Calgary Housing Company is the largest residential landlord in the City of Calgary. We manage rental units and supplements for approximately 9,700 households.

9,700 Households

25,000 Residents

10,000 Children
Almost 10,000 Calgary kids woke up in a CHC-operated home today.

Affordability and availability of housing in Calgary is a concern – the majority of citizens believe affordable housing is important... another 91% believe The City should help fund it.

*Action Plan 2015-2018 Engagement Results Report*

Calgary Housing Company is a wholly-owned subsidiary of The City of Calgary.

CHC’s mandate is the management of housing units and programs providing affordable housing options to Calgarians not well-served by the open housing market.

CHC works in cooperation with The City of Calgary, The Province of Alberta and the Federal Government.

The work we do relies on funding from all levels of government in the form of capital investment, ongoing subsidies and supplements, and operating support.

The assets we manage are owned by CHC, The City and The Province.

As a community, we all have a vested interest in the availability of housing. When members of the community are unable to find adequate, affordable housing, it has a negative effect on us all - economically and socially.

When adequate housing is available, individuals and families have a foundation on which to build and thrive.

CHC acts on behalf of the citizens of Calgary to manage our response to this issue.

We strive to be professional in the management of these resources and compassionate in providing access and working with our tenants.
A Message from Board Chair Councilor Brian Pincott

The Calgary Housing Company Board of Directors is appointed by City Council to provide oversight and to set strategic direction. We are tasked to look at the big picture for Calgary and to make sure that Calgary Housing is meeting its mandate of providing affordable housing for Calgarians in need.

Providing well-managed, safe community housing remains a top priority that places Calgary Housing in a crucial role. We are, at our core, more than a “bricks and mortar” company. We are a people company. Ensuring that Calgarians have access to affordable housing is a foundation for community development and for the success of the individuals we serve.

2014 saw a continued increase in the demand for affordable housing across our city. Calgary remains an attractive destination for new Canadians as well as people from other provinces, drawn here for the opportunities of our robust economy. That increased demand from new Calgarians, coupled with the economic shifts towards the end of year, continues to apply pressure for Calgary Housing to find ways to meeting the increased demand for affordable housing. And, once again, we don’t see that demand subsiding in the near future.

Building on the company reorganization of 2013, the Calgary Housing Company Board of Directors underwent significant change and renewal. Building a solid Board of Directors to lead Calgary Housing forward was a key development for 2014. I am proud of, and confident in, the directors around the table. Through strategic planning work, the vision for Calgary Housing is clearly set on increasing the number of affordable housing units for Calgarians, and ensuring that the resident remains the central focus of the organization.

Going forward, Calgary Housing Company will need to meet the increasing need for affordable housing options for Calgarians in an environment of decreasing Federal and Provincial funding for affordable housing. This will require our organization to be nimble and find new ways of delivering housing that meets community needs. At the staff and board level, we have a solid foundation of people committed to serving their community. I am confident they are up to the challenges ahead.

I am proud of the Calgary Housing Company team and of our commitment to supporting Calgarians in need.

Calgary Housing Company Board of Directors

- Counc. Brian Pincott - Chair
- Counc. Sean Chu
- Counc. Evan Woolley
- Peter Cheung
- Holly DeSimone
- Lauretta Enders
- Moyez Somani
- Murray Tait
- Leslie Tamagi
- Katie Black - A/Director, CNS
- Beng Koay - City Treasurer

Our Organization

At the end of 2014, significant changes to the relationship between Calgary Housing Company and the City of Calgary were underway.

Calgary Housing Company was to remain a wholly-owned subsidiary of The City of Calgary but begin transitioning to become the Calgary Housing Business Unit within the Community Services & Protective Services department in 2015. Calgary Housing will continue to have two reporting channels - through administration to Council as a Business Unit and through our Board of Directors to the Shareholder, The City of Calgary as represented by Council.

Our Vision

Using housing as the foundation, we are people helping people achieve an enhanced quality of life for themselves and the community.

Our Mission

CHC serves the community by being best in:

• Delivering safe and affordable housing solutions to meet the needs of Calgarians not served by the marketplace;
• Advocating and coordinating support services;
• Fostering community inclusion and pride of home;
• Creating an environment that fosters opportunities for our residents to realize their full potential.
2014 was the midpoint year of the Calgary Housing Company 2013-2015 Business Plan. This plan was developed to guide the organization as it emerged from reorganization and worked toward the strategic goals articulated by our Board of Directors.

Though 2014 was witness to several significant changes and challenges, we were pleased to find that our strategic direction remained valid and that we were able to make progress on many of our key objectives.

The following pages articulate each of the Board’s five strategic priorities along with a sample of accomplishments in support of each priority.

## Strategic Direction

### one

**Become a self-sustaining organization**

In order to become more self-sustaining and less reliant on grants and funding, CHC needs to be nimble and responsive in all aspects of its business including financial, operational, asset management and decision making.

## Management Goal: Increase Organizational Effectiveness

CHC manages a complex system of properties and programs – more than 9,500 lease and supplement agreements, over 175 individual facilities and a monthly processing load of several hundred applications, 800 rent reviews and thousands of maintenance calls.

Finding efficiencies and maximizing resource utilization is both a challenge and an absolute necessity.

In this context, the Business Process Review (BPR) initiative had a two-fold goal: first, to achieve specific improvements in the turnover of units when one tenant vacates and another moves in; and second, to develop significant in-house expertise in Business Process Management.

### Unit Turn-Over Project

- Approximately 125 units are turned over each month
- Average turn over time was approximately 45 days

### Targets

- All unit turnovers completed within 30 days
- 75% of Social Housing units turned over within 14 days

### Benefits

- Maximize resource utilization
- Maximize revenue generation
- Ensure expedited access to units for new tenants

### Business Process Review

- Collaboration between Operations, Client Services, Strategic Services
- Input and collaboration from affected area and position
- Hands-on, subject matter experts worked to develop solutions

### 2014 achievements

- Completion of process-mapping
- Identification of bottlenecks and handoffs that create delays
- Redesign of a more effective, integrated process
- Completion of implementation plan for execution in Q1 2015
two

Strategic Direction

Clarify and enable stakeholder relationships

Opportunity exists to clarify roles and enhance working relationships with all of our varied stakeholders.

A new operating agreement needs to be established with the Government of Alberta. The governance relationship needs to be negotiated with The City.

Greater collaboration and awareness building with other housing providers and other agencies could lead to shared best practices and better access to services for clients.

Increased engagement with our communities and tenants would improve client service, as would greater transparency with the application process.

Management Goal: Enhance Client Service and Customer-centricity

Service to clients begins with their first contact - over the phone or at one of our three district office counters. Every day, an average of 200 clients come to those counters, more than 100 maintenance orders are received and routed and about 50 annual rent reviews are processed.

Once a client becomes one of our tenants, we want them to be successful in their tenancy. Our dedicated team of Tenant Support Workers work with tenants to link them to social services when they need supports to help them find success.

Engaging tenants through recycling programs, BBQs and picnics helps form strong communities and pride of home.

