

**CO-OPERATIVE HOUSING FEDERATION OF CANADA**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

 **MARCIL LAVALLÉE**

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## CO-OPERATIVE HOUSING FEDERATION OF CANADA

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**AUDITORS' REPORT**

To the members  
Co-operative Housing Federation of Canada

We have audited the consolidated statement of financial position of the Co-operative Housing Federation of Canada as at December 31, 2008 and the consolidated statements of operations, changes in fund balances and cash flows for the year then ended. These consolidated financial statements have been prepared for the purpose of reporting to fiscal authorities and are the responsibility of the federation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the federation as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with the Canadian generally accepted accounting principles.



Chartered Accountants, Licensed Public Accountants

Ottawa, Ontario  
February 23, 2009

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**CO-OPERATIVE HOUSING FEDERATION OF CANADA**

**CONSOLIDATED STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Unrestricted				Restricted		Budget (note 14)	Total 2008 Actual	Total 2007 Actual
	National Operating Fund	Ontario Operating Fund	Manitoba Operating Fund	Southwestern Ontario Operating Fund	Reserves (page 16)	Internally Restricted Funds (page 18)			
<b>REVENUE</b>									
Membership dues	\$ 2,270,697	\$ -	\$ 39,060	\$ 62,350	\$ -	\$ -	\$ 2,424,800	\$ 2,424,756	\$ 2,394,148
Pooled investment income	282,312	41,791	-	-	-	338,274	791,400	662,377	761,114
Unrealized losses on held-for-trading financial investments	(195,616)	(70,426)	-	-	-	(550,224)	127,000	(816,266)	(224,279)
Insurance programs (note 6)	591,636	-	-	-	-	-	587,700	591,636	586,373
Co-operators Loyalty Program	1,119,525	551,408	-	-	-	-	-	1,670,933	1,629,315
MMAH Partnership Agreement (note 7)	-	13,373	-	-	-	-	5,000	13,373	61,953
Other contributions	6,624	17,144	-	-	52,313	-	90,800	141,081	82,424
Other	12,993	525	4,369	7,544	-	1,138	28,100	31,327	78,997
	4,088,171	553,815	43,429	69,894	52,313	(210,812)	4,054,800	4,719,217	5,370,045
<b>EXPENSES</b>									
Corporate affairs (note 8)	1,084,753	-	-	-	-	-	886,400	1,084,753	1,056,825
Sector development	658,593	-	-	-	-	-	282,300	658,593	214,391
Governance - Ontario Region	-	47,052	-	-	-	-	37,200	47,052	40,364
Membership programs - regions	-	299,630	6,796	8,895	-	-	278,200	326,876	461,797
Personnel and administration	1,619,303	825,992	30,971	58,967	-	-	2,704,000	2,655,680	2,516,356
Allocations to regions	81,677	-	-	-	-	-	80,600	81,677	79,590
Other	-	-	13,655	17,954	107,114	11,918	304,841	184,087	302,721
	3,444,326	1,172,674	51,422	85,816	107,114	11,918	4,573,541	5,038,718	4,672,044
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	\$ 643,845	\$ (618,859)	\$ (7,993)	\$ (15,922)	\$ (54,801)	\$ (222,730)	\$ (43,041)	\$ (518,741)	\$ 698,001


 **MARCIL LAVALLÉE**

**CO-OPERATIVE HOUSING FEDERATION OF CANADA**

**CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Unrestricted					Restricted			Total 2008	Total 2007
	National Operating Fund	Ontario Operating Fund	Manitoba Operating Fund	Southwestern Ontario Operating Fund	Invested in Capital Assets (note 9)	Reserves (page 16)	Internally Restricted Funds (page 18)	Externally Restricted Funds		
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 771,347	\$ 217,517	\$ 7,963	\$ -	\$ 355,628	\$ 3,604,286	\$ 9,636,398	\$ -	\$ 14,593,139	\$ 13,828,258
Adjustment following changes in accounting policies relative to financial instruments, applied retrospectively without restatement to previous years	-	-	-	-	-	-	-	-	-	66,880
Excess (deficiency) of revenue over expenses	643,845	(618,859)	(7,993)	(15,922)	-	(54,801)	(222,730)	(43,041)	(319,501)	698,001
Net change in unrestricted funds invested in capital assets (note 9)	51,111	15,204	-	-	(66,315)	-	-	-	-	-
Interfund transfers	(743,846)	618,859	-	15,922	-	120,420	(54,396)	43,041	-	-
<b>BALANCE, END OF YEAR</b>	\$ 722,457	\$ 232,721	\$ (30)	\$ -	\$ 289,313	\$ 3,669,905	\$ 9,359,272	\$ -	\$ 14,273,638	\$ 14,593,139

