



# Annual Report 2018



*Making Life Better with  
Affordable Housing*





4012

4012

2



Forty-Eight new affordable homes opened in Wildwood in October, 2018.

# Contents

## INTRODUCTION

Message from the Board Chair .....	4
Message from the President .....	6
Management Team .....	9
CHC by the Numbers .....	10

## PROGRESS

Priority 1: Customer Service .....	16
Priority 2: Financial Sustainability .....	20
Priority 3: Strengthen Relationships .....	22
Priority 4: Organizational Excellence .....	24
Major Initiatives.....	26

## LOOKING FORWARD

A Look Ahead .....	28
--------------------	----

## 2016 FINANCIAL REPORT

Financial Report.....	29
Auditor's Report .....	30
Financial Statements .....	32
Notes to Financial Statements.....	36

*On the Cover: CHC Youth and their parents proudly pose with the community mural they created together with the team from the Patch office at Bannister Manor in Midnapore. This tenant-led initiative was supported by Calgary Housing Company and Hull Family Services Patch Program, with funds from a First Calgary Financial/Calgary Foundation Stepping Stones Grant.*

A Message from

# Councillor Druh Farrell

Chair, CHC Board of Directors



There were many successes for Calgary Housing Company in 2018 but a couple of things stand out for me. The expiry of operating agreements dating back decades has been an issue on our horizon for some time. I was pleased to see CHC take the initiative and use this as an opportunity to discuss the future relationship between the Province, The City of Calgary and CHC. And it is particularly encouraging to see the collaborative nature of the discussions – I look forward to seeing new agreements some time in 2019.

It was also encouraging to see significant new funding from The City and the Province to address previous shortfalls and to invest in the future. From reopening on-hold units to funding regenerations to forward-looking commitments, much of this funding reflects the strategic need to properly maintain existing housing while we also seek to expand the overall inventory.

I was pleased to see our strategic plans focused and aligned with the City of Calgary business plan and budget cycles. Though this report addresses the four Strategic Priorities of our 2016-2020 Strategic Plan, in 2018 the Shareholder endorsed an extension of the plan to 2022 to align with business plans as well as a focusing on three restated Strategic priorities



Councillor  
Jeremy Farkas



Brian Callaghan



Peter Cheung



Laurretta Enders

to reflect developments since the plan was first approved in 2015. The three refined Priorities are:

1. Deliver quality service to clients that contribute to their individual and community well-being.
2. Achieve operational and financial sustainability.
3. Realize organizational excellence.

The revised Strategic Plan also contains revised Vision and Mission statements which can be seen on this page. These new statements more clearly articulate the aspirations for our organization, recognize the impact of our work on all Calgarians and set the high bar of being a national leader in affordable housing.

Finally, I want to congratulate Sarah Woodgate and her team for another year of extraordinary work supporting members of our community while also laying the groundwork for the future of affordable housing in Calgary. There is a great sense of satisfaction to know that 25,000 of our fellow citizens had safe, secure homes because of the work done here. That satisfaction is tempered only by the knowledge that there are more people who need our help, and we have more work to do.

## Mission

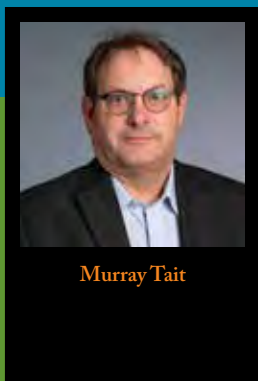
*Make life better for Calgarians through the provision of safe, affordable housing to low and moderate income households.*

## Vision

*Calgary Housing Company is the leading affordable housing provider in Canada supporting individual and community well-being.*



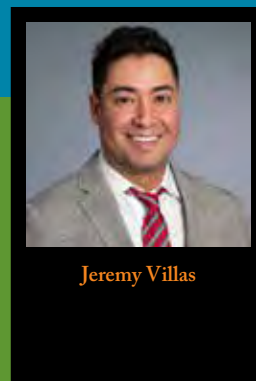
Melanie Hulsker



Murray Tait



Sue Tomney



Jeremy Villas



Doug Watson



# A Message from

# Sarah Woodgate

President, Calgary Housing Company



## Wow, what a successful and tremendous year we've had!

2018 was a pivotal year for Calgary Housing Company. While working to address the fundamental challenges facing our organization we continued to provide homes for almost 25,000 individual Calgarians. It is a powerful image... every day, in almost 10,000 homes, individuals, families, children are getting up to start their day, heading to school or work, living their lives, facing their own challenges... from a safe, secure home. It's something many of us take for granted, but it is so critically important.

For some, it's a choice between rent and food or other necessities. For some it's the risk of homelessness.

Affordable housing steps in and provides an answer. Here is a place where you are safe and secure. Here is a place where you can pay your rent and still have money to address your other needs. Here is a place to call home so that you are better able to address those challenges or just live your life.

Everyone deserves a safe and stable place to call home. We don't yet have the ability to guarantee that opportunity for all Calgarians, but we are working hard to meet the challenge.

2018 saw great strides in the right direction. Leadership and partnership from all levels of government, coupled with the sincere professional effort of the team at CHC has moved us forward. We conclude a year having helped a great many people and having made the organization stronger. We have built partnerships and we continue to grow our ability to make lives better, every day.

In 2018 we updated our Mission and Vision to be more directive and intentional. We now have clear direction about where we are going - to increase housing supply, to improve the housing system and to be the leading affordable housing provider in Canada. These are hugely challenging goals, but they are exciting.

To meet these goals, we cannot afford to stay still. Our vision is that CHC will move to become primarily a mixed-income, non-profit company as opposed to being a government regulator of social housing. We still hope to be providing social housing services for the Province, but our service delivery model will be that of a non-profit company with a mindset focused on outcomes for our tenants.

## Funding Increases, Investments & Major Projects

Operationally, we had some very big wins in 2018.

In 2017, we were closing units due to decades of maintenance funding shortfalls on Provincially-owned properties. In 2018, we were making major investments to improve housing quality, to complete interior and exterior renovations, and scaling up our capacity to deliver... and, with the support of the Government of Alberta, we were reopening those homes.

Following extensive negotiation with the Province, undertaken with incredible support from Mayor Nenshi and City of Calgary Council, we were pleased to receive an increase to Provincial operating funding from \$12M to \$18M annually. The Province also provided significant capital funding for maintenance and renovation and The City committed \$25M in capital funding for existing properties over the course of four years. These were a great start to addressing long term funding issues.

Exciting progress in our major projects division saw us undertake many important projects to improve quality of life for tenants, improve both the quality and the appearance of properties, and extend the lifespan of aging buildings. At the same time, our asset team has dramatically increased capacity to plan and manage significantly greater volumes of work in the future.

2018 also saw the opening of 48 new homes in Wildwood and significant progress by our Calgary Housing colleagues in the Affordable Housing division on developments in Bridlewood, Rosedale, Mount Pleasant, Varsity and Southview.

Through 2018 we also saw great progress in the development of our new Enterprise System Solution. This new system will be central to our transformation as we move away from paper, automate processes and spend less time on administration. The modernization of our technology will provide better quality data and opportunities to do things better and more efficiently – all of which directly improve our customers' experience.

## Collaboration and Partnership

As our strategy shifts to a greater emphasis on tenant outcomes and customer service, we are building on a history of collaboration and partnerships with over 100 agencies and non-profits, colleagues throughout The City of Calgary, and the entire spectrum of organizations working on housing, ending poverty and creating a better future for all Calgarians.

One of the most exciting initiatives underway is the One Window project working to develop a coordinated intake process that recommends a single point of entry for more than 60 housing providers. It is exciting to see so many organizations working together with such a clear focus on the people we serve.

I also want to acknowledge our Tenant Advisory Group (TAG). The perspective we gain from hearing your voices is vital as we work to be more responsive to changing customer needs and to focus on tenant outcomes.

## Making an Impact Together

As I look back on the accomplishments of 2018 and forward to the challenges ahead of us, I am inspired by the possibilities. We see every day the impact we are able to have on the lives of our fellow citizens. Housing is so empowering and so enabling. It lifts people up and makes lives better every day.

I want to thank all our partners, our colleagues at The City, the Province, Canada Mortgage and Housing Corporation and across the housing community. And I particularly want to thank our Board for their commitment and hard work – your leadership and guidance have been critical as we become a stronger, more resilient, and more customer focused company.

Lastly, I want to thank all my colleagues at Calgary Housing Company and The City of Calgary. You inspire me with the way you meet the daily challenges and work together to build a better future for this organization and the people we serve.