Tenant Support Interventions
September 2014 - February 2015

* Tenancy = Tenancy Concern/CHC Document Support/Arrears
** Mental Health = Mental Health/Hoarding/Addiction Issues
*** Financial = Income/Financial/Education/Employment

Average 223 total interventions/month

- Tenancy 29%
- Basic Needs 12%
- Maintenance 12%
- **Mental Health 10%
- Tenant Disputes 8%
- Safety 5%
- ***Financial 5%
- Illegal Activity 4%
- Domestic Violence 4%
- Medical Health 4%
- Child Welfare Application 2%
- Other 3%
- Document Support 2%
- Arrears 3%
Become industry experts

The Board itself needs to ensure ongoing expertise through succession planning and an effective Board appointment procedure.

Knowledge exchange through networking and by mining global and local expertise is essential to stay on top of the field.

New and different partnerships with corporations could enable major sponsorships and other sources of revenue. Providing our expertise on property management to smaller housing providers is another potential source of revenue that can benefit these organizations by enabling them to focus on the social issues.

Management Goal: Engage and Empower Employees

Nothing happens at Calgary Housing Company without our employees. The people here hold the experience, the expertise and the passion for delivering on our organization’s mission.

Ensuring their safety is our first priority.

CHC has maintained a strong record of safety and continues to strengthen this culture of safety through training programs, integration of our Occupational Health and Safety processes with the City and exploration of innovative responses to the challenges faced by our staff.

One exciting example of OH&S innovation was the development in 2014 of a dedicated OH&S section on the staff intranet. This comprehensive section provides staff members with everything they need to know to remain safe in the workplace. It includes policies, guidelines, procedures and forms. In 2014 this intranet site had a total of 446 visits and 1,380 page views.

2014 Skills Development

An important component of engaging and empowering employees is providing training opportunities. The following is a sample of staff training and skills development in 2014.

Health and Safety Training 2014

• Breakholds and Avoidance Techniques
• Cargo Securement
• Mental Health First Aid: Youth at Risk
• Office Ergonomics
• Leadership in Safety Excellence

Professional Development Training 2014

• Building Effective Workplace Relationships
• Residential Tenancies in Alberta Training
• Supervisory Leadership Development Program
• The Art of Writing Simply and Effectively for Business
• Alberta Child Services Training
Strategic Direction

four

Grow portfolio through asset management and development

Long-term planning that considers the entire lifecycle of our properties as well as appropriate reserves are needed to deal with the aging infrastructure. Increasing the proportion of units that follow the mixed funding model (combining social, affordable and low end of market) will generate a revenue stream to help fund operations and reserves.

Management Goal: Sustain Fiscal Responsibility

Understanding the condition of your assets is key to developing a long-term plan for sustaining them.

During 2014 our Asset and Infrastructure Management team completed Building Condition Assessments (BCAs) on all properties owned by CHC. BCAs encompass an evaluation of all components of a facility that impact life expectancy including Life Safety Systems (fire alarms, smoke detectors, fire suppression, etc.), Building Envelope and Mechanical Systems.

The result is a Facility Condition Index score that provides guidance for the 10-year capital plan as well as identifying immediate needs for improvement.

As a result of this process, building envelope improvements were undertaken on three facilities where deficiencies were identified. This resulted in an improvement of their Condition Index from Poor to Good. The “Good” index score indicates an expected usable life of 35+ years with proper ongoing maintenance.

Strategic Direction

five

Community building

Building greater acceptance from communities will require more engagement with neighbours in the communities, particularly during development or re-profiling of properties. A strong communications strategy that focuses on our tenants and their success stories will be a key foundation.

Management Goal: Build Understanding and Positive Image for CHC

In 2014 a Strategic Communications plan was prepared to guide the development of an active program of brand development, community engagement and internal communications.

The Strategy identified six actionable areas of focus as well as a comprehensive array of tactical opportunities for achieving concrete results.

1. Provide effective Communications Support for ongoing CHC operations and seek opportunities for continuous improvement.
2. Enhance communications to Applicants and Tenants.
3. Grow our ability to effectively respond to media inquiries, issues, public perception challenges.
4. Support development of Positive Culture within Calgary Housing Company.
5. Establish, grow and support positive brand awareness for Calgary Housing Company.
6. Establish communications systems, processes and protocols to support and enhance ongoing communications activity.
Who We Serve - Applicants

Waitlist Average
2011 to 2014

- Applicants on Waitlist: 3,395
- New Applications Per Month: 180
- Unit Turnover Volume Per Month: 125

Waitlist by Family Composition

- Single Parent Families: 39%
- Single (under 65): 32%
- Two Parent Families: 23%
- Couple: 3%
- Single Senior: 2%
- Couple Senior: 1%

Waitlist by Primary Income Source

- Working Income: 30%
- Social Assistance: 29%
- Other: 13%
- A.I.S.H: 9%
- Employment Insurance: 6%
- Pension: 6%
- Education: 5%
- Self Employment: 1%
- Worker Compensation: 2%

Unit Type Required by Applicants on Waitlist

- 1 Bedroom: 37%
- 2 Bedroom: 40%
- 3 Bedroom: 16%
- 4+ Bedroom: 7%

Unit Type Distribution in Current CHC Portfolios

- 1 Bedroom: 21%
- 2 Bedroom: 35%
- 3 Bedroom: 40%
- 4+ Bedroom: 4%
The Application Process

The need for affordable housing in Calgary is clear. The waitlist of applicants for housing has remained stable at approximately 3,300 for several years. This list represents current applications as any applications not updated after 12 months are removed from the system.

Who are the applicants? They represent a broad cross-section of our community; single adults, seniors, one- and two-parent families with children. Though many are receiving other forms of public assistance or support, almost 30 per cent of applicants have working income.

One of the most important processes at CHC is the intake and processing of applications and all the required support documents. Our staff are trained to assist applicants, many of whom face language barriers and other challenges that can make the process difficult. Once all documentation is collected, applicants are assessed to determine the severity of their circumstance and the particulars of their need.

When units become available, they are matched to applicants whose needs (location, number of bedrooms, etc.) align with the particular unit. Units are offered to those determined to be most in need, not first-come first-served. Approximately 125 units turn over and are offered each month.

From a CHC Leasing Agent: “There are different programs within the CHC and each program serves the needs of Calgarians with varying levels of income. As a Leasing Agent, I speak daily to applicants on the housing waitlist. These are people staying in shelters; young single mothers couch surfing from home to home; disabled men and women living on AISH and low income families struggling to put food on the table. I discover their housing needs and try to provide them a place they can call home.”
Who We Serve - Our Tenants

24,922 Housing Tenants

988 Seniors
14,071 Adults
6,718 Children 6-17
3,145 Pre-School Children

Tenant Family Composition

Tenant Primary Income Source

Tenants by Age

Average Length of Tenancy
Shannon was a long-time Calgary Housing resident who had unaddressed mental health issues that were creating major challenges with her level of comfort and security in her housing complex. Relationships with neighbours were deteriorating, and Shannon was feeling persecuted in her home. Her Calgary Housing Tenant Support Worker (TSW) worked with others in the company and in the community to get Shannon checked into the hospital to get the much needed help that she deserved.

Because of the complications with Shannon’s living situation, the problems with her neighbours and Shannon’s perceptions of risk to her safety and security, her TSW felt it was necessary to get Shannon to a new property upon release from the hospital. Various organizations were approached to house Shannon, but either the fit was not right, or her situation was not classified as an emergency and she would be placed on a 1-2 year waiting list.