 **MARCIL LAVALLÉE**

**CO-OPERATIVE HOUSING FEDERATION OF CANADA**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2008**

	National Operating Fund	Ontario Operating Fund	Manitoba Operating Fund	Southwestern Ontario Operating Fund	Internally Restricted Funds (note 4) (page 17)	Externally Restricted Funds (note 5)	Total 2008	Total 2007
<b>ASSETS</b>								
<b>CURRENT ASSETS</b>								
Cash	\$ 682,996	\$ -	\$ -	\$ -	\$ 3,920	\$ -	\$ 686,916	\$ 648,340
Bonds, treasury bills and other securities								
- Held-to-maturity (fair value \$281,208;								
2007: fair value \$ nil)					279,440		279,440	-
- Held-for-trading (cost \$4,505,425;	4,505,351	-	-	-	-	-	4,505,351	3,455,475
2007: cost \$3,460,340)	384,865	-	-	-	-	-	384,865	175,966
Accounts receivable	19,717	-	-	-	22,876	-	42,593	56,147
Loans receivable	148,052	8,767	-	-	-	-	156,819	120,782
Prepaid expenses	(10,696,476)	1,229,174	(30)	-	9,467,332	-	-	-
Inertfund (payable) receivable								
	(4,955,495)	1,237,941	(30)	-	9,773,568	-	6,055,984	4,456,710
<b>LONG-TERM INVESTMENTS</b>								
- Held-to-maturity (fair value \$ nil;								
2007: fair value \$278,967)								278,987
- Held-for-trading (cost \$12,336,038;	11,362,448	-	-	-	-	-	11,362,448	12,602,947
2007: cost \$12,755,481)								
<b>CAPITAL ASSETS (note 11)</b>	187,041	102,272	-	-	-	-	289,313	355,628
	\$ 6,593,994	\$ 1,340,213	\$ (30)	\$ -	\$ 9,773,568	\$ -	\$ 17,707,745	\$ 17,694,272

ON BEHALF OF THE BOARD

 Director

 Director

**MARCIL LAVALLÉE**


**CO-OPERATIVE HOUSING FEDERATION OF CANADA**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2008**

**\$**

	National Operating Fund	Ontario Operating Fund	Manitoba Operating Fund	Southwestern Ontario Operating Fund	Externally Restricted Funds (note 5)	Internally Restricted Funds (note 4) (page 17)	Total 2008	Total 2007
<b>LIABILITIES</b>								
<b>CURRENT LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ 3,009,535	\$ 8,401	\$ -	\$ -	\$ -	\$ 3,670	\$ 3,021,606	\$ 2,638,598
Membership dues and fees received in advance	1,875	-	-	-	-	-	1,875	33,909
Loan payable (note 4(f))	-	-	-	-	-	300,000	300,000	300,000
Due to fund participants (note 4(c))	-	-	-	-	-	110,626	110,626	128,626
	3,011,410	8,401	-	-	-	414,296	3,434,107	3,101,133
<b>FUND BALANCES</b>								
Unrestricted	722,457	232,721	(30)	-	-	-	955,148	996,827
Invested in capital assets (note 11)	187,041	102,272	-	-	-	-	289,313	355,628
Internally restricted invested in reserves (page 16)	2,673,086	996,819	-	-	-	-	3,669,905	3,604,286
Internally restricted (page 18)	-	-	-	-	-	9,359,272	9,359,272	9,636,398
	3,582,584	1,331,812	(30)	-	-	9,359,272	14,273,638	14,593,139
	\$ 6,593,994	\$ 1,340,213	\$ (30)	\$ -	\$ -	\$ 9,773,568	\$ 17,707,745	\$ 17,694,272

 **MARCIL LAVALLÉE**

**CO-OPERATIVE HOUSING FEDERATION OF CANADA****CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED DECEMBER 31, 2008****6**

