)	6	(709)	4	(705)	(795)
Bow Valley Lodge	1,014	1,621	(607)	6	(601)	-	(601)	(784)
Confederation Park Commons	652	1,154	(502)	6	(496)	-	(496)	(1,008)
Gilchrist Commons	425	1,187	(762)	-	(762)	-	(762)	(1)
Shawnessy Commons	1,428	2,069	(641)	8	(633)	-	(633)	(696)
Shouldice Commons	1,051	1,657	(606)	6	(600)	-	(600)	(776)
Spruce Commons	2,616	3,330	(714)	13	(701)	-	(701)	(1,015)
Valleyview Commons	819	1,492	(673)	6	(667)	-	(667)	(950)
Lodge Grant & Administration	34	5,355	(5,321)	4,336	(985)	7,830	6,845	7,374
	14,365	25,633	(11,268)	4,419	(6,849)	7,834	985	(4)
Silvera Mixed Affordable								
Varsity Estates Village	620	844	(224)	-	(224)	-	(224)	(160)
Vista Apartments	1,136	1,078	58	-	58	-	58	(5)
Westview Town Suites	1,278	3,166	(1,888)	-	(1,888)	-	(1,888)	(2,286)
Westview Residence West	401	741	(340)	-	(340)	-	(340)	-
Willow Park on the Bow Residence	2,498	2,002	496	-	496	-	496	(210)
Mixed Affordable Administration	863	2,107	(1,244)	44	(1,200)	5	(1,195)	1,190
	6,796	9,938	(3,142)	44	(3,098)	5	(3,093)	(1,471)
Gain on sale of land	-	-	-	-	-	-	-	4,257
	$ 21,161	$ 35,571	$ (14,410)	$ 4,463	$ (9,947)	$ 7,839	$ (2,108)	$ 2,782

Schedule of Capital Assets and Related Unamortized Deferred Capital Contributions

As at December 31
(in thousands of dollars)

	2022								2021	
	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	$7,210	$383	$891	$ -	$ -	$1,412	$9,896	$3,835	$10,194	$4,408
Beaverdam Commons	-	30	21	-	-	280	331	2	355	3
Bow Valley Commons	-	27	36	-	-	395	458	16	340	20
Confederation Park Commons	-	22	2	-	-	-	24	7	63	10
Gilchrist Commons	-	1,596	356	-	-	254	2,206	1,922	986	-
Shouldice Commons	-	30	29	-	-	5	64	-	68	-
Shawnessy Commons	-	31	53	-	-	540	624	16	478	21
Spruce Commons	5,243	146	138	-	-	1,208	6,735	2,241	7,056	2,478
Valleyview Commons	8	24	28	-	-	-	60	7	53	8
	$12,461	$2,289	$1,554	$-	$-	$4,094	$20,398	$8,046	$19,593	$6,948
Silvera Mixed Affordable										
Bow Valley Lands	$-	$-	$-	$ -	$2,528	$330	$2,858	$-	$693	$ -
Livingston	-	-	-	-	3,833	-	3,833	-	-	-
Varsity Estates Village	716	-	-	-	16,521	1,540	18,777	-	17,881	-
Vista Apartments	14,327	-	466	-	4,835	-	19,628	10,282	17,922	-
Westview Town Suites	11,527	135	323	41	2,860	123	15,009	21	15,735	23
Westview Residence West	18,561	617	1,500	-	1,380	-	22,058	-	19,183	-
Westview Vacant Land	-	-	-	-	3,264	1,900	5,164	-	3,478	-
Willow Park on the Bow	17,998	80	119	-	-	996	19,193	7,352	19,264	7,938
	63,129	832	2,408	41	35,221	4,889	106,520	17,655	94,156	7,961
Administration	23	68	231	49	-	1,494	1,865	49	754	77
Total 2022	$75,613	$3,189	$4,193	$90	$35,221	$10,477	$128,783	$25,750	$114,503	$14,986
Total 2021	$45,482	$1,035	$2,100	$65	$29,025	$36,796	$114,503	$14,986		

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 segments.