CHC Property Managers and TSWs met to discuss Shannon’s situation and determine if they could place her in another CHC building that was smaller, had more singles and tenants with similar mental health challenges, and most importantly that was close to the district office of her TSW. Thanks to the hard work of this team, Shannon got the keys to her new place and has been on a positive path ever since.

“I don’t have the words to express how grateful I am. I have a second chance and I owe it to Calgary Housing’s TSW Tara and Property Manager Donna. They saved my life. I was so lucky to have their help. They truly care. It’s not just a job - their heart is in it.” ~ Shannon
Housing Programs

Social Housing

Social housing programs are designed to help low-income Calgarians who pay more than 30% of their income for housing. This program provides the deepest level of subsidy.

- Rent Geared to Income
- Income must be below Core Needs Income Threshold
- Minimum Monthly Rent: $120
- Annual income verification

13,000 tenants
4,230 Units of Housing

Affordable Housing

The Affordable Housing program is designed for Calgarians able to afford slightly more for rent but who still require rental assistance.

- Rent Geared to Income
- Income limits apply
- Minimum Monthly Rent: $350
- Annual income verification

1,900 Tenants
930 Units of Housing

Low End of Market

Low End of Market units are marketed to Calgarians who are close to being able to afford current private market rent levels.

- Rent approx. 10% below Market
- Income must be below Maximum Income Limit (MIL)
- Annual income verification

5,100 Tenants
1,980 Units of Housing

Rent and Income Definitions

Income Limits

There are two key sets of income limits used by Calgary Housing Company.

Core Needs Income Threshold (CNIT) is set annually by the Province and varies by municipality.

Maximum Income Limit (MIL) is a CHC-created limit set at a slightly higher level than CNIT and used as a ceiling income for programs not covered by CNIT. This limit is established as a CHC Board Policy and is not required by Federal or Provincial legislation or any operating agreements. It was implemented in the fall of 2011 when our Board of Directors determined that a lack of such a limit was not in the spirit of our Mission.

<table>
<thead>
<tr>
<th>Type of Suite</th>
<th>CNIT</th>
<th>MIL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bachelor</td>
<td>$35,500</td>
<td>$45,375</td>
</tr>
<tr>
<td>1-bedroom</td>
<td>$43,000</td>
<td>$56,350</td>
</tr>
<tr>
<td>2-bedroom</td>
<td>$51,000</td>
<td>$66,350</td>
</tr>
<tr>
<td>3-bedroom</td>
<td>$55,000</td>
<td>$74,000</td>
</tr>
<tr>
<td>4-bedroom</td>
<td>$58,500</td>
<td>$79,800</td>
</tr>
<tr>
<td>5+ bedroom</td>
<td>$61,500</td>
<td>$84,100</td>
</tr>
</tbody>
</table>

*2014 rates.

Program Exceptions

The programs administered by Calgary Housing Company are subject to both the Alberta Social Housing Act and the Residential Tenancies Act. Individual properties are also subject to program terms set out in the operating agreements for the specific property.

These agreements relate to the specific funding arrangements made with governments at the time of the project development. As such, there is a wide range of exceptions and variations to programs at different properties.

Additional exceptions and accommodations may also be applied to tenants involved in other government programs or receiving...
Responding to need across the housing spectrum

Rent Supplement

Rent Supplement is a set of programs which provide rental assistance to tenants housed with private landlords. Tenants must meet the same qualifying criteria as our applicants to the Social Housing program. The number of supplements available is determined by Provincial funding levels.

4,700 Tenants
2,500 Supplement Agreements

Applicants for affordable housing come with varying levels of need, urgency and personal circumstances. The programs CHC manages provide flexibility to meet these differing needs. The need for housing and the housing market as a whole are often viewed as a spectrum ranging from homelessness at one extreme to home ownership at the other. CHC works with members of our community across a portion of this spectrum, from those in need of deep subsidy to those almost able to participate in the regular housing market.

The structure of our programs affords the opportunity to help some households move along this spectrum from requiring deep subsidy to a reduced level of support and eventually on to participation in the regular rental or ownership market.

Rent Geared to Income (RGI)

Rent geared to income is a calculation based on the premise that housing costs should make up no more than 30 per cent of household income. In practice, rents in RGI-based programs are set at 30 per cent of qualifying income.

RGI is calculated for Social, Affordable and Rent Supplement tenants.

Figures quoted throughout this document are from Winter 2014 - Spring 2015. Numbers have been rounded to account for regular changes in tenant counts, program allocations, etc.
Calgary Housing Company manages approximately 7,000 physical housing units owned by the Company, the City of Calgary and the Province of Alberta.

Our inventory is broken into eight portfolios in three groups. The portfolios are organized based on ownership and funding models.

Rent Supplement agreements represent an additional 2,530 homes considered part of our inventory though the majority of these are private landlords rather than physical housing units under CHC management.

### CHC Funding & Ownership Portfolios

#### CalHome (Calgary Housing Company) Owned

<table>
<thead>
<tr>
<th>Type</th>
<th>Properties</th>
<th>Units</th>
<th>Subsidy Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Fixed Subsidy</td>
<td>22</td>
<td>1,021</td>
<td>CMHC Interest Subsidy</td>
</tr>
<tr>
<td>Provincial Fixed Subsidy</td>
<td>3</td>
<td>98</td>
<td>Provincial Interest Subsidy</td>
</tr>
<tr>
<td>CalHome Financed</td>
<td>11</td>
<td>442</td>
<td>No Subsidy</td>
</tr>
<tr>
<td>Public Non-Profit Agreement</td>
<td>8</td>
<td>210</td>
<td>Shared funding of Operating Deficits Federal (70%) &amp; Provincial (30%)</td>
</tr>
</tbody>
</table>

#### City-Owned

<table>
<thead>
<tr>
<th>Type</th>
<th>Properties</th>
<th>Units</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Calgary Partnership</td>
<td>21</td>
<td>1,085</td>
<td>Managed on Break Even on behalf of City</td>
</tr>
<tr>
<td>Corporate Residential Properties</td>
<td>13</td>
<td>427</td>
<td>Operating Surplus returned to City</td>
</tr>
<tr>
<td>City-Owned Community Housing</td>
<td>22</td>
<td>1,048</td>
<td>Shared funding of Operating Deficits Federal (50%), Provincial (40%) City (10%)</td>
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</table>

#### Provincially-Owned

<table>
<thead>
<tr>
<th>Type</th>
<th>Properties</th>
<th>Units</th>
<th>Notes</th>
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<tbody>
<tr>
<td>Provincially-Owned Community Housing</td>
<td>104</td>
<td>2,817</td>
<td>Province Funds Operating Deficits</td>
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</table>

### Property Types

<table>
<thead>
<tr>
<th>Type</th>
<th>Properties</th>
<th>Buildings</th>
<th>Notes</th>
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<tr>
<td>Townhouse</td>
<td>83</td>
<td>83</td>
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<tr>
<td>High Rise</td>
<td>20</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Walk-Up</td>
<td>32</td>
<td>32</td>
<td></td>
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<tr>
<td>Duplex-Triplex</td>
<td>54</td>
<td>54</td>
<td></td>
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<tr>
<td>Mobile Home</td>
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<td>2</td>
<td></td>
</tr>
<tr>
<td>Single Family</td>
<td>13</td>
<td>13</td>
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</tr>
</tbody>
</table>

Calgary Housing Company │ Annual Report 2014
Tenant Support

The Tenant Support Services Team is comprised of eight Tenant Support Workers (TSWs) and a supervisor - the Program and Support Services Coordinator (PSSC).