# Notes from Our Tenants...

We had wonderful time in Calgary Housing and we developed very good relationships with other community members. I am thankful to the Property Manager Donna who introduced us to Habitat for Humanity, and now we are moving in to our own house.

Thank you for another great year!

I wanted to thank you for helping me get to where I am today in life, celebrating warmth and love. Thank you for being an important part of my life.

Without your help my family would have been homeless. We are forever grateful for what you did for us and for hundreds of other families here in Calgary.

After finishing studies from Bow Valley College, I have started working and fortunately the monthly income is sufficient to pay the bills. Thank you for all the help and support Calgary Housing has provided. It is due this support that single moms are able to work towards achieving a better future. Have a great day!

I would like to pass my best gratitude to Calgary housing and you for accommodating me all those years and giving me a nice place to live.

I would like to take this opportunity to say a HUGE THANK YOU, to you for finding me a place to live. You have no idea how grateful I am. I wish I could show you, words are not enough. I absolutely love my new home.

Calgary Housing Company made massive change in my life.

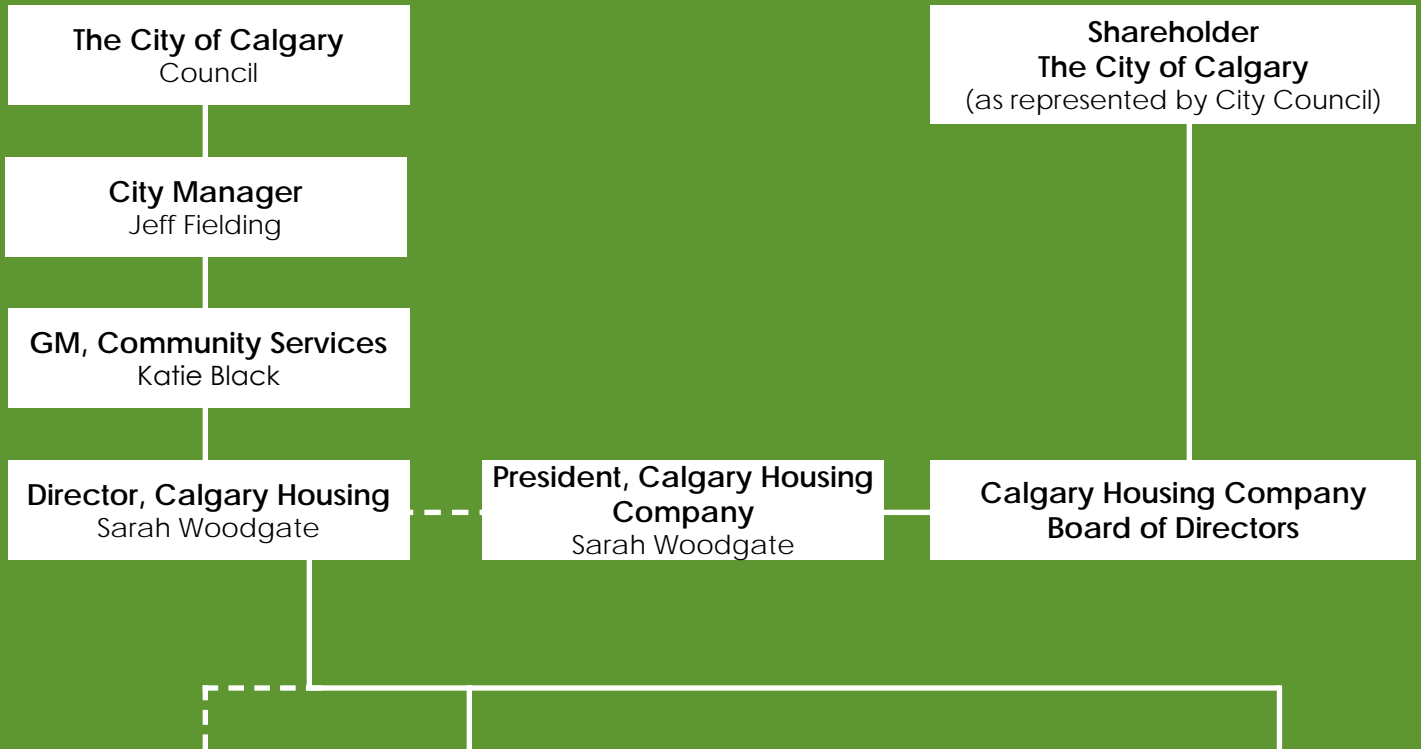

Thanks for your empathy and moral support. You have provided me with encouragement and strength when I needed it the most. Thanks for being a cheerleaders in my life!

Thank you so much! You just took all my stress away. I appreciate all the effort and time you put towards helping me and my daughter out.


Calgary Housing has given me hope of life and a future. Thank you from the bottom of my heart.




# CHC Governance & Management


**Teresa Goldstein**  
Affordable Housing




**Aminda Galappaththi**  
Client Services



**Maureen Swanson**  
Strategic Services



**Jana Tchinkova**  
Corporate Finance & Risk Officer



**John Veenstra**  
Asset Management & Infrastructure  
(to August, 2018)



**Greg Wilkes**  
Housing Services

# UNDERSTANDING THE NEED

## 1 in 5

81,000 Calgary households struggle to pay shelter costs

Source: 2018 Calgary Housing Needs Assessment

## 44,000

households are spending more than 50 per cent of income on housing

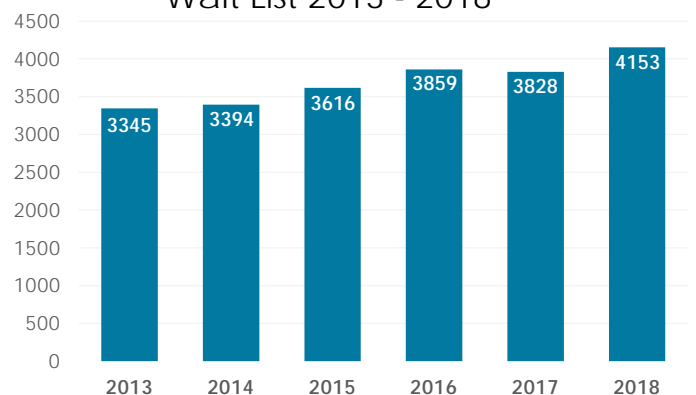
Source: 2018 Calgary Housing Needs Assessment

## 24%

growth in number of applicants on the waitlist since 2013.

Calgary Housing Company is the city's largest residential landlord with more than 25,000 individuals, just under 10,000 households, living in a CHC-managed home or receiving rent supplement. Despite a softening of the real estate market during the recent economic downturn, demand for affordable housing remains high. Across Canada's large cities, an average of 6 per cent of housing is non-market... in Calgary, it is 3.6 per cent.

Wait List 2013 - 2018



# WHO WE SERVE

## 25,142 TENANTS

ALMOST  
40% OF CHC  
TENANTS ARE  
CHILDREN

### 14,039

Adults 18-64

### 1,377

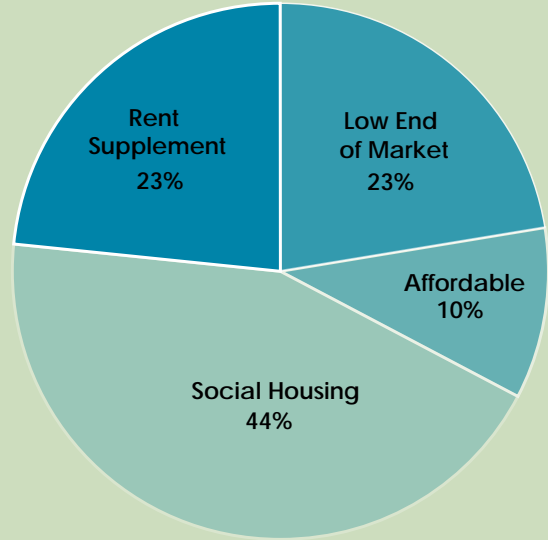
Seniors >64

### 9,726

Children <18

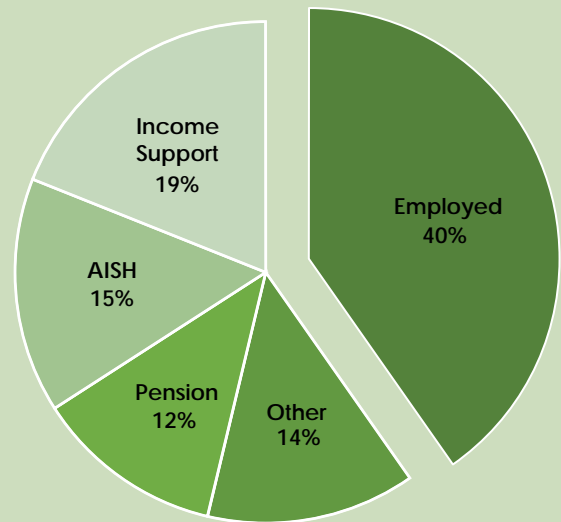
The Calgary Housing Company waitlist provides a snapshot to understand the significant and consistent need for more affordable housing. Although there was a minor dip in the waitlist 2017, the trend has been consistent - a steady increase in the number of applicants seeking affordable housing.