- 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.
- 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 2022 administrative charge to Government of Alberta was $617 (2021 - $1,117) and is included as reduction of operating expenses. At December 31, 2022, amounts payable were $119 (receivable 2021 - $551). 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 Affordable – 483 suites that are a mix of market townhouses (39 units), mid-market supportive living (92 suites) and seniors affordable housing apartments (352 units).

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 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 property include costs directly attributable to the construction of a new facility 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, 2022, other than the long-term receivable and long-term debt, approximates their fair value due to the relatively short periods to maturity. The fair value of the long-term receivable and long-term debt is determined by discounting the future contractual cash flows under the current receivable or financing arrangement at discount rates which represent rates presently available to the Organization for a long-term receivable or 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.

(All amounts in thousands of dollars unless otherwise stated)

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.

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

	2022	2021
Current portion of long-term receivable (note 4)	**$5,644**	$5,418
City of Calgary	**137**	2,105
Government of Alberta	**219**	694
Canada Mortgage and Housing Corporation ("CMHC")	**-**	250
GST Receivable	**99**	484
Other	**111**	95
	$6,210	$9,046

(All amounts in thousands of dollars unless otherwise stated)

4. Long-Term Receivable

In 2021, Silvera sold undeveloped land with a book value of $1,322 that was not part of the Organization's plans for future development of the Westview Campus for proceeds of $5,579.

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:

	2022	2021
Discounted value of VTB	**$8,524**	$13,942
Current portion of long-term receivable	**5,644**	5,418
Long-term receivable	**$2,880**	$8,524

During 2022, the Organization received $6,000 against the VTB mortgage with the remaining payments to be received on December 31 in each year as follows:

	Amount
2023	$6,000
2024	3,000
	$9,000

5. Cash Held in Trust

	2022	2021
Government of Alberta self-contained apartments	**$456**	$1,248
Resident security deposits	**439**	268
	$895	$1,516

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

	2022	2021
Cash	**$6,484**	$10,630
Term deposits	**3,213**	2,760
	$9,697	$13,390

Term deposits bear interest at rates ranging from 1% to 3.6% per annum (2021 – 0.08% to 0.4%) and mature between March 1, 2023 and August 20, 2023 (2021 – February 4, 2022 and June 23, 2022). 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, 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**

(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, 2021							
Cost							
Opening Balance	$24,190	$58,301	$3,215	$3,656	$293	$17,078	$106,733
Additions	4,835	13,411	262	1,190	7	19,718	39,423
Disposals	-	(15)	-	(127)	(33)	-	(175)
Closing Balance	$ 29,025	$71,697	$3,477	$4,719	$267	$36,796	$145,981
Accumulated Depreciation							
Opening Balance	$-	$24,446	$2,285	$2,313	$220	$-	$29,264
Additions	-	1,782	157	430	15	-	2,384
Disposals	-	(13)	-	(124)	(33)	-	(170)
Closing Balance	-	26,215	2,442	2,619	202	-	31,478
Net Book Value	$29,025	$45,482	$1,035	$2,100	$65	$36,796	$114,503

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 2022 were $110 (2021 - $73).

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).

Changes in deferred contributions are as follows:

	2022	2021
Beginning of year	**$1,338**	$778
Additions	**599**	788
Transferred to revenue	**(160)**	(79)
Transferred to net assets – Westview Campus land	**-**	(149)
	$1,777	$1,338

(All amounts in thousands of dollars unless otherwise stated)

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 asset.

Changes in deferred capital contributions are as follows:

	2022	2021
Beginning of year	**$15,996**	$13,996
City of Calgary Rapid Housing Initiative funding	**-**	15,504
City of Calgary funding for Gilchrist Lodge	**-**	2,000
City of Calgary lifecycle grants	**760**	4,117
City of Calgary HIP funding	**61**	185
CMHC grants	**(110)**	115
Transferred to net assets - Varsity land	**-**	(8,870)
Transferred to net assets - Vista land	**-**	(4,835)
Transferred to net assets - Westview Campus land	**-**	(1,773)
Transferred to revenue - City of Calgary lifecycle grants	**(57)**	(713)
Transferred to unamortized deferred capital contributions (note 10)	**(12,819)**	(3,730)
	$3,831	$15,996

10. Unamortized Deferred Capital Contributions

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

Changes in unamortized deferred capital contributions are as follows:

	2022	2021
Beginning of year	**$14,986**	$12,463
Transferred from deferred capital contributions (note 9)	**12,819**	3,730
Recognized to amortize capital assets	**(2,055)**	(1,207)
	$25,750	$14,986

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.