TSWs respond to tenants’ individual social needs by acting as community connections linking tenants to the most appropriate community based services and social supports that are able to provide the services, programs, tools and resources that best respond to their need. In this way, CHC works to assist tenants to maintain their housing, become better tenants, and enhance their quality of life by creating sustainable livelihoods.

TSWs provide short term intervention and limited supportive counseling to tenants. This is not a goals-based therapeutic relationship with tenants.

TSWs establish working agreements with service agencies to provide services to tenants inside CHC properties based on needs of tenants within the properties.

TSWs currently oversee Floor Representatives that are specifically placed in certain properties as a means of creating after hours support to tenants.

Partners & Programs

Calgary Housing Company engages the assistance of many agencies and programs throughout the City of Calgary to improve the lives of its tenants.

These include, but are not limited to:

Access Mental Health
AISH
Alberta Health Services
Alberta Seniors
Alberta Works
The Alex
Aspen
Attainable Homes
BowWest Resource Centre
Brenda Stratford
Calgary Catholic Immigration Society
Calgary Counseling Centre
The Calgary Distress Centre
Calgary Drop-In Centre
Calgary Humane Society
Calgary Immigrant Women’s Association
Calgary Interfaith Food Bank
Calgary Legal Guidance
Calgary Mediation
Calgary Native Women’s Shelter
Calgary Police Service
Calgary Public Library
Calgary Sexual Health Centre
Calgary Women’s Emergency Shelter
Canadian Mental Health Association
Care Connect
Care to Share
CARYA
The Centre for Newcomers
Child and Family Services
City of Calgary Community and Neighbourhood Services
CUPS
Deer Park United Church
Edgemont Community Association
Emergency Social Services
Families Matter

Feed a Need
Foothills Alliance Church
Good Food Box
Habitat for Humanity
Heart of the North East
Heartland
Homefront
HOPE team
Hull Family Services
Inn From the Cold
Jewish Family Services
The Kerby Centre
Legal Aid
Momentum
Mustard Seed
NeighbourLink
North Central Community Resource Centre
North of McKnight
Red Cross
The Salvation Army
Samaritan Club
SCOPE
The SHARP Foundation
YWCA – The Sheriff King
Silvera
The Society of Saint Vincent de Paul
SORCe
Southview Alliance Church
St. Anthony’s Parish
St. James School
Sunrise Community Link
Trinity Foundation
Vecova
The Way In
West Central Community Resource Centre
Women In Need Society
Wood’s Homes
Word of Life
YMCA
Connecting Those in Need

At Calgary Housing Company, we have a substantial responsibility as stewards of the resources put in our care. Our primary focus, however, has to be on the people for whom those resources are the safety net. We are constantly aware that, for many, that net may be the only thing between them and life on the street.

Our Tenant Support Workers (TSWs) are among the key staff in the field working to help many of our tenants to manage a variety of life’s challenges.

The work the TSWs do is enhanced by the support of local social agencies. Our TSWs help connect clients with a variety of support services in areas such as education and literacy, recreation, children’s programs, family programs, health and nutrition, parenting, arts and culture, social and community engagement, finance and employment services, and immigrant services.

Calgary Housing also partners directly with more than 20 organizations to provide year-round programming at resource centres located in our complexes. These partnerships are driven to support the diverse needs of our clients by empowering residents, facilitating community inclusion, building safe communities, encouraging strong community development, and building a foundation of trust and respect.

A Tenant’s Story: Anita became a resident of Calgary Housing’s Lumino South property after she was forced to flee her private residence due to assault. Upon signing her lease with Calgary Housing, Anita was introduced to the Tenant Support Worker who made several home visits to provide assistance with orientation, direct connections to counseling, furniture referrals, and donations pick-up to help Anita de-clutter her new home. A rapport was quickly established between Anita and her TSW, and she regularly checks in. Anita says she feels safe and that she “absolutely loves” her new home.
Financial Statements

Calhome Properties Ltd.

Operating as “Calgary Housing Company”
December 31, 2014
INDEPENDENT AUDITOR'S REPORT

To the Directors of
Calhome Properties Ltd.

We have audited the accompanying financial statements of Calhome Properties Ltd., which comprise the statement of financial position as at December 31, 2014, and the statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Calhome Properties Ltd. as at December 31, 2014, and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants
March 13, 2015
Calgary, Canada
# STATEMENT OF FINANCIAL POSITION
(Expressed in Thousand of Dollars)

As at December 31

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<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCIAL ASSETS</strong></td>
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<tr>
<td>Cash (Note 3)</td>
<td>25,314</td>
<td>25,661</td>
</tr>
<tr>
<td>Receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent and others</td>
<td>674</td>
<td>1,495</td>
</tr>
<tr>
<td>Senior governments</td>
<td>2,415</td>
<td>2,435</td>
</tr>
<tr>
<td>Asset Held for Sale</td>
<td>940</td>
<td>1,125</td>
</tr>
<tr>
<td></td>
<td>29,343</td>
<td>30,716</td>
</tr>
<tr>
<td><strong>FINANCIAL LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>5,375</td>
<td>6,261</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>2,121</td>
<td>2,011</td>
</tr>
<tr>
<td>Payable to senior government</td>
<td>2,069</td>
<td>3,931</td>
</tr>
<tr>
<td>Rent supplement advance (Note 4)</td>
<td>4,255</td>
<td>4,255</td>
</tr>
<tr>
<td>Tenants' security deposits</td>
<td>1,092</td>
<td>1,160</td>
</tr>
<tr>
<td>Mortgages payable (Note 5)</td>
<td>20,647</td>
<td>26,027</td>
</tr>
<tr>
<td>Employee benefit obligation (Note 6)</td>
<td>1,587</td>
<td>1,520</td>
</tr>
<tr>
<td></td>
<td>37,126</td>
<td>45,165</td>
</tr>
<tr>
<td><strong>NET DEBT</strong></td>
<td>7,783</td>
<td>14,449</td>
</tr>
<tr>
<td><strong>NON-FINANCIAL ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible capital assets (Note 7)</td>
<td>92,222</td>
<td>93,298</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>108</td>
<td>118</td>
</tr>
<tr>
<td></td>
<td>92,330</td>
<td>93,416</td>
</tr>
<tr>
<td><strong>ACCUMULATED SURPLUS (Note 10)</strong></td>
<td>84,547</td>
<td>78,967</td>
</tr>
</tbody>
</table>

See accompanying notes

On behalf of the Board

Chairman

President
### STATEMENT OF OPERATIONS
(Expressed in Thousand of Dollars)