### Tenants by Housing Program



CHC manages four primary housing programs to meet different needs of Calgarians requiring housing support. Social Housing provides the deepest levels of subsidy, Affordable has slightly higher rental levels, Near Market adds rental inventory and is priced about 10 per cent below market rates. Rent Supplement has similar criteria to Social Housing and leverages rental properties managed by private landlords.

### Household Primary Income Source



Four in ten CHC households indicate employment income as their primary income source.

Data is from Calgary Housing Company 2018 unless otherwise noted.



# PROGRAMS & SUPPORTS

## Social & Community Housing

3,763 homes

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

- Rent Geared to Income at 30 per cent of eligible income
- Income must be below Provincial Income Thresholds
- Minimum monthly rent of \$120
- Annual income verification required
- This program has a waiting list

## Affordable Housing

3,311 homes (distribution varies between AH /LEM based on tenant needs)

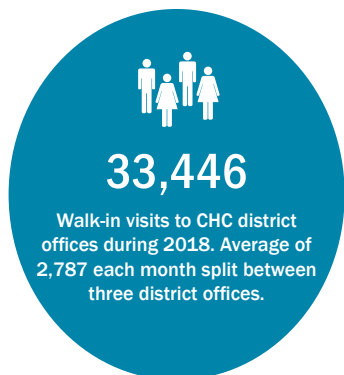
This program is designed for Calgarians able to afford slightly more for rent but who still require rental assistance. Programs are at fixed rents, typically 30 per cent below average market rents.

- Rents are set at 30 per cent Rent Geared to Income with a minimum monthly rent of \$350
- Income thresholds apply
- Annual income verification required
- This program has a waiting list

## Low End of Market Housing

Units marketed to Calgarians who are close to being able to afford current private market rent levels.

- Rent approximately 10 per cent below average market rent
- Income must be below maximum income limit (\$71,000-\$89,500 depending on unit size)
- There is no waitlist for this program



## Rent Supplement

Provide rental assistance to tenants housed with private landlords including non-profit housing providers. Tenants must meet the same qualifying criteria as applicants to the Social Housing program. The number of supplements available is determined by Provincial funding levels. There is a waiting list for this program.

**2,252** Households Served each month

**\$700** Average Monthly Subsidy

2017: 2,214  
2016: 2,360  
2015: 2,440  
2014: 2,500  
2013: 2,530

*Increasing demand from lower income households along with a flat line program budget has resulted in downward trend in the number of clients served by this program.*

**\$19M**  
Total Funds Distributed

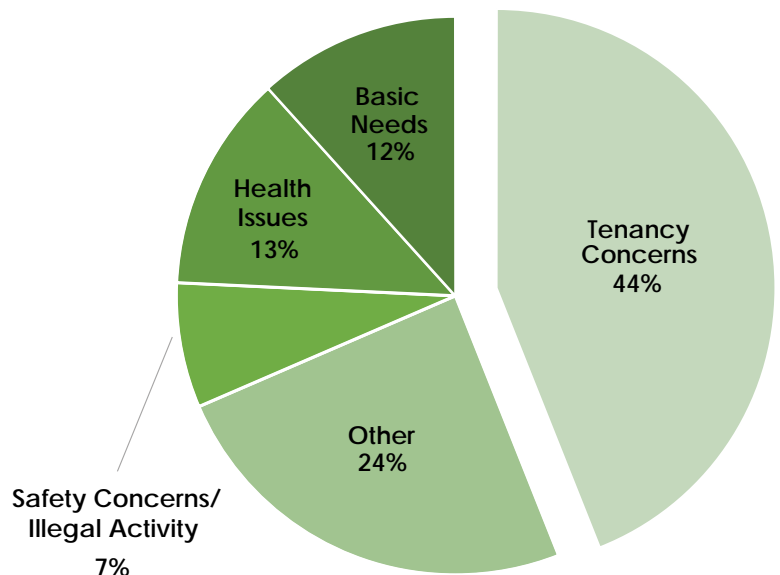
## Tenant Support

Supporting almost 25,000 residents in CHC-managed properties, our Tenant Liaison team helps solve problems and connect tenants with resources. CHC partners with more than 100 community agencies, government offices and other support organizations, a partial list of these partners includes:

- Access Calgary
- Access Mental Health
- AHS (Alberta Health Services)
- AISH (Assured Income for the Severely Handicapped)
- Alberta Works
- The Alex
- Aspen Family Services
- Attainable Homes
- BowWest Community Resource Centre
- Calgary Alpha House
- Calgary Catholic Immigration Society
- Calgary Counseling Centre
- Calgary Distress Centre
- Calgary Drop-In Centre
- Calgary Foodbank
- Calgary Homeless Foundation
- Calgary Police Service (CPS)
- Calgary Women's Emergency Shelter
- Canadian Mental Health Association
- Care Connect
- CARYA Society of Calgary
- Child Welfare
- Children's Cottage
- Community Housing Affordability Collective
- Community LAMDA Society
- CUPS (Calgary Urban Project Society)
- Deer Park United Church
- Edgemont Community Association
- Fair Entry - Fee Assistance Program
- Families Matter
- Feed-a-Need
- Habitat for Humanity
- Heart of the North East
- Home Care
- Home Front
- Hull Services Patch Program
- Kerby Centre
- MASST (Multi Agency School Support Team)
- Mobile Response Team (MRT)
- Momentum
- Mustard Seed
- Neighbourlink Calgary
- North Central Community Resource Centre
- Salvation Army
- Samaritan Club of Calgary
- Sheldon M. Chumir Health Centre
- Sheriff King
- Silvera for Seniors
- South Calgary Community Resource Centre
- St. Vincent De Paul
- West Central Resource Centre
- WINS (Women In Need Society)
- YWCA

### Tenant Support Referrals by Need

CHC's Tenant Liaison team responded to an average of 140 support requests each month in 2018. The majority of these requests dealt with tenancy concerns such as rental arrears, concerns with neighbours, rent reductions etc. Other support requests range from things like basic needs referrals, to financial support, to help with children.



# PORTFOLIOS & PROPERTIES

## Portfolios & Properties

Calgary Housing Company's portfolio structure has recently undergone rationalization.

In 2017, the Federal Fixed (AFF) and Provincial Fixed (BPF) portfolios were amalgamated as a result of a change at the federal level

where now all fixed mortgage subsidy is managed through the Province. As such CHC no longer has a Federal Fixed portfolio. With the merger of the AFF and the BPF portfolios, CHC has gone from nine to seven portfolios.

This change is significant because, as operating agreements expire, the portfolios will continue to be amalgamated until there will be only one CHC portfolio - Cal-home-owned, and one City portfolio - City Partnership.