	2008	2007
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ (319,501)	\$ 698,001
<b>Adjustments for:</b>		
Amortization of capital assets	148,144	148,387
Unrealized losses on held-for-trading financial investments	816,266	224,279
	644,909	1,070,667
<b>Net change in non-cash working capital items:</b>		
Accounts receivable	(208,899)	(22,152)
Loan receivable	13,554	35,985
Prepaid expenses	(36,037)	(24,059)
Accounts payable and accrued liabilities	383,008	(9,478)
Dues and fees received in advance	(32,034)	(244,895)
Due to fund participants	(18,000)	-
	(746,501)	806,068
<b>INVESTING ACTIVITIES</b>		
Acquisition of capital assets	(81,829)	(102,155)
Acquisition of investments	(626,096)	(1,613,033)
	(707,925)	(1,715,188)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	38,576	(909,120)
<b>CASH, BEGINNING OF YEAR</b>	648,340	1,557,460
<b>CASH, END OF YEAR</b>	\$ 686,916	\$ 648,340

# CO-OPERATIVE HOUSING FEDERATION OF CANADA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008

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### 1. STATUTE AND NATURE OF OPERATIONS

The Co-operative Housing Federation of Canada is incorporated under the *Canada Cooperatives Act* and is a non-profit corporation as described in paragraph 149(1)(l) of the *Income Tax Act*. As a result, the federation is not subject to income tax.

The federation works to promote the growth, stability and independence of the co-operative housing movement in Canada. The Ontario and Manitoba Regions of the federation are responsible for matters that affect only Ontario and Manitoba members, respectively.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Consolidation

The consolidated financial statements include revenue, expenses and deficit of the federation's wholly-owned subsidiary corporation, Rooftops Financial Services Inc.

#### Use of estimates

The preparation of financial statements in compliance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual amounts could differ from these estimates.

#### General standards of financial information presentation

The Canadian Institute of Chartered Accountants (CICA) has modified Handbook Section 1400, "General Standards of Financial Statement Presentation" to include the requirement that management shall make an assessment of the entity's ability to continue as a going concern. These changes came into effect on January 1, 2008 and did not have an impact on the financial statements.

#### Revenue recognition

Revenue received relating to membership dues that pertain to subsequent years are deferred and recognized as revenue in the period to which they relate.

Loyalty Program distributions are recognized when received due to the uncertainty of this revenue.

Pooled investment, insurance program and other income are recognized when earned.

The federation follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. These contributions may be repayable if not utilized within their respective programs. Unrestricted contributions are recognized as revenue, when received or receivable, provided that the amount to be received can be reasonably estimated and collection reasonably assured.

## CO-OPERATIVE HOUSING FEDERATION OF CANADA

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008

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#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Foreign currency transactions

The federation uses the temporal method to translate its foreign currency transactions on investments.

Monetary assets are translated at the rate of exchange in effect at year-end. Other assets and liabilities are translated at their historic rates. Items appearing in the consolidated statement of operations are translated at average year rates. Exchange gains and losses are included in the consolidated statement of operations.

##### Financial instruments

The federation has elected to classify its financial assets and liabilities in the following manner:

##### *Loans and receivables*

Accounts receivable and loans receivable are measured at amortized cost using the effective interest method. Gains and losses related to derecognition of these financial assets are recognized in the consolidated statement of operations in the period in which they arise.

##### *Held-to-maturity investments*

The investments in the Risk Underwriting Fund are measured at amortized cost using the effective interest method. Gains and losses related to derecognition of these financial assets are recognized in the consolidated statement of operations in the period in which they arise.

##### *Held-for-trading financial assets and liabilities*

Cash and investments other than those in the Risk Underwriting Fund are measured at fair value using the market price method. Gains and losses are recognized in the consolidated statement of operations in the period in which they arise.

##### *Other financial liabilities*

Accounts payable and accrued liabilities, loan payable and due to fund participants are measured at amortized cost using the effective interest method. Gains and losses related to derecognition of these financial liabilities are recognized in the consolidated statement of operations in the period in which they arise.