For the year ended December 31

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent Revenue</td>
<td>48,825</td>
<td>49,978</td>
<td>47,462</td>
</tr>
<tr>
<td>Government transfers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shared cost agreements</td>
<td>15,766</td>
<td>15,933</td>
<td>14,106</td>
</tr>
<tr>
<td>Conditional grants and restricted funds</td>
<td>600</td>
<td>637</td>
<td>663</td>
</tr>
<tr>
<td>Debt interest rebates</td>
<td>185</td>
<td>180</td>
<td>201</td>
</tr>
<tr>
<td>Rent supplement</td>
<td>24,170</td>
<td>19,591</td>
<td>21,133</td>
</tr>
<tr>
<td>Interest income</td>
<td>323</td>
<td>381</td>
<td>352</td>
</tr>
<tr>
<td>Insurance recoveries <em>(Note 11)</em></td>
<td>-</td>
<td>1,299</td>
<td>1,516</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>492</td>
<td>982</td>
<td>871</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>90,361</td>
<td>88,981</td>
<td>86,304</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>11,454</td>
<td>11,035</td>
<td>9,704</td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>2,860</td>
<td>2,873</td>
<td>2,779</td>
</tr>
<tr>
<td>Debt servicing</td>
<td>738</td>
<td>727</td>
<td>884</td>
</tr>
<tr>
<td>Maintenance</td>
<td>15,337</td>
<td>17,042</td>
<td>13,929</td>
</tr>
<tr>
<td>Property operations</td>
<td>12,898</td>
<td>12,383</td>
<td>12,039</td>
</tr>
<tr>
<td>Rent supplement payments</td>
<td>24,170</td>
<td>19,591</td>
<td>21,133</td>
</tr>
<tr>
<td>Taxes and leases</td>
<td>7,080</td>
<td>6,574</td>
<td>6,620</td>
</tr>
<tr>
<td>Utilities</td>
<td>9,510</td>
<td>9,916</td>
<td>8,953</td>
</tr>
<tr>
<td>Insurance expenses <em>(Note 11)</em></td>
<td>-</td>
<td>240</td>
<td>2,635</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>84,047</td>
<td>80,381</td>
<td>78,676</td>
</tr>
<tr>
<td><strong>EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS</strong></td>
<td>6,314</td>
<td>8,600</td>
<td>7,628</td>
</tr>
<tr>
<td><strong>OTHER ITEMS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return to The City of Calgary</td>
<td>(2,387)</td>
<td>(2,235)</td>
<td>(2,113)</td>
</tr>
<tr>
<td>Replacement reserve contribution <em>(Note 10)</em></td>
<td>(1,523)</td>
<td>(1,038)</td>
<td>85</td>
</tr>
<tr>
<td>Contribution to City Owned Community Housing</td>
<td>(600)</td>
<td>(600)</td>
<td>-</td>
</tr>
<tr>
<td>Insurance proceeds for capital</td>
<td>-</td>
<td>-</td>
<td>230</td>
</tr>
<tr>
<td>Revaluation adjustment of Asset Held for Sale</td>
<td>-</td>
<td>(185)</td>
<td>-</td>
</tr>
<tr>
<td>Gain from sale</td>
<td>-</td>
<td>-</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total Other Items</strong></td>
<td>(4,510)</td>
<td>(4,058)</td>
<td>(1,787)</td>
</tr>
<tr>
<td><strong>SURPLUS</strong></td>
<td>1,804</td>
<td>4,542</td>
<td>5,841</td>
</tr>
</tbody>
</table>
STATEMENT OF CASH FLOWS
(Expressed in Thousands of Dollars)

For the year ended December 31

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET INFLOW/(OUTFLOW) OF CASH RELATED TO FOLLOWING ACTIVITIES:</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus</td>
<td>4,542</td>
<td>5,841</td>
</tr>
<tr>
<td>Non-cash items:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>2,873</td>
<td>2,779</td>
</tr>
<tr>
<td>Gain on sale of assets held for sale</td>
<td>-</td>
<td>(11)</td>
</tr>
<tr>
<td>Revaluation adjustment</td>
<td>185</td>
<td>-</td>
</tr>
<tr>
<td>Transfer to reserves</td>
<td>1,038</td>
<td>67</td>
</tr>
<tr>
<td>Change in non-cash working capital (Note 13)</td>
<td>(1,808)</td>
<td>56</td>
</tr>
<tr>
<td></td>
<td>6,830</td>
<td>8,732</td>
</tr>
<tr>
<td><strong>CAPITAL ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Addition of tangible capital assets</td>
<td>(1,797)</td>
<td>(1,432)</td>
</tr>
<tr>
<td></td>
<td>(1,797)</td>
<td>(1,432)</td>
</tr>
<tr>
<td><strong>FINANCING AND INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayment of long term debt</td>
<td>(5,380)</td>
<td>(5,235)</td>
</tr>
<tr>
<td>Asset held for sale</td>
<td>-</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>(5,380)</td>
<td>(5,224)</td>
</tr>
<tr>
<td><strong>NET (DECREASE)/INCREASE IN CASH DURING THE YEAR</strong></td>
<td>(347)</td>
<td>2,076</td>
</tr>
<tr>
<td><strong>CASH, BEGINNING OF YEAR</strong></td>
<td>25,661</td>
<td>23,585</td>
</tr>
<tr>
<td><strong>CASH, END OF YEAR</strong></td>
<td>25,314</td>
<td>25,661</td>
</tr>
</tbody>
</table>
### Statement of Change in Net Debt

(Expressed in Thousand of Dollars)

For the year ended December 31

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ANNUAL SURPLUS</strong></td>
<td>1,804</td>
<td>4,542</td>
<td>5,841</td>
</tr>
<tr>
<td><strong>TANGIBLE CAPITAL ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additions</td>
<td>(8,165)</td>
<td>(1,797)</td>
<td>(1,432)</td>
</tr>
<tr>
<td>Contribution to/(from) replacement reserves</td>
<td>1,523</td>
<td>1,038</td>
<td>-</td>
</tr>
<tr>
<td>Transfer to operating</td>
<td>-</td>
<td>-</td>
<td>246</td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>2,860</td>
<td>2,873</td>
<td>2,779</td>
</tr>
<tr>
<td></td>
<td>(3,782)</td>
<td>2,114</td>
<td>1,593</td>
</tr>
<tr>
<td><strong>OTHERS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease/(Increase) in prepaid expenses</td>
<td>-</td>
<td>10</td>
<td>(8)</td>
</tr>
<tr>
<td>Contribution from reserves</td>
<td>-</td>
<td>-</td>
<td>(178)</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>10</td>
<td>(186)</td>
</tr>
<tr>
<td><strong>DECREASE/(INCREASE) IN NET DEBT</strong></td>
<td>(1,978)</td>
<td>6,666</td>
<td>7,248</td>
</tr>
<tr>
<td><strong>NET DEBT, BEGINNING BALANCE</strong></td>
<td>14,449</td>
<td>14,449</td>
<td>21,697</td>
</tr>
<tr>
<td><strong>NET DEBT, ENDING BALANCE</strong></td>
<td>16,427</td>
<td>7,783</td>
<td>14,449</td>
</tr>
</tbody>
</table>
NOTES TO FINANCIAL STATEMENTS
(Expressed in thousands of Dollars)

For the year ended December 31, 2014

1. NATURE OF THE BUSINESS

Calhome Properties Ltd. [the "Company"], a private not-for-profit corporation, is wholly-owned by The City of Calgary [the "City"] and was incorporated June 16, 1978 under the Business Corporations Act of The Province of Alberta. As at April 1, 2001, the Company assumed the trade name of Calgary Housing Company ["CHC"].