### CalHome (Calgary Housing Company) Owned

Provincial Fixed Subsidy	11 Properties	592 Units	Provincial Interest Subsidy
CalHome Owned	29 Properties	1,138 Units	No Subsidy
Private Non-Profit	10 Properties	207 Units	Province Funds Operating Deficits

### City-Owned

City of Calgary Partnership	26 Properties	1,128 Units	Operating Surplus returned to City
Corporate Properties Residential	9 Properties	246 Units	Operating Surplus returned to City
City-Owned Community Housing	20 Properties	1,059 Units	Shared funding of Operating Deficits Provincial (90%) City (10%)

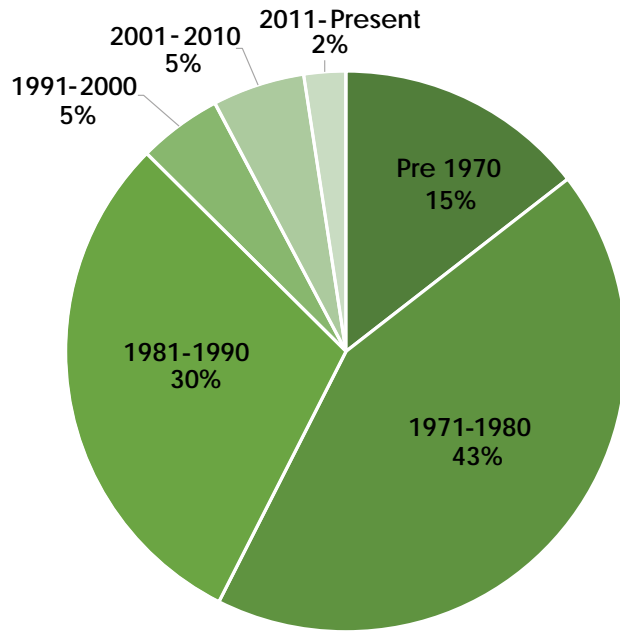
### Provincially-Owned

Provincially-owned Community Housing	100 Properties	2,704 Units	Prov. Funds Operating Deficits
--------------------------------------	----------------	-------------	--------------------------------





# Property Age



**Townhouse**  
3,331 Suites



**High Rise**  
1,414 Suites



**Walk-Up**  
1,287 Suites



**Single Family-Duplex-Triplex**  
955 Suites

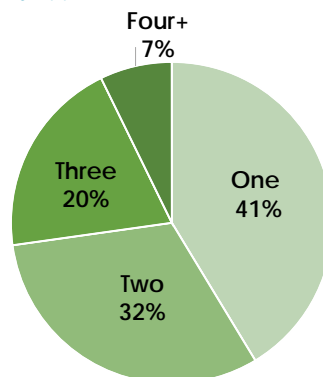


**Mobile Home**  
106 Pads



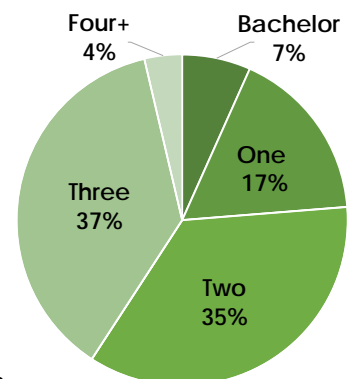
## Unit Type Required

*by Applicants on Waitlist*



## Unit Type Distribution

*in current CHC Portfolios*



**Unit size by  
# of bedrooms**

## Strategic Priority 1

# Deliver Quality Customer Service

## Deliver Quality Customer Service

### **Objective 1:**

Take a client-centric approach to service delivery.

### **Objective 2:**

Build a positive working relationship among staff and tenants.

### **Objective 3:**

Foster opportunities that contribute to well-being and independence for individual clients as well as community well-being.

Calgary Housing Company is in the service business. This organization exists to manage resources and programs that make life better for the people who live with CHC and to benefit the entire community by providing this service.

The Board has established Quality Service as our first Strategic Priority and the focus on customers as our first objective in this area. Every other priority and objective serves this one. Assets are managed so they are there for the clients. The organization is tuned and improved so we are better able to provide service. Financial sustainability ensures our long-term ability to continue providing homes for Calgarians in need.

Throughout 2018 this service was provided every day in the processing of applications, maintenance on properties and the delivery of support. There were also many new and ongoing initiatives to enhance existing services and bring forward innovations focused on positive tenant outcomes.



# 2018 Highlights



*A young CHC tenant decorates Christmas cookies at the Falconridge Community Hub, a CHC partner agency.*

## Community Events

Each year, Calgary Housing works with tenants and local agencies to host events in the community that offer a variety of benefits to tenants including education and support, collaboration, community building and pride in home. Some events are tenants led, some CHC-led. Events and activities range from fire education sessions and tax clinics, to Art Shows and Craft Fairs, to community cleanups and planting gardens. Tenants have expressed they look forward to these types of events and activities, and even count on them as a means to network and build community.

## Community Adventures Playground

A partnership between CHC, Calgary Neighbourhoods, and Calgary Parks and Calgary Recreation, the Community Adventures Playground delivered programming at CHC sites that encouraged creative play. Desired outcomes included increased child-led play, decreased barriers to participation, and increased positive social interactions between children. The initiative also sought to increase play programs for higher risk populations and for underused community spaces at CHC sites without investing in more playground infrastructure.

## Tenant Advisory Group

Work continued through 2018 on the development of the Tenant Advisory Group. Tenants from communities across the city participated in monthly TAG meetings to bring a tenant perspective to discussions on important issues such as building maintenance, accessibility and waste and recycling. Group members also participated in events such National Housing Day, community engagement on new affordable housing developments, and the opening of new properties. Work is underway to create a web presence for the TAG group to share information about the initiative and invite broader tenant participation.

*CHC tenants paint playground equipment in Ogden in a tenant-led collaborative project between Calgary Housing Company, Calgary Neighbourhoods and Calgary Parks.*



# Deliver Quality Customer Service



## Pathways to Home Ownership

Calgary Housing Company works in a variety of ways to help tenants move through the housing continuum, including by providing educational opportunities and connecting tenants with agencies that support home ownership. Other efforts focus on financial empowerment and literacy.

The Opportunities for Home Ownership Seminar program was originally launched in 2016. The program provides tenants and applicants who are close to income thresholds (i.e. they may no longer qualify for subsidies) with information from a number of

agencies, including Attainable Homes and Habitat for Humanity on affordable home ownership, and Hull Services, Momentum and Money Mentors for financial tips and advice.

CHC's partnership with Habitat for Humanity continued in 2018, with regular promotions of their program to eligible families through our Customer Service Counter, as well as the Opportunities for Home Ownership Seminar.

In 2018, 86 households moved on to home ownership after living with CHC.



CHC tenants at London House come together for the fourth year in a row to plant gardens on the property.

# 2018 Highlights



CHC staff flipping burgers at a Neighbour Day BBQ in Woodlands.

## One Window

CHC provided resources and subject matter expertise for the One Window Project, which addresses the problem of a fragmented non-market housing system. One Window is a collaborative effort to develop a coordinated intake process for up to 60 independent organizations operating non-market rental housing. Numerous benefits are anticipated including improved customer service, improved outcomes, increased transparency, improved sector collaboration, and improved data and analytics. The project recommendations were approved by City Council in early 2019.

## SORCe Pilot Program

CHC implemented a 12 month pilot project with the Safe Communities Opportunity and Resource Centre (SORCe) in 2018 to operate a CHC counter at the downtown SORCe location 2 days per week, as a way to support Calgarians looking for housing. The partnership provided a lot of opportunities for CHC, SORCe and the 18 other partner agencies operating out of the space, to work more collaboratively together and understand the services and supports provided to our clients.

## Recreation for Youth in Poverty

CHC partnered with Calgary Recreation and Mount Royal University to research barriers to recreation activities for children and youth living in poverty. The research will examine barriers and develop promising practices that may inform new programs and partnerships to increase accessibility for low-income families.

## Strategic Priority 2

# Increase Financial Sustainability including the Optimization of Assets

### **Objective 1:**

Develop and implement an asset management program.

### **Objective 2:**

Implement initiatives to increase financial sustainability.

Calgary Housing Company manages over 1,000 buildings at more than 200 properties located throughout the city. It is critically important that the organization has a clear understanding of the status of these buildings including condition, maintenance needs, and anticipated costs with as much foresight into the future as possible.

In 2018, CHC's Strategic Asset Management Plan was approved. The plan lays out CHC's asset management approach including processes such as Building Condition Assessments (BCAs), the Facility Condition Index (FCI), Level of Service, and a Risk Matrix.

With new processes in place, detailed assessments and data gathering was completed for more than 50 CHC-owned properties and over 2,900 individual units. Other data gathering included energy audits for 26 Provincially-owned properties and another 44 CHC-owned properties and 19 hazardous material assessments to improve tenant and worker safety.

Improved processes and data collection will have a dramatic affect on the Asset Team's ability to manage the large volume of capital projects anticipated in coming years. In 2018, this ability was critical for the team to plan and prepare business cases resulting in an unprecedented capital budget ask to The City of Calgary and the Province for approximately \$50M over the next four years. The ask covered a range of projects to address lifecycle planning and deferred maintenance needs. The information available allows for presentation of stronger, more substantiated cases for the projects proposed.

It is critically important that CHC has the capacity, expertise and systems in place to address long-term issues such as maintenance deficits and to undertake regeneration and redevelopment when new funding opportunities arise. 2018 saw major steps forward in developing this capability.