##### Capital assets

Capital assets are accounted for at cost. Amortization is calculated on their respective estimated useful life using the straight-line method and the following periods:

Photocopiers	5 years
Leasehold improvements	Remaining term of lease
Furniture and equipment	7 years
Computer equipment	3 years
Computer software	3 years

## CO-OPERATIVE HOUSING FEDERATION OF CANADA

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008

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#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Capital disclosures

The federation's main objective with respect to capital management is to maintain a sufficient level of fund balances, thereby ensuring the continuity of the federation and the ongoing fulfillment of its mission.

#### 3. NEW ACCOUNTING STANDARDS

##### Financial instruments

The CICA issued the following new accounting standards: Handbook Sections 3862, "Disclosures" and 3863, "Presentation". These new Handbook Sections apply to financial years beginning on or after October 1, 2008, following the federation's decision to take advantage of the opportunity to defer their adoption. They will replace Section 3861, "Financial Instruments – Disclosure and Presentation", increasing the emphasis on disclosure about risks associated with both recognized and unrecognized financial instruments and how these risks are managed.

##### Financial statement presentation

The CICA has changed Section 4400 "Financial Statement Presentation by Not-for-profit Organizations" in order:

- to eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a not-for-profit organization to present such an amount as a category of internally restricted net assets when it chooses to do so;
- to state that revenues and expenses should be recognized and presented at their gross amounts when a federation is acting as a principal in transactions.

These accounting changes apply to financial years beginning on or after January 1, 2009.

#### 4. INTERNALLY RESTRICTED FUNDS

The internally restricted funds comprise the National Endowment Fund, the Ontario Endowment Fund, the Risk Underwriting Fund, the Special Assistance Fund, the Student Housing Fund and the Co-op Programs Agency Fund.

##### a) National Endowment Fund

The National Endowment Fund was established with that portion of sector support contributions from federally funded housing co-operatives exceeding 1/2 of 1% of the project capital costs of the contributing co-operative. The principal portion of this fund may only be encumbered or spent by resolution of the general membership. The federation has established a policy of setting the amount of income available from the fund for spending at a predetermined rate of the moving average fair value of the fund over a three-year period. For the year ended December 31, 2008, the rate was established at 5.5% (2007: 5.5%).

# CO-OPERATIVE HOUSING FEDERATION OF CANADA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008

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### 4. INTERNALLY RESTRICTED FUNDS (continued)

#### b) Ontario Endowment Fund

The Ontario Endowment Fund was established with a portion of sector support contributions received from housing co-operatives funded under Ontario government programs. The principal portion of this fund may only be encumbered or spent by resolution of the Ontario members of the federation. The federation has established a policy of setting the amount of income available from the fund for spending on Ontario programs at a predetermined rate of the moving average fair value of the fund over a three-year period. For the year ended December 31, 2008, the rate was established at 5.5% (2007: 5.5%).

#### c) Risk Underwriting Fund

The Risk Underwriting Fund was established to guarantee loans on behalf of housing co-operatives. The maximum principal amount that may be guaranteed is the lesser of \$100,000 or 20% of the total amount of the fund. The federation is responsible for the first \$50,000 in losses in any financial year. Any losses in excess of \$50,000 are shared by fund participants in proportion to their share of deposits and indemnities in the fund. The total fund of \$478,678 (2007: \$510,814) is supported by participants' deposits held in trust, a deposit from the National Operating Fund and by indemnities from fund participants.

The total Risk Underwriting Fund was allocated as follows as at December 31:

	2008	2007
Balance of fund available	\$ 478,678	\$ 510,814
Deposit from National Operating Fund	(168,052)	(165,188)
Indemnities pledged	(200,000)	(217,000)
Due to fund participants	\$ 110,626	\$ 128,626

#### d) Special Assistance Fund

The Special Assistance Fund provides working capital loans and loan guarantees to members of the federation that are not housing co-ops.

The loans receivable of \$33,924 as at December 31, 2008 (2007: \$44,702) have been reduced by an allowance for doubtful loans of \$11,048 (2007: \$10,732).

As at December 31, 2008, there were no loan guarantees outstanding (2007: nil).