(All amounts in thousands of dollars unless otherwise stated)

11. Long-term Debt

	2022	2021
Non-revolving term credit facility	**$8,195**	$8,195
Varsity Promissory Note	**-**	8,099
City of Calgary non-revolving credit facility	**8,099**	-
Vendor takeback mortgage	**1,916**	-
CMHC Financing	**11,593**	6,805
CMHC seed loans	**110**	-
Westview Town Suites mortgage	**-**	75
	29,913	23,174
Less current portion	**67**	75
	$29,846	$23,099

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 incurs interest at the Canadian Chartered Bank's prime plus 1.3% per annum (2021 – prime plus 1.3% per annum). Security for this facility includes cash collateral in the form of a $2,000 guaranteed investment certificate, a general security agreement, a second fixed charge on the project lands, an undertaking to cover all shortfalls in profits of the property including debt servicing charges. The facility matures on the earlier of being refinanced once certain conditions are met, or March 31, 2023. There is no principal repayment until maturity.

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% 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 1:1 for the year ended December 31, 2022 and 1.25:1 thereafter.
- The net debt to net assets ratio cannot exceed 60%.

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

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%. At December 31, 2022 the discounted value of the VTB mortgage was $1,916. In the event the mortgage is not paid on its due date it will bear interest at prime plus 6% 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%. 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 once the property achieves twelve months of revenue totaling approximately $1,200. The CMHC Financing is amortized over 50 years and principal repayments will be determined once the final loan amount is confirmed. As at December 31, 2022, the Organization has not yet met the conditions for the forgivable loan portion and therefore this amount is included with the CMHC Financing.

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, 2022 (2021 – nil). The credit facility matures on July 8, 2023, 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.

The Organization has letters of credit of $688 (2021 - $444) outstanding that are fully cash collateralized at December 31, 2022.

(All amounts in thousands of dollars unless otherwise stated)

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:

	2022	2021
Operating		
Municipal Lodge Program	**$1,579**	$594
General Reserve	**323**	316
Community Engagement	**364**	364
	2,266	1,274
Capital development		
Westview Campus	**4,489**	10,190
Livingston Development	**3,013**	-
East Riverside Development	**2,432**	-
Vista Apartments	**-**	3,600
	9,934	13,790
Capital maintenance		
Varsity Estates Village	**-**	507
	-	507
Restricted net assets	**$12,200**	$15,571

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 January 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

	2022	2021
Decrease (increase) in accounts receivable	**$3,202**	$(1,716)
Decrease (increase) in prepaid expenses	**187**	593
Increase in accounts payable and accrued liabilities	**(1,796)**	3,651
Increase in deferred contributions	**439**	375
Net decrease in cash held in trust and trust liabilities	**7**	31
	$2,039	$2,934

(All amounts in thousands of dollars unless otherwise stated)

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, 2021 disclosed net assets available for benefits of $61.7 billion (2020 - $53.6 billion) with pension obligations of $49.8 billion (2020 - $48.6 billion) resulting in a surplus of $11.9 billion (2020 - $5.0 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 $411 (2021 - $408) and is included as an expense in human resources 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 $224 (2021 - $200) and is included as an expense in human resources in the statement of operations.

15. Commitments

The Organization rents office space under an operating lease which expires November 30, 2024. The future annual rent payments pursuant to the lease are as follows:

	Amount
2023	$156
2024	$143

The operating lease has escalating payments over its term. As such, an escalating lease obligation of $33 (2021 - $51) has been recognized on the statement of financial position.

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, 2022 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, 2022 government related accounts receivable was 6% (2021 – 31%).

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 March 2023, Silvera entered into an agreement with CMHC and the City of Calgary to receive capital funding to a maximum of $9,597 for costs incurred for the development of 35 affordable housing units at Silvera's Livingston site.

19. Comparative Figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.