# 2018 Highlights



## On-Hold Provincial Suites Re-opened

212 Provincial units that had been placed on hold in 2017 were re-opened after upgrades were completed using \$4.2M in emergency funding from the Province. Repairs and upgrades varied across the range of units but included flooring and cabinetry upgrades, new bathroom fixtures, painting and other repairs.

## Utility Arrangement may save \$300k/yr

Following negotiations, CHC signed a Service Level Agreement with The City of Calgary to participate in The City's gas utility contract. Savings of up to \$300,000 per year are anticipated with significant savings in administrative costs guaranteed and additional savings potential on the cost of gas. This ongoing agreement could result in long-term savings on more than 2,600 monthly gas utility bills.

## Major Capital Delivery Projects

The major projects team managed over 160 projects valued at over \$13M during 2018. Highlights included:

- \$1.0M renovation at Ramsay for siding, concrete and fencing
- \$500k at Rosscarrock for new siding, doors and windows
- \$750k at West Dover for new siding and paint on 37 duplex buildings (completing in spring 2019)
- \$700K for vinyl siding, doors and windows, sidewalks and fencing at Lincoln Park
- \$600k for major facelift at Killarney 34-unit apartment with new high efficiency windows and doors, and new siding
- \$300k for siding, doors, windows, and fencing at 20 unit town-house complex in Renfrew
- \$720K for major concrete work including the podium slab at Baker House
- \$300k for sewer, fences and walkways at Strathcona property
- \$735k safety upgrades and concrete at Shaganappi Tower
- \$500k+ for new furnace and hot water tanks in approximately 135 units at various properties

CHC tenant Charlie T. is pictured in her home in Shaganappi Village. After living with CHC for three years, she says she was thrilled with the renovations to her unit including new flooring and kitchen cabinets - "it was so ugly, brown with lime green... then they were here... one day, everything was done and cleaned up!"



## Strategic Priority 3

# Strengthen Relationships with Key Stakeholders



### Objective 1:

Work with government and stakeholders to increase awareness and support for a more sustainable affordable housing delivery model to better serve clients.

### Objective 2:

Enhance working relationships within The City and Province to create synergies and to clarify Calgary Housing Company's role and governance.

Relationships are at the core of Calgary Housing Company's DNA. We manage properties on behalf of, and in partnership with, The City of Calgary and the Province. We have over 100 agency partners with whom we collaborate to provide tenant support and service. We engage with other housing management bodies here in Calgary, across the province and at the national and international levels. And, of course, we have relationships with the 10,000 households who live in CHC-managed homes.

Beyond operational partnerships, we have recently seen a significant increase in information sharing opportunities between organizations. A robust dialogue has been initiated on a variety of issues with Ottawa Community Housing and collaboration with Capital Region Housing in Edmonton continues to be important as we discuss the future of Alberta's affordable housing programs.

CHC has also participated as a member of the Calgary Social Policy Collaborative, initiated in 2016 to facilitate a unified voice for the human service sector to advocate for effective policies that improve social conditions. The Collaborative is comprised of a diverse group of community agencies, as well as municipal and provincial government representatives

that bring expert level knowledge and experience offering direct service to individuals and families living in poverty.

Enough for All is Calgary's community-driven poverty reduction strategy. CHC supports the strategy through our membership in the Community Housing Affordability Collective (CHAC – see more at right on this page).

2018 also saw new opportunities for CHC to share its expertise as Sarah Woodgate gave presentations on CHC's operations to Councils in Grande Prairie and Okotoks. CHC staff also presented at or attended the Federation of Canadian Municipalities conference in Halifax and the Canadian Housing and Renewal (CHRA) Congress in Ottawa. CHC leadership also participated in several events and has taken a seat on the Education Com-



# 2018 Highlights



CHC hosted tours for attendees of Housing Partnership Canada's Fall Meeting with visitors from across Canada, providing opportunity for discussion about new development strategies, governance and mixed market models.

## Community Housing Affordability Collective (CHAC)

CHC continues to work closely with community partners through the Community Housing Affordability Collective (CHAC). Comprising more than 40 agencies, housing managers, private landlords and government representatives, CHAC is focused on improving housing affordability in Calgary through cross-sector collaboration and community-based advocacy. CHAC advocates in support of a high level action plan with three intended outcomes: an integrated approach to housing, a stable and diverse housing mix, and predictable and stable housing. CHC's President, Sarah Woodgate, represents CHC on the CHAC Steering Committee.

## The Home Program

The purpose of the Home Program is to create and expand programs that support affordable housing residents to become more self-sufficient and improve community well-being.

A key success factor for this program has been its use of community partners. With 30 partners, the Home Program has leveraged existing resources to meet its goals without needing to reinvent program service delivery. Innovation in the selection of partners and programs has led to connections with organizations such as Ready to Rent BC which developed the RentSmart life skills program, and the Financial Empowerment Collaborative which works to reduce poverty by improving the financial security of people living on low incomes.

## Bridging the Gap

Bridging the Gap serves individuals and families who are ready to progress from the case managed housing first approach into independent rent subsidy or affordable housing. Calgary Housing Company has been partnering with the Calgary Homeless Foundation and other supportive housing agencies since spring 2017 to develop and deliver this program. In 2018, CHC successfully housed 21 individuals from Bridging the Gap.



mittee with the Alberta Public Housing Administrators' Association (APHAA).

Without doubt the three most critical relationships for CHC are with The City, the Province, and the Federal Government. All three orders of government now have affordable housing policies and this alignment fosters significant opportunities for collaboration across the affordable housing sector.

*Photo: CHC continued its ongoing partnership with Habitat for Humanity. CHC volunteers donned tool belts and hard hats at a Build Day in July to help out with a habitat project in Bowness. Pictured (l to r) are Bill Camarillo, Angela Coulter, Board Member Murray Tait, Tara Selinger, Claire Jackson, Meaghan Bell, Paula Griess and Elizabeth Marisi.*



## Strategic Priority 4

# Strive for Organizational Excellence

appreciate your kindness and  
patience with me and my  
concerns."



### **Objective 1:**

Increase organizational efficiency and effectiveness.

### **Objective 2:**

Develop Calgary Housing Company as a leading affordable housing provider.

### **Objective 3:**

Build a positive organizational culture that engages employees.

The pursuit of continuous improvement can be a challenge for an organization like Calgary Housing Company which must respond to and manage significant day-to-day operational demands. The need to work on the organization requires an intentional, purposeful effort. In 2018, that effort was on full display at CHC.

During the annual All Employee Day in November, a screening was held of *70 Acres in Chicago: Cabrini Green* a case study film on the failure of a social housing transformation project. The study and subsequent discussion provided significant insight and perspective as the entire CHC team participated in dialogue on CHC's transformation initiatives.

An initiative launched in June also put new emphasis on the leadership role of supervisory staff. Monthly Leadership Team meetings bring together leaders from all departments and offices to stay informed, participate in leadership development initiatives, and engage on a variety of issues like the Transform initiative.

In November, CHC played host to three significant housing conferences at the local, national, and international levels. The 14th Annual Opening Doors conference, held in conjunction

with National Housing Day, brought together housing professionals from across Alberta and Canada to discuss innovative approaches to affordable housing, and to generate new ideas and solutions within the industry. Over 180 people attended the Unlocking Doors Conference which featured presentations from practitioners and researchers from New York and other parts of the USA, London, and the

Netherlands on their affordable housing contexts and the tools they are using to promote affordable housing and social mix.

Sarah Woodgate and Teresa Goldstein presented on advancements in partnering in the Calgary affordable housing sector at the City of Calgary-sponsored Implementing Partnerships for Affordable Rental Housing conference. Held over three days at the University of Calgary, the conference brought researchers and practitioners together for discussions and evidence-based presentations of innovative partnership models for affordable rental housing in mixed-income, resilient communities.

CHC was also able to take a leadership role at the national level with our proactive response to the legalization of cannabis. The development of policy and procedures and the rollout of information to our tenants ahead of legalization garnered numerous requests for advice and information from across the country.

*Photo: CHC staff in a small discussion group during All Employee Day in November.*



# 2018 Highlights

## Cannabis Legalization

CHC took a lead role nationally with its preparation for the legalization of recreational cannabis in 2018. Early in the year, a new policy and rollout plan were developed to provide advanced notification to tenants of the new rules governing cannabis use in CHC-managed properties.

Recreational use, growing, and vaping of cannabis would not be allowed. A process for medical exemptions to the policy was also developed. A comprehensive communications plan rolled the information out to tenants over a period of several months, well ahead of legalization in the fall. CHC received numerous requests for advice and information on its approach.