## CO-OPERATIVE HOUSING FEDERATION OF CANADA

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008

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#### 7. MMAH PARTNERSHIP AGREEMENT

	2008	2007
Revenue from administration fees and funding for development costs	\$ 50,391	\$ 95,966
Expenses and developments costs	(37,018)	(34,013)
Net revenue from MMAH Partnership Agreement	\$ 13,373	\$ 61,953

#### 8. CORPORATE AFFAIRS - ANNUAL GENERAL MEETING

	2008	2007
Revenue from registrations and sponsor contributions	\$ 569,287	\$ 435,402
Expenses	(860,286)	(731,509)
Net annual general meeting expenses included in expenses under corporate affairs	\$ (290,999)	\$ (296,107)

#### 9. NET CHANGE IN UNRESTRICTED FUNDS INVESTED IN CAPITAL ASSETS

	National Operating Fund	Ontario Operating Fund	Total 2008
Purchase of capital assets	\$ 50,656	\$ 31,173	\$ 81,829
Amortization of capital assets	(101,767)	(46,377)	(148,144)
Net change	\$ (51,111)	\$ (15,204)	\$ (66,315)

#### 10. RESERVES - NATIONAL AND ONTARIO OPERATING FUND

The federation has created reserves through the transfer of funds from the National Operating Fund balance and the receipt of external contributions to fund expenditures related to regional education programs, lobbying, co-operative housing staff development programs, assisting co-ops with premature building envelope failure, special initiatives in support of long-term strategic purposes and contingencies arising from future operating requirements, assisting co-ops with legal matters and providing guarantees for housing co-op microfunding in Africa.

The Ontario Region of the federation has created reserves through the transfer of funds from its Operating Fund balance to fund contingencies arising from future operating requirements and expenditures related to co-operative housing staff development programs.

**CO-OPERATIVE HOUSING FEDERATION OF CANADA**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2008**

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**11. CAPITAL ASSETS**

	Cost	Accumulated amortization	2008	2007
<b>National</b>				
Photocopier	\$ 39,290	\$ 31,432	\$ 7,858	\$ 15,716
Leasehold improvements	156,177	129,250	26,927	48,469
Furniture and equipment	237,265	156,365	80,900	112,444
Computer equipment	84,362	48,721	35,641	38,460
Computer software	65,630	29,915	35,715	23,062
	<b>582,724</b>	<b>395,683</b>	<b>187,041</b>	<b>238,151</b>
<b>Ontario</b>				
Photocopier	28,476	25,629	2,847	8,542
Leasehold improvements	67,905	41,906	25,999	35,749
Furniture and equipment	116,288	77,985	38,303	52,738
Computer equipment	39,703	15,075	24,628	12,185
Computer software	19,600	9,105	10,495	8,263
	<b>271,972</b>	<b>169,700</b>	<b>102,272</b>	<b>117,477</b>
	<b>\$ 854,696</b>	<b>\$ 565,383</b>	<b>\$ 289,313</b>	<b>\$ 355,628</b>

**12. COMMITMENTS**

The federation is committed under four long-term leases and must pay minimum base rent for the rental of its office spaces as follows, plus additional rent for its proportionate share of operating costs:

Office Location	Expiry Date	Minimum Total Base Rent
Ottawa	March 31, 2010	\$ 60,592
Vancouver	February 28, 2013	\$ 72,762
Ontario Region Office	August 31, 2011	\$ 110,959
Nova Scotia	April 30, 2009	\$ 4,200

**13. CONTINGENCIES**

The federation has become involved in litigations either in support of co-operatives or as a party. Management is of the opinion that these litigations will result in no damages being assessed against the federation. Should any damages eventually be awarded against the federation, they will be recognized in the period awarded.

**14. BUDGET**

The budget figures presented in the consolidated financial statements were provided by the federation and have not been audited.

# CO-OPERATIVE HOUSING FEDERATION OF CANADA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008

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### 15. FINANCIAL INSTRUMENTS

#### Credit risk

In the normal course of its operations, the federation monitors the financial situation of its members with respect to their capacity to meet their financial obligations to the federation. The federation establishes allowances for doubtful accounts while keeping in mind the specific credit risk of members, their historic tendencies and economic situation. Approximately 49% of the accounts receivable are to be received from two organizations. The federation considers that there is no significant credit risk arising from this situation.