The Company delivers safe and affordable housing solutions to Calgarians under agreements with the City, The Province of Alberta [the "Province"], and Canada Mortgage and Housing Corporation ["CMHC"] which provide subsidies for certain projects. Since its inception, the Company has assumed ownership and/or management of Portfolios under different agreements. The following is a brief description of the portfolios:

**CHC Federal Fixed Subsidy Portfolio**

This portfolio consists of 1,021 units owned and managed by the Company. CMHC subsidizes the interest payments on the mortgages of these properties so that the effective rate of interest to the Company is 2% per annum. The Company has received authorization to maintain a replacement reserve for this portfolio. In the event the maximum federal assistance received (debt interest rebate) exceeds the actual required, the excess federal assistance received shall be refundable to CMHC. The net surplus and/or losses are the responsibility of the Company.

**CHC Provincial Fixed Subsidy Portfolio**

This portfolio consists of 98 units owned and managed by the Company. The portfolio operates on the same basis as the Federal Fixed Subsidy Portfolio, with the exception that the subsidy is received from the Province. The Company has received authorization to maintain a replacement reserve for this portfolio. The Company is responsible for net operating results.

**CHC Public Non-Profit Portfolio**

This portfolio consists of 210 units owned by the Company. By agreement, the Federal and Provincial governments share the operating deficits at the ratio of 70% and 30% respectively with the exception of the Lincoln Park Fanning Centre which receives a subsidy in an amount required to reduce debt financing costs to 2% per annum.
NOTES TO FINANCIAL STATEMENTS
(Expressed in thousands of Dollars)

For the year ended December 31, 2014

Calhome Financed Portfolio

This portfolio is comprised of 443 units owned by the Company with no direct subsidy from any governmental agency.

City Owned Community Housing Portfolio

This portfolio consists of 1,048 units owned by the City and managed by the Company. Any operating surpluses or losses are refunded or subsidized 50%, 40%, and 10% respectively by federal, provincial, and municipal governments under joint agreement.

City of Calgary Partnership Portfolio

This portfolio consists of 1085 units owned by The City of Calgary. The Company manages a variety of affordable housing units on behalf of the City. The Company is authorized to maintain a replacement reserve for this portfolio. This portfolio receives no subsidy and the net operating results are the responsibility of the City.

Corporate Properties Residential Units Portfolio

This portfolio consists of 424 units owned by The City of Calgary. The Company manages these housing units on behalf of the City. This portfolio receives no subsidy and the net operating results are the responsibility of the City.

Provincial Owned Community Housing Portfolio

This portfolio consists of 2,817 units owned by the Province of Alberta. The Company assumed the management of this portfolio owned by the Province in 2001. The Province will fund or be refunded any losses or surpluses on a fiscal year basis.

Rent Supplement Portfolio

This portfolio is a provincial government program administered by the Company for which the Company receives reimbursement of administration fees incurred and rental subsidies paid to the private landlords and tenants.
NOTES TO FINANCIAL STATEMENTS  
(Expressed in thousands of Dollars)

For the year ended December 31, 2014

Great Plains Project

In October 2013, the Company undertook the management of Great Plains project on behalf of the Province. This project is a temporary housing solution for flood victims. The Company is responsible for leasing and rent collection. The Province will cover administration costs associated with the management of this site. The project was completed in 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company are prepared in accordance with public sector accounting standards (“PSAS”) for local government organizations as established by the Public Sector Accounting Board of the Chartered Professional Accountants Canada.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods and services and/or the legal obligation to pay.

Revenue

Rents charged to tenants are based on rent-to-income policies or affordable rates outlined in the agreements with The Province, CMHC and the City and are recorded on an accrual basis. Rental revenue includes rents and other sundry revenues.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired. Government transfers and earnings thereon restricted by agreement or legislation are accounted for as refundable to senior government until used for the purpose specified.
NOTES TO FINANCIAL STATEMENTS
(Expressed in thousands of Dollars)

For the year ended December 31, 2014

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They generally have useful lives extending beyond the current year. Non-financial assets include tangible capital assets and prepaid expenses. The change in non-financial assets during the year, together with the excess of revenues over expenditures, provides the information presented in the Statement of Net Debt for the year.

[i] Tangible Capital Assets

Tangible capital assets are recorded at historical cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

<table>
<thead>
<tr>
<th>Assets</th>
<th>YEARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>-</td>
</tr>
<tr>
<td>Buildings</td>
<td>50-75</td>
</tr>
<tr>
<td>Building Betterments</td>
<td>5-75</td>
</tr>
<tr>
<td>Leasehold Improvement</td>
<td>5-10</td>
</tr>
<tr>
<td>Computer System</td>
<td>5</td>
</tr>
<tr>
<td>Furniture</td>
<td>20</td>
</tr>
<tr>
<td>Vehicles</td>
<td>10</td>
</tr>
</tbody>
</table>

Assets under construction are not amortized until the asset is available for productive use.
NOTES TO FINANCIAL STATEMENTS
(Expressed in thousands of Dollars)

For the year ended December 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

[ii] Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

Revenue producing properties are reviewed periodically for any indication of impairment. If it is determined that impairment exists, the carrying value of the revenue producing properties will be reduced to their estimated fair value as determined by third party appraisals.

Asset Held for Sale

Asset held for sale is comprised of land held with the intention to sell to fund future affordable housing initiatives. The asset held for sale is the land donated by The City of Calgary located at 515 4A St NE which is referred to as Independence House.

Replacement Reserve

The Replacement Reserve is funded by a charge against operating surplus. The Province, the City and CMHC determine an annual provision for the Replacement Reserve for certain projects. Disposition of the reserve, other than for replacement costs, is subject to the approval or direction of the Province, the City and CMHC.

Disposition of funds in the reserve related to the Public Non-Profit Portfolio requires approval from the Province regardless of the nature or the amount.

General Administration

General administration expenditures are allocated to projects based on the ratio of the number of units in each project to the total number of units managed by the Company.
NOTES TO FINANCIAL STATEMENTS
(Expressed in thousands of Dollars)

For the year ended December 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The financial statements are prepared in accordance with PSAS, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the statement of financial position date and the reported amounts of revenue and expenses during the year. Significant estimates include the provision for asset impairment, useful lives of tangible capital assets, accrued liabilities and allowance for doubtful accounts. Actual results could differ from those estimates.

Goods and Services Tax

The Company has been granted the status of a municipality for purposes of the Goods and Services Tax and receives the municipal rebate on all the Goods and Services Tax paid.

3. CASH

The Company holds bank accounts in conjunction with the City, so as to maximize interest earned on the cash balances. The cash held at the City is available for use in the Company’s operations. Included in cash is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tenants’ security deposits</td>
<td>1,092</td>
<td>1,160</td>
</tr>
<tr>
<td>Rent supplement fund advance</td>
<td>4,255</td>
<td>4,255</td>
</tr>
<tr>
<td>Replacement reserve fund</td>
<td>7,099</td>
<td>6,061</td>
</tr>
<tr>
<td>Operating reserve fund</td>
<td>536</td>
<td>536</td>
</tr>
<tr>
<td>Deferred reserve fund</td>
<td>9,614</td>
<td>9,614</td>
</tr>
<tr>
<td></td>
<td>22,596</td>
<td>21,626</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>2,718</td>
<td>4,035</td>
</tr>
<tr>
<td></td>
<td>25,314</td>
<td>25,661</td>
</tr>
</tbody>
</table>
NOTES TO FINANCIAL STATEMENTS  
(Expressed in thousands of Dollars)

For the year ended December 31, 2014

4. RENT SUPPLEMENT ADVANCE

The Rent Supplement Portfolio operates on the basis of the Province reimbursing the Company for the rental subsidies paid to private landlords and tenants, and an administration fee. All payments to landlords, tenants and administration costs are reported as expenses with an equal amount reported as rent supplement revenue. Any unused government transfers are reported as advance funding.