## Legacy Tech Challenges

Fax machines have not gone the way of the dinosaurs. The legacy tech is still vital for many of CHC's tenants when they submit required documentation.

To make this old technology compliant with modern standards for the protection of personal and confidential information, CHC implemented a fax-to-email solution which directs the "analog" faxes into the digital email stream where documents are then managed under the umbrella of CHC's broader system of managing personal and confidential information.

## Info Sharing with Ottawa Housing

In September 2018, Calgary Housing Company staff members joined Ottawa Community Housing for an information sharing session focused on the City of Calgary's Corporate Affordable Housing Strategy, outlining the work we do to serve customers, and the work that is going into our technological transformation as we work towards rolling out our Enterprise System Solution.

## Conference Participation

Staff from Calgary Housing Company participated in numerous conferences throughout the year including: Housing Partnership Canada Thinker in Residence, the Canadian Housing and Renewal Association 50th National Congress on Housing and Homelessness, 7 Cities Conference on Housing First and Homelessness, Building a Sustainable Sector workshop and the Opening Doors Conference. Staff were also involved in panels and presentations at several conferences, speaking about CHC's experiences supporting tenants, the benefit of partnerships in programs and policy outcomes, and on general advancements in Calgary's Affordable Housing sector.



Several CHC team members were honoured for their work and community contributions during 2018. Meaghan Bell, a CHC Strategic Business analyst, was a One City Award recipient for her work with the team coordinating business continuity efforts across The City.

Tenant Liaison Ray Njiku received a Hope Award from the Aspen Family & Community Network for his work with the Heart of South Calgary Family Centre.

# Major Initiatives

## Partnering to Transform Social Housing

involved a significant amount of research and collaborative negotiation with CHC, The City of Calgary and the Province.

The opportunity, and necessity, for the project has come about as the operating agreements that govern CHC's relationship with the Province and the federal government will begin to expire in the coming years and each government begins to think differently about how affordable housing is delivered. Calgary Housing chose to use this opportunity to proactively redesign the way social housing is delivered in Calgary.

Transforming Social Housing was an initiative launched in 2018 with the aim of establishing a new framework for providing affordable housing in Calgary. The complex process

This process will require negotiation between CHC, the Province, and The City and so, for several months in 2018, CHC's project team worked hard to clarify details around the current agreements and operating circumstances and to explore potential new approaches. They also worked on a negotiation strategy for bringing forward our preferred operating model. This effort included contributions from across The City.

Significant progress was made in these negotiations through the end of 2018 with all parties at the table working to build a sustainable long-term solution that will address funding stability, program flexibility, asset management responsibilities, application of qualification criteria and more. These changes are intended to safeguard the funding for social housing, clarify roles and responsibilities between all parties, begin to reduce CHC's reliance on government funding, reduce risk for CHC and The City, and move to a more progressive housing model that provides people with choice and the ability to stay in their homes longer.

The negotiations continue into 2019 with a target of new agreements in place before year-end.

## Major Progress in Move to New Technology Solution

the detailed design and implementation phases. Some software used by CHC today dates back as far as 2001. For most employees, the demands of our work have grown significantly over the years and are now beyond what the capabilities of current software systems.

In December 2017, Yardi, a leading provider of high-performance software for the real estate and social housing industries, was selected as the preferred vendor for the project. Beginning in Jan-

Significant strides were made in 2018 as a multi-year project to replace Calgary Housing Company's aging software systems moved from planning and sourcing into

uary 2018, CHC and Yardi began comprehensive planning for data security, business continuity, FOIP compliance and liability considerations.

In August 2018, CHC completed negotiations and signed a contract with Yardi.

Yardi's software, Voyager Canadian Social Housing, is designed specifically for social housing in Canada. The new solution is being designed to better prioritize collaboration, efficiency, and to help enable a client-centric approach to service delivery.

The software will provide tools to manage subsidized housing including RGI (Rent Geared to Income), Rent Supplement, and supportive housing, wait list management, and more. The system enables rent-geared-to-income calculations, processes and receives payments for rent supplement landlords, and tracks vacancy and subsidy information for different types of programs.

The implementation of new software is scheduled for Q4 of 2019.



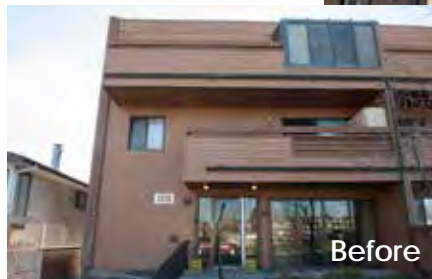
# Renovation and Regeneration

## Renfrew Townhomes



Many of the properties CHC manages were built in the 1960s, 70s and 80s and require significant improvement both to provide quality homes for our tenants and to ensure the buildings are in good condition for the future. Among the major capital projects undertaken in 2018 (see page 21), were the renovation and regeneration of the 20-unit Renfrew complex and the 34-unit apartment building in Killarney.

## Killarney Apartments



## New Properties

### 48 New Homes in Wildwood

2018 saw the opening of 48 new homes in Wildwood in October. The \$10.9M project, funded by the Province of Alberta, includes several barrier free homes as well as one built to accommodate a visually impaired tenant. The development of the Wildwood project was managed by the City's Affordable Housing division.

Affordable Housing has several projects that launched or made significant progress during 2018 including:

**Bridlewood:** Held an engagement process which led to final designs being presented to the community in February 2019. 62 homes will be built as a mix of townhomes and stacked townhomes, with 20

per cent of units designed to be barrier-free. Construction is expected to begin in Q3 2019.

**Rosedale:** Engagement was completed for eight single detached homes in 2018 and the project is currently in the Building Permit approval stage. Construction is expected to begin in late Q2 2019.

**Mount Pleasant:** Significant community engagement was held through 2018, with community feedback being incorporated into an initial conceptual design presentation in early March 2019. Final designs will be confirmed in 2019.

**Varsity:** Engagement was held in 2018 for an integrated civic facility including 48 affordable housing units with office space and a fire station, and the project is moving toward final design.

# A Look Ahead...

Challenges and opportunities are often two sides of the same coin. The coming expiry of operating agreements has been a consideration on the horizon for many years - CHC has chosen to use it as an opportunity to initiate dialogue on new models for the management of affordable housing in Calgary. An aging information management system has become an opportunity to develop a modern, custom software solution that more closely meets our needs and enhances opportunities for data collection and analysis. These are a few of the challenges we are embracing as opportunity to build a better CHC for tomorrow.

## Funding Opportunities vs. Economic and Political Uncertainty

In recent years there has been significant alignment in public policy as all orders of government have identified affordable housing as a priority. This has resulted in a number of opportunities to address the long-term issue of aging properties and deteriorating conditions where maintenance investments had been lacking.

In 2018, The City of Calgary committed \$25M over four years for lifecycle improvements at City-owned properties. CHC has made requests for similar funding from the Province and is exploring the National Co-Investment Funding for lifecycle investment available through Canada Mortgage and Housing

Corporation. These committed and potential funds represent a significant opportunity to invest in the existing stock of affordable housing and extend the operating lifespans of these properties.

Though the funding environment has been positive, there are decades of deferred maintenance to catch up on. The ongoing challenges in the Alberta and Canadian economies and potential shifts in political priorities may impact the prioritization of affordable housing and the funding available for re-investment and other initiatives.

## Enterprise System Solution

The project to replace Calgary Housing Company's aging software system presents both significant challenges and opportunities. A substantial investment of time and resources has gone into this project over several years and the effort required is only increasing as the implementation process moves forward. Staff from virtually every area of the company will be required to commit significant time to process development, refinement and training as the full rollout scheduled for late 2019 approaches.

The value of all this effort, however, is significant. The new system is expected to streamline processes, enhance CHC's ability to collect and analyze data and lay the groundwork for a (near term) future with self-service tenant accounts, mobile capacity for field staff and more.

The six core functional areas of this system – customer relationship management, asset management, maintenance management, finance management, supply management, and property management – are expected to be live in Q4 2019.