#### Currency risk

The federation holds some of its cash and investments in U.S. dollars. Consequently, it is exposed to fluctuations of this currency. As at December 31, 2008, assets include cash of \$25,873 (2007: \$5,852) and investments of \$356,703 (2007: \$395,714) in U.S. dollars, which have been converted into Canadian dollars in the consolidated financial statements.

#### Fair value

The carrying value of cash, accounts receivable, loans receivable, as well as accounts payable and accrued liabilities, loan payable and due to fund participants approximates their fair value, given their short-term maturities.

#### Investment securities

##### *Internally restricted - Risk Underwriting Fund*

Investment securities held in the Risk Underwriting Fund comprise debt securities that the federation purchases with the intention of holding until maturity. Therefore, debt securities are recorded at amortized cost. Any gains or losses on disposal of these securities are recorded in the year they are realized.

	2008 Amortized Cost	2007 Amortized Cost
<b>Investment securities (term of maturity within 1 year)</b>		
Issued or guaranteed by		
- Government of Canada	\$ 80,814	\$ 80,667
- Canadian provincial governments	125,483	125,186
Corporate debt	73,143	73,134
	<b>\$ 279,440</b>	<b>\$ 278,987</b>

## CO-OPERATIVE HOUSING FEDERATION OF CANADA

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008

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#### 15. FINANCIAL INSTRUMENTS (continued)

##### *Other Funds*

Investment securities held in the Operating and Endowment Funds comprise equity and debt securities that the federation categorizes as held-for-trading and records at fair value.

	Term of maturity			2008 Fair Value	2007 Fair Value
	Within 1 year	1 to 5 years	Over 5 years		
<b>Investment securities</b>					
Issued or guaranteed by					
- Government of Canada	\$ 372,642	\$ 1,256,611	\$ 206,469	\$ 1,835,722	\$ 2,131,120
- Canadian provincial governments	-	527,895	122,916	650,811	598,295
Corporate debt	3,951,250	720,545	610,351	5,282,146	4,696,120
Corporate equity	-	-	7,198,605	7,198,605	7,794,775
Mutual fund	181,459	-	719,056	900,515	838,112
	<b>\$ 4,505,351</b>	<b>\$ 2,505,051</b>	<b>\$ 8,857,397</b>	<b>\$ 15,867,799</b>	<b>\$ 16,058,422</b>

#### 16. THE AGENCY FOR CO-OPERATIVE HOUSING

The federation is the sole member of The Agency for Co-operative Housing and appoints all of the Agency's Board of Directors. The Agency is incorporated under the *Canada Cooperatives Act*. The assets, liabilities and results of operations of the Agency are not included in these consolidated financial statements.

The summary of the audited financial statements of the Agency is as follows:

	2008	2007
<b>Statement of financial position</b>		
Assets	\$ 2,923,628	\$ 3,155,806
Liabilities	\$ 1,990,412	\$ 1,957,464
Fund balances	\$ 933,216	\$ 1,198,342
<b>Statement of operations</b>		
Revenue	\$ 5,248,982	\$ 5,152,718
Expenses	\$ 5,514,108	\$ 5,264,328

#### 17. COMPARATIVE FIGURES


Certain comparative figures have been reclassified to be consistent with the current year's presentation.

**CO-OPERATIVE HOUSING FEDERATION OF CANADA**

**CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES - RESERVES**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

	National Operating Fund		Ontario Operating Fund		Total	
	Budget	Actual	Budget	Actual	2008	2007
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 2,605,913	\$ 2,605,913	\$ 998,373	\$ 998,373	\$ 3,604,286	\$ 2,978,987
Transfers to reserves (page 3)	20,200	120,420	(246,200)	-	120,420	882,291
	2,626,113	2,726,333	752,173	998,373	3,724,706	3,861,278
Contributions	10,000	52,313	-	-	52,313	17,424
Expenses	(290,245)	(105,560)	(1,096)	(1,554)	(107,114)	(274,416)
Net expenses	(280,245)	(53,247)	(1,096)	(1,554)	(54,801)	(256,992)
<b>BALANCE, END OF YEAR</b>	\$ 2,345,868	\$ 2,673,086	\$ 751,077	\$ 996,819	\$ 3,669,905	\$ 3,604,286

 **MARCIL LAVALLÉE**

**CO-OPERATIVE HOUSING FEDERATION OF CANADA**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION – INTERNALLY RESTRICTED FUNDS**