5. MORTGAGES PAYABLE

Mortgages in the amount of $9,401 [2013 - $13,191] are for the fixed subsidy projects. These mortgages have interest rates, before the senior government interest subsidy, varying from 1.46% to 6.45% per annum [2013 – from 1.46% to 6.45% per annum]. The effective interest rates to the Company after subsidy, average 2% per annum over the mortgage term to renewal.

The remaining mortgages are in the amount of $11,246 [2013 - $12,836]. These mortgages have interest rates varying from 1.64% to 4.52% per annum [2013 – from 1.64% to 4.52% per annum].

The mortgages payable schedule is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>5,439</td>
</tr>
<tr>
<td>2016</td>
<td>4,103</td>
</tr>
<tr>
<td>2017</td>
<td>3,050</td>
</tr>
<tr>
<td>2018</td>
<td>1,703</td>
</tr>
<tr>
<td>2019</td>
<td>1,170</td>
</tr>
<tr>
<td>Thereafter</td>
<td>5,182</td>
</tr>
<tr>
<td></td>
<td>20,647</td>
</tr>
</tbody>
</table>

Related land and buildings have been pledged as collateral for mortgages payable. The net book value of land and buildings pledged amount to $86,567 [2013 - $87,918] as at December 31, 2014.
NOTES TO FINANCIAL STATEMENTS  
(Expressed in thousands of Dollars)

For the year ended December 31, 2014

6. EMPLOYEE BENEFIT OBLIGATION

The Company does not pay honoraria to its Board members.

The Company is administered by employees of the City. The employee benefit obligation represents the vacation and overtime that the employees are deferring to future years.

The City employees are members of the Local Authorities Pension Plan (“LAPP”). LAPP is a multi-employer benefit plan. This plan is governed by the Public Sector Pension Plans Act. The LAPP reported a deficiency (extrapolation results of the actuarial valuation) of $4.86 billion in 2013 [2012 - $4.98 billion].

The LAPP requires members and employers make contributions to the pension plan. Yearly maximum pensionable earning (“YMPE”) contribution rates are shared between members, and the rates for the current period are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members' Rate up to YMPE</td>
<td>10.39%</td>
</tr>
<tr>
<td>Members' Rate over YMPE</td>
<td>14.84%</td>
</tr>
<tr>
<td>Employers' Rate up to YMPE</td>
<td>11.39%</td>
</tr>
<tr>
<td>Employers' Rate over YMPE</td>
<td>15.84%</td>
</tr>
</tbody>
</table>

The current service contributions by the Company, as reflected in ‘Administration’ and ‘Property Operations’ to the LAPP, were $1,565 [2013 $1,419]. The current service contributions by the employees allocated to the Company to the LAPP were $1,550 [2013 $1,405].
NOTES TO FINANCIAL STATEMENTS
(Expressed in thousands of Dollars)

For the year ended December 31, 2014

7. TANGIBLE CAPITAL ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th></th>
<th>2013</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accumulated Depreciation</td>
<td>Net Book</td>
<td>Accumulated Depreciation</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Building</td>
<td>85,521</td>
<td>(45,802)</td>
<td>39,719</td>
<td>85,521</td>
</tr>
<tr>
<td>Building Betterment</td>
<td>27,271</td>
<td>(3,975)</td>
<td>23,296</td>
<td>26,089</td>
</tr>
<tr>
<td>Total</td>
<td>140,547</td>
<td>(49,777)</td>
<td>90,770</td>
<td>139,365</td>
</tr>
<tr>
<td>Systems</td>
<td>2,252</td>
<td>(1,945)</td>
<td>307</td>
<td>2,121</td>
</tr>
<tr>
<td>Leasehold Improvements</td>
<td>815</td>
<td>(110)</td>
<td>705</td>
<td>319</td>
</tr>
<tr>
<td>Vehicles</td>
<td>128</td>
<td>(82)</td>
<td>46</td>
<td>87</td>
</tr>
<tr>
<td>Furniture</td>
<td>259</td>
<td>(259)</td>
<td>-</td>
<td>259</td>
</tr>
<tr>
<td>Work in Progress</td>
<td>394</td>
<td>-</td>
<td>394</td>
<td>452</td>
</tr>
<tr>
<td>Total Tangible Capital Asset</td>
<td>144,395</td>
<td>(52,173)</td>
<td>92,222</td>
<td>142,603</td>
</tr>
</tbody>
</table>

8. SHARE CAPITAL

The Company is authorized to issue 100 shares with no par value for a maximum consideration of one dollar per share. The shares can be issued only to the City, its agent or successor and are not otherwise transferable. As at December 31, 2014 and 2013, one share was issued.
NOTES TO FINANCIAL STATEMENTS
(Expressed in thousands of Dollars)

For the year ended December 31, 2014

9. FINANCIAL INSTRUMENTS

Financial instruments consist of cash, rent and other receivables, senior government receivables, accounts payable and accrued liabilities, unearned revenue, payable to senior government, rent supplement advance, tenants’ security deposits, mortgages payable and employee benefit obligation. The carrying value of these financial instruments approximates their fair value. The estimated fair value approximates the amount for which the financial instruments could currently be exchanged in an arm's length transaction between willing parties who are under no compulsion to act. Certain financial instruments lack an available trading market, therefore fair value amounts should not be interpreted as being necessarily realizable in an immediate settlement of the instrument.

Interest Rate Risk

Interest rate risk reflects the sensitivity of the Company's financial results and condition to movements in interest rates. Interest rate risk is limited for fixed subsidy projects as the effective interest rate after application of senior government interest subsidies is 2% per annum. Interest rate risk for the remaining mortgages is managed through the staggering of mortgage renewals and locked in for longer terms through Alberta Capital Finance Authority.

Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and receivables. Cash is placed with major financial institutions in conjunction with the City. Concentrations of credit risk with respect to receivables are limited due to the large number of tenants and their dispersion across geographic areas within the City of Calgary.
NOTES TO FINANCIAL STATEMENTS
(Expressed in thousands of Dollars)

For the year ended December 31, 2014

10. ACCUMULATED SURPLUS

Accumulated surplus consist of restricted and unrestricted amounts and equity in tangible capital assets as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deficit</td>
<td>(4,277)</td>
<td>(4,515)</td>
</tr>
<tr>
<td>Replacement reserve</td>
<td>7,099</td>
<td>6,061</td>
</tr>
<tr>
<td>Operating reserve</td>
<td>536</td>
<td>536</td>
</tr>
<tr>
<td>Deferred capital contributions</td>
<td>9,614</td>
<td>9,614</td>
</tr>
<tr>
<td>Equity in tangible capital assets</td>
<td>71,575</td>
<td>67,271</td>
</tr>
<tr>
<td>Total</td>
<td>84,547</td>
<td>78,967</td>
</tr>
</tbody>
</table>

Deferred capital contributions represent capital contributions from third parties for a specified purpose which will be recognized as revenue or an increase in equity in tangible capital asset when the related expenditures are incurred.