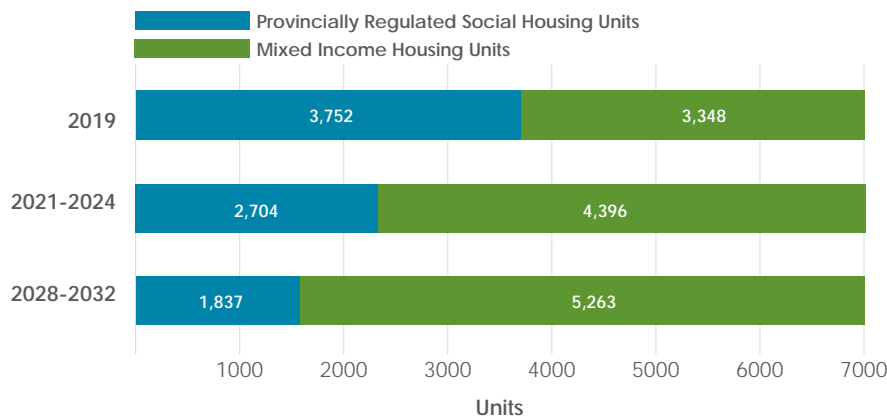
## Transformation and the Mixed Market Model

As CHC explores significant options for transforming the organization and the way affordable housing is managed, implementation of a Mixed Market Model is regularly referenced as one of the objectives. The essence of this model is a move toward properties where there is a mix of tenants in different

programs representing different social groups and income types rather than all tenants being in deep subsidy social housing programs. This model provides for both diversity in the community and a more sustainable revenue model. It is also a positive and proactive way to manage some of CHC's top risks including: insufficient & uncertain funding, management of third party assets and inconsistent/incomplete operating agreements with government partners.

Implementing such a system is not without challenges, however. CHC has been conducting research, undertaking data collection and analysis and is piloting a move to a mixed market model in the Private Non-Profit (Cal-Home-owned) portfolio. The pilot is intended to help evaluate best practices and approaches to challenges such as, for example, integrating a tenant community with both working and socially-supported residents who have varying schedules, lifestyles and routines.

Potential Impact of Mixed Market Model on Unit Counts



**Financial Statements**

# **Calhome Properties Ltd.**

**Operating as 'Calgary Housing Company'**

**December 31, 2018**



## Independent Auditor's Report

To the Directors of Calhome Properties Ltd.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Calhome Properties Ltd. ("Calhome"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Calhome as at December 31, 2018, 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 ("PSAS").

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Calhome in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Unaudited Supplementary Information

The statements of operations by portfolios are presented with the financial statements but are not required by PSAS. Our opinion on the financial statements does not cover this supplementary information.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing Calhome's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Calhome or to cease operations, or has no realistic alternative but to do so.

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

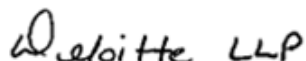
#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Calhome's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Calhome's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Calhome to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Chartered Professional Accountants  
March 21, 2019  
Calgary, Alberta

**STATEMENT OF FINANCIAL POSITION**  
 (Expressed in Thousands of Dollars)

As at December 31, 2018

	<u>2018</u>	<u>2017</u>
<b>Financial Assets</b>		
Cash (Note 3)	\$ 38,935	\$ 34,183
Receivables		
Rent and others	687	680
Government	12,075	3,387
	<u>51,697</u>	<u>38,250</u>
 <b>Liabilities</b>		
Accounts payable and accrued liabilities	17,571	8,804
Unearned tenant rent revenue	1,909	1,647
Deferred funding (Note 3)	9,068	10,405
Payable to government	2,749	899
Rent supplement advance (Note 4)	4,255	4,255
Tenants' security deposits	1,069	1,067
Mortgage payable (Note 5)	10,056	12,601
Employee benefit obligation (Note 6)	2,195	2,041
	<u>48,872</u>	<u>41,719</u>
 <b>NET ASSETS (DEBT)</b>	 2,825	 (3,469)
 <b>Non-Financial Assets</b>		
Tangible capital assets (Note 7)	96,876	99,678
Prepaid expenses	466	132
	<u>97,342</u>	<u>99,810</u>
 <b>ACCUMULATED SURPLUS (Note 10)</b>	 <u>\$ 100,167</u>	 <u>\$ 96,341</u>

See accompanying notes

On behalf of the Board

  
 Chair

  
 President



**Calhome Properties Ltd.**  
Operating as 'Calgary Housing Company'

**STATEMENT OF OPERATIONS**  
All Portfolios  
(Expressed in Thousands of Dollars)  
(Unaudited)

For the year ended December 31, 2018

	<u>BUDGET</u>	<u>2018</u>	<u>2017</u>
<b>REVENUE</b>			
Rent revenue	\$ 48,528	\$ 48,189	\$ 47,951
Government transfers			
Shared cost agreements	19,639	19,607	13,893
Restricted funds ( <i>Note 11</i> )	20,589	17,244	6,439
Debt interest rebate	212	214	237
Rent supplement funding	19,200	19,131	19,435
Interest income	498	718	456
Insurance recoveries ( <i>Note 12</i> )	-	233	423
Miscellaneous	1,375	1,657	1,393
	<u>110,041</u>	<u>106,993</u>	<u>90,227</u>
<b>EXPENSES</b>			
Administration	5,387	3,923	3,052
Salaries and benefits	20,154	18,609	18,781
Amortization of tangible capital assets	3,213	3,027	3,030
Debt servicing	349	369	454
Maintenance	33,373	34,971	19,650
Property operations	10,129	9,875	8,406
Rent supplement	18,359	18,269	18,603
Taxes and leases	1,990	1,961	1,975
Utilities	11,402	10,361	10,689
Insurance ( <i>Note 12</i> )	-	184	293
Restricted expenses	65	151	249
	<u>104,421</u>	<u>101,700</u>	<u>85,182</u>
<b>EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS</b>	5,620	5,293	5,045
<b>OTHER ITEMS</b>			
Return to The City of Calgary	(74)	(1,467)	(339)
City of Calgary surplus retained	-	-	(570)
Loss on asset disposal	-	-	(346)
	<u>(74)</u>	<u>(1,467)</u>	<u>(1,255)</u>
<b>SURPLUS</b>	<u>\$ 5,546</u>	<u>\$ 3,826</u>	<u>\$ 3,790</u>

See accompanying notes

**STATEMENT OF CASH FLOWS**  
 (Expressed in Thousands of Dollars)

For the year ended December 31, 2018

	<u>2018</u>	<u>2017</u>
<b>NET INFLOW/(OUTFLOW) OF CASH RELATED TO FOLLOWING ACTIVITIES:</b>		
<b>OPERATING ACTIVITIES</b>		
Surplus	\$ 3,826	\$ 3,790
Non-cash items:		
Amortization of tangible capital assets	3,027	3,030
Loss on asset disposal	-	346
Change in non-cash working capital ( <i>Note 17</i> )	<u>670</u>	<u>2,869</u>
	<u><b>7,523</b></u>	<u><b>10,035</b></u>
<b>CAPITAL ACTIVITIES</b>		
Addition of tangible capital assets	(227)	(918)
Proceeds on disposal of tangible capital assets	-	45
	<u>(227)</u>	<u>(873)</u>
<b>FINANCING AND INVESTING ACTIVITIES</b>		
Repayment of long term debt	<u>(2,544)</u>	<u>(3,875)</u>
	<u><b>(2,544)</b></u>	<u><b>(3,875)</b></u>
<b>NET INCREASE IN CASH DURING THE YEAR</b>	<b>4,752</b>	<b>5,287</b>
<b>CASH, BEGINNING OF YEAR</b>	<u><b>34,183</b></u>	<u><b>28,896</b></u>
<b>CASH, END OF YEAR (<i>Note 3</i>)</b>	<u><u><b>\$ 38,935</b></u></u>	<u><u><b>\$ 34,183</b></u></u>

*See accompanying notes*

**STATEMENT OF CHANGE IN NET DEBT**  
 (Expressed in Thousands of Dollars)

For the year ended December 31, 2018

	<u>Budget</u>	<u>2018</u>	<u>2017</u>
<b>ANNUAL SURPLUS</b>	\$ 5,546	\$ 3,826	\$ 3,790
<b>TANGIBLE CAPITAL ASSETS</b>			
Additions of tangible capital assets	(5,161)	(227)	(918)
Loss on asset disposal	-	-	346
Proceeds on disposal of tangible capital assets	-	-	45
Amortization of tangible capital assets	3,213	3,027	3,030
	<u>(1,948)</u>	<u>2,800</u>	<u>2,503</u>
<b>OTHERS</b>			
Increase in prepaid expenses	-	(332)	(12)
	<u>-</u>	<u>(332)</u>	<u>(12)</u>
<b>CHANGE IN NET DEBT</b>	3,598	6,294	6,281
<b>NET DEBT, BEGINNING BALANCE</b>	<u>(3,469)</u>	<u>(3,469)</u>	<u>(9,750)</u>
<b>NET ASSETS (DEBT), ENDING BALANCE</b>	<u>\$ 129</u>	<u>\$ 2,825</u>	<u>\$ (3,469)</u>



## **NOTES TO FINANCIAL STATEMENTS**

(Expressed in thousands of Dollars)

For the year ended December 31, 2018

### **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 and The Province of Alberta [the "Province"], which provide subsidies for certain properties. 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 Provincial Fixed Subsidy Portfolio**

This portfolio consists of 198 units [2017 – 592] owned and managed by the Company. The Province subsidizes the interest payments on the mortgages of these properties so that the effective rate of interest to the Company is 2% per annum. In the event the maximum federal assistance received (debt interest rebate) exceeds the actual required, the excess federal assistance received shall be refundable to the Province. The net surplus and/or losses are the responsibility of the Company.