DECEMBER 31, 2008

	National Endowment Fund (note 4(c))	Ontario Endowment Fund (note 4(b))	Risk Underwriting Fund (note 4(c))	Special Assistance Fund (note 4(d))	Student Housing Fund (note 4(e))	Co-op Programs Agency Fund (note 4(f))	Total	
							2008	2007
<b>ASSETS</b>								
<b>CURRENT ASSETS</b>								
Cash	\$ -	\$ -	\$ 3,920	\$ -	\$ -	\$ -	\$ 3,920	\$ 118,889
Bonds, treasury bills and other securities								
- Held-to maturity (fair value \$281,208; 2007: fair value \$ nil)	-	-	279,440	-	-	-	279,440	-
- Held-for-trading (cost \$ nil; 2007: cost \$671,740)	-	-	-	-	-	-	-	666,965
Accounts receivable	-	-	-	-	-	-	-	-
Loan receivable	-	-	-	22,876	-	-	22,876	33,970
Interfund receivable (payable)	3,691,669	5,423,695	(1,012)	249,659	103,321	-	9,467,332	356,251
	3,691,669	5,423,695	282,348	272,535	103,321	-	9,773,568	1,176,075
<b>LONG-TERM INVESTMENTS</b>								
- Held-to-maturity (fair value \$ nil; 2007: fair value \$278,967)	-	-	-	-	-	-	-	278,987
- Held-for-trading (cost \$ nil; 2007: cost \$8,750,152)	-	-	-	-	-	-	-	8,614,295
	\$ 3,691,669	\$ 5,423,695	\$ 282,348	\$ 272,535	\$ 103,321	\$ -	\$ 9,773,568	\$ 10,069,357
<b>LIABILITIES</b>								
<b>CURRENT LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 3,670	\$ -	\$ -	\$ -	\$ 3,670	\$ 4,333
Loan payable	-	-	-	-	-	300,000	300,000	300,000
Due to fund participants	-	-	110,626	-	-	-	110,626	128,626
	-	-	114,296	-	-	300,000	414,296	432,959
<b>FUND BALANCES</b>	3,691,669	5,423,695	168,052	272,535	103,321	(300,000)	9,359,272	9,636,398
	\$ 3,691,669	\$ 5,423,695	\$ 282,348	\$ 272,535	\$ 103,321	\$ -	\$ 9,773,568	\$ 10,069,357

**MARCIL LAVALLÉE**

**CO-OPERATIVE HOUSING FEDERATION OF CANADA**

**CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES – INTERNALLY RESTRICTED FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	National Endowment Fund (note 4(a))	Ontario Endowment Fund (note 4(b))	Risk Underwriting Fund (note 4(c))	Special Assistance Fund (note 4(d))	Student Housing Fund (note 4(e))	Co-op Programs Agency (note 4(f))	Budget (note 14)	Total
								2008
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 3,674,133	\$ 5,716,786	\$ 165,188	\$ 271,713	\$ 108,578	\$ (300,000)	\$ 9,636,398	\$ 9,502,635
Adjustment following changes in accounting policies relative to financial instruments, applied retrospectively without restatement to previous years	-	-	-	-	-	-	-	79,266
Revenue	126,284	196,492	11,766	1,138	3,732	-	383,800	397,850
Unrealized losses on held-for-trading financial investments	(212,811)	(331,124)	-	-	(6,289)	-	127,000	(219,898)
Expenses	-	-	8,902	316	2,700	-	13,500	11,395
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	(86,527)	(134,632)	2,864	822	(5,257)	-	497,300	166,557
Interfund transfers	104,063	(158,459)	-	-	-	-	(509,000)	(112,060)
	17,536	(293,091)	2,864	822	(5,257)	-	(11,700)	54,497
<b>NET INCREASE (DECREASE) IN INTERNALLY RESTRICTED FUND BALANCE</b>	17,536	(293,091)	2,864	822	(5,257)	-	(11,700)	133,763
<b>BALANCE, END OF YEAR</b>	\$ 3,691,669	\$ 5,423,695	\$ 168,052	\$ 272,535	\$ 103,321	\$ (300,000)	\$ 9,624,698	\$ 9,359,272
								\$ 9,636,398

**MARCIL LAVALLÉE**