Replacement reserve by portfolio is as follows.

<table>
<thead>
<tr>
<th>Portfolios</th>
<th>Calhome Owned</th>
<th>Public-Non Profit</th>
<th>City Partnership</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance - January 01, 2014</td>
<td>-</td>
<td>634</td>
<td>5,427</td>
<td>6,061</td>
</tr>
<tr>
<td>Replacement reserve contribution</td>
<td>980</td>
<td>58</td>
<td>-</td>
<td>1,038</td>
</tr>
<tr>
<td>Balance - December 31, 2014</td>
<td>980</td>
<td>692</td>
<td>5,427</td>
<td>7,099</td>
</tr>
</tbody>
</table>

11. INSURANCE RECOVERIES AND INSURANCE EXPENSES

Insurance recoveries represent insurance claims received during the year. Insurance recoveries are recognized as revenue when received. Insurance expenses are the costs occurred to pay third party contractors during the year. The insurance claims will be made by the Company to recover the insurance expenses but may be processed during the current year or in later years.
NOTES TO FINANCIAL STATEMENTS
(Expressed in thousands of Dollars)

For the year ended December 31, 2014

12. LEASE COMMITMENTS

The Company has commitments for its leased premises and land leases. The approximate future minimum annual lease payments for the next five years are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Land</th>
<th>Office Space</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>98</td>
<td>367</td>
<td>465</td>
</tr>
<tr>
<td>2016</td>
<td>98</td>
<td>367</td>
<td>465</td>
</tr>
<tr>
<td>2017</td>
<td>98</td>
<td>367</td>
<td>465</td>
</tr>
<tr>
<td>2018</td>
<td>98</td>
<td>384</td>
<td>482</td>
</tr>
<tr>
<td>2019</td>
<td>98</td>
<td>352</td>
<td>450</td>
</tr>
<tr>
<td></td>
<td>490</td>
<td>1,837</td>
<td>2,327</td>
</tr>
</tbody>
</table>

13. CHANGES IN NON-CASH WORKING CAPITAL

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivables</td>
<td>841</td>
<td>(1,143)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(886)</td>
<td>(98)</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>110</td>
<td>(309)</td>
</tr>
<tr>
<td>Payable to senior government</td>
<td>(1,862)</td>
<td>1,755</td>
</tr>
<tr>
<td>Rent supplement advance</td>
<td>-</td>
<td>(325)</td>
</tr>
<tr>
<td>Tenants' security deposits</td>
<td>(68)</td>
<td>26</td>
</tr>
<tr>
<td>Employee benefit obligation</td>
<td>47</td>
<td>158</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>10</td>
<td>(8)</td>
</tr>
</tbody>
</table>
| (Decrease)/Increase in non-cash working capital | (1,808) | 56

14. RECLASSIFICATION OF PRIOR YEAR BALANCES

Certain comparative figures have been reclassified to adjust the presentation and classification of balances in the prior year’s financial statement presentation to conform to current year presentation.

15. APPROVAL OF FINANCIAL STATEMENTS

The Board and Management have approved these financial statements.
Challenges and Opportunities

The need for affordable housing options in Calgary persists and demand continues to exceed supply. The challenges faced by CHC result in large part from the current economic uncertainty and the unique complexities of the organization’s role.

There are, however, a number of opportunities that may have a positive impact on our ability to continue to provide housing options for those not served by the market.

Challenges

1. Funding Uncertainty
   - Governments are reducing the amount of funding provided to develop and manage housing.
   - Costs continue to increase and demand for affordable housing is not decreasing.
   - Maintenance funding for Provincially-owned properties is not keeping pace with inflation.
   - Agreements with the Federal Government for current social housing properties will begin to expire starting in 2021 and all will end by 2035.

2. Aging Housing Stock
   - More than 50% of the housing stock managed by CHC was constructed prior to 1981; more than 10% was built before 1971.
   - Maintenance costs continue to rise and end-of-life looms on some facilities.

Opportunities

1. Expiry of Operating Agreements
   - The expiry of operating agreements means mortgages on properties owned by CHC will be fully paid and there will be no restrictions regarding income and rent limits.
   - CHC will be able to more effectively manage rent levels, tenant mix and program distribution among facilities to make buildings self-sufficient and grow the portfolio.

2. Leveraging Relationships
   - CHC’s new status as a Business Unit within the City of Calgary’s Community Services & Protective Services department provides an exciting opportunity to work with other service-focused units to find positive outcomes for citizens and CHC residents.
   - As one of the largest housing providers in the Province, CHC has the opportunity to take a leadership role, working with other agencies, to develop and model best practices, and explore innovative approaches to challenges such as the consolidation of waiting lists.
   - Continued development of a coordinated community response to housing enhances the service we are able to provide to Calgarians.
Friendships blossom in Shaganappi Community Garden

It is difficult to overstate the impact and importance of stable housing. Having a place to call home creates a secure base – a foundation for a life. When that home is a part of a community, it can rise to an even greater level which creates friendships that lift people out of the darkness, to find stability in life’s challenges.

Shaganappi Village Tower is one of those communities. The property has provided homes for a hundred or more tenants at a time, for nearly 45 years, and recent efforts by tenants and CHC support staff has helped grow the Shaganappi Village Tower into a community.

An unused space on the building rooftop of about 2,500 square feet has been transformed into a community garden, creating an environment that nurtures friendships, active living and creates a sense of belonging. The garden, located just outside of the building’s community room, opened in 2011 after being completely closed-off and inaccessible for more than three years.

With the support of a Calgary Housing TSW, two residents of the building (Liz and Maria), took the initiative to prepare and clean the rooftop space. There was so much work to do, so many weeds to clear out, that they were not ready to start planning until the following year. Since 2011, at least a dozen tenants sign up for a plot in the garden each and every year. Liz and Maria want everyone to be able to participate in the garden, so each year they assign garden plots based on individual tenant needs.

Liz is so proud to talk about how this garden has changed her spirit. She had always been an avid gardener, but was in a very dark place before she joined the garden group. Maria, a natural leader, fought to get Liz to help with the garden clean-up, and slowly Liz grew to be more social. “The garden brought me back to the human race” says Liz. “Maria was very patient...She is a great leader for the group garden project.”

The sense of community that has evolved is the greatest success one could ask for. This group brings dying plants back to life just as much as they nurture fading human spirits back to life. They assist each other when a member is sick and everyone chips in, tenants and their visitors alike. It has been a great way to bring people out of their apartments and into the Shaganappi Village community, to share in the fruits of their labour.
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Airways Building
2340 22nd St. NE
Calgary, AB T2E 8B7

East District Office
Marlborough Mall Professional Building
320, 433 Marlborough Way NE
Calgary, AB T2A 5H5

South District Office
Glenmore & Centre Shopping Centre
#18, 6624 Centre St. SE
Calgary, AB T2H 0C6

West District Office
Braithwaite Boyle Centre
1701 Centre St. NW
Calgary, AB T2E 8A4

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(587) 390-1200
www.calgaryhousingcompany.org