Due to the expiry of Provincial subsidy agreements during 2017, 394 units (6 properties) were moved from this portfolio to the Calhome Owned portfolio. The 2017 figures were reclassified to reflect this transfer in order to provide an appropriate basis for comparative purposes (See note 18). This reclassification only affects the portfolio-level Statements of Operations, and not the consolidated financials.

#### **CHC Private Non-Profit Portfolio**

This portfolio consists of 207 units [2017 – 207] owned by the Company. The Provincial government subsidizes any operating deficits 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.

#### **Calhome Owned Portfolio**

This portfolio is comprised of 1,532 units [2017 – 1,138] owned by the Company with no direct subsidy from any governmental agency.

## **NOTES TO FINANCIAL STATEMENTS**

(Expressed in thousands of Dollars)

For the year ended December 31, 2018

### **Corporate Properties Residential Units Portfolio**

This portfolio consists of 239 units [2017 – 246] 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. During the year, the remaining seven units in the Midfield property were closed which caused the decrease in unit count in 2018.

### **City of Calgary Partnership Portfolio**

This portfolio consists of 1,176 units [2017 – 1,128] 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. Historically, the portfolio has returned surpluses to The City and deficits have been funded by The City. During the year, the new Wildwood property with 48 units became operational.

In 2018, the company received Council approval to retain future operating surpluses starting in 2019. These surpluses will be invested in lifecycle maintenance required by any City-owned properties.

### **City Owned Community Housing Portfolio**

This portfolio consists of 1,059 units [2017 – 1,059] owned by The City and managed by the Company. Any operating surpluses or losses are refunded or subsidized 90%, and 10% respectively by provincial and municipal governments under joint agreement.

### **Provincially Owned Community Housing Portfolio**

This portfolio consists of 2,704 units [2017 – 2,704] owned by the Province of Alberta. The Company assumed the management of this portfolio in 2001. The Province subsidizes 100% of the deficits of this portfolio.

### **Rent Supplement Portfolio**

This portfolio is a provincial government program, administered by the Company, to provide rental subsidies paid to the private landlords and tenants. The Company receives reimbursement of administration fees incurred for this program at the rate of \$31 per unit per month.

## **NOTES TO FINANCIAL STATEMENTS**

(Expressed in thousands of Dollars)

For the year ended December 31, 2018

### **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 of 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 market or below-market rents outlined in the agreements with The Province 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 deferred funding until used for the purpose specified.

#### **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 Change in Net Debt for the year.



**NOTES TO FINANCIAL STATEMENTS**  
(Expressed in thousands of Dollars)

For the year ended December 31, 2018

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**[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:

	<b>YEARS</b>
Land	-
Buildings	50-75
Building Betterments	5-75
Leasehold Improvements	5-10
Systems	5
Furniture	20
Vehicles	10

Assets under construction are not amortized until the asset is available for productive use.

**[ii] Contributions of Tangible Capital Assets**

Tangible capital assets received as contribution are recorded at fair value at the date of receipt in restricted revenue.

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

**Restricted Replacement Reserve**

The Replacement Reserve is funded by a charge against accumulated surplus. The Province, The City and CHC determine an annual provision for the Replacement Reserve for certain properties. Disposition of the reserve, other than for replacement costs, is subject to the approval or direction of the Province, The City and CHC administration (Notes 3 and 10).

## **NOTES TO FINANCIAL STATEMENTS**

(Expressed in thousands of Dollars)

For the year ended December 31, 2018

### **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **General and Administration**

General and administration expenditures are allocated to properties using a hybrid approach encompassing direct allocation and ratio allocation. Expenditures directly related to certain properties are directly allocated to those properties. Expenditures relating to multiple properties are allocated based on the ratio of the number of units in each property to the total number of units managed by the Company.

#### **Inter-entity Transactions**

The Company's financial information is included in the consolidated financial statements of the City of Calgary [the "City"]. Transactions with the City and other consolidated entities are recorded at the exchange amount when they take place on terms similar to arms-length transactions, or where costs are allocated or recovered. The Company does not record any amount for transactions in which it is a recipient and the related costs are unallocated.

#### **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.

## **NOTES TO FINANCIAL STATEMENTS**

(Expressed in thousands of Dollars)

For the year ended December 31, 2018

### **Changes in Accounting Policy**

The Company has prospectively adopted the following standards with an effective date of January 1, 2018:

- PS 3210 Assets
- PS 3320 Contingent Assets
- PS 3380 Contractual Rights
- PS 3420 Inter-entity Transactions
- PS 2200 Related Party Disclosures

The adoption of these standards has only impacted note disclosures in the financial statements, as reflected in Notes 13, 14, and 16.

#### *Assets*

Assets ("PS 3210") provides additional guidance for applying the definition of assets and establishes general disclosure standards for assets.

#### *Contingent Assets*

Contingent Assets ("PS 3320") defines and establishes disclosure on contingent assets. Disclosure of information about contingent assets is required when the occurrence of the confirming future event is likely.

#### *Contractual Rights*

Contractual Rights ("PS 3380") defines and establishes disclosure standards on contractual rights. Disclosure of the nature, extent, and timing of any contractual rights is required.

#### *Related Party Disclosures*

Related Party Disclosures ("PS 2200") defines a related party and establishes disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.



## **NOTES TO FINANCIAL STATEMENTS**

(Expressed in thousands of Dollars)

For the year ended December 31, 2018

### *Inter-entity Transactions*

Inter-entity Transactions ("PS 3420") specifically addresses the reporting of transactions between entities controlled by the government's reporting entity from both a provider and recipient perspective. Disclosure of this information is required whether or not the transaction is given accounting recognition.

### **Future Accounting Pronouncements**

#### *Restructuring Transactions*

Restructuring Transactions ("PS 3430") establishes how to record assets, liabilities, revenues, and expenses related to restructuring transactions as well as disclosure requirements for the recipient and transferor. This standard is effective for fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted.

#### *Asset Retirement Obligation*

Asset Retirement Obligation ("PS 3280") provides guidance relating to obligations to retire tangible capital assets of a Public Sector entity that are predictable and unavoidable. This standard is effective for fiscal years beginning on or after April 1, 2021. Earlier adoption is permitted.

#### *Revenue*

Revenue ("PS 3400") provides guidance on the recognition of revenue that distinguishes between revenue that arises from transactions that include performance obligations and from transactions that do not have performance obligations. This standard is effective for fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted.

**NOTES TO FINANCIAL STATEMENTS**  
 (Expressed in thousands of Dollars)

For the year ended December 31, 2018

**3. CASH**

The Company holds bank accounts in conjunction with The City 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:

	<b>2018</b>	2017
	<b>\$</b>	\$
Restricted		
Tenants' security deposits	<b>1,069</b>	1,067
Rent supplement fund advance <i>(Note 4)</i>	<b>4,255</b>	4,255
Restricted replacement reserve	<b>6,887</b>	6,583
Restricted operating reserve	<b>536</b>	536
Provincial emergency fund	<b>719</b>	-
Deferred capital contributions <i>(Note 10)</i>	<b>5,409</b>	5,409
Deferred funding	<b>9,068</b>	10,405
	<b>27,943</b>	28,255
Unrestricted	<b>10,992</b>	5,928
	<b>38,935</b>	34,183

**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 and tenants are reported as expenses and all rent supplement payments received by the Company from the Province are reported as rent supplement revenue. The Province provided the Company with a \$4,255 operational cash advance in 2012. This advance would be used to pay rental subsidies to private landlords and tenants in the event that the Province decides to discontinue the rent supplement program.

**NOTES TO FINANCIAL STATEMENTS**  
(Expressed in thousands of Dollars)

For the year ended December 31, 2018

**5. MORTGAGES PAYABLE**

Mortgages in the amount of \$1,593 [2017 - \$2,684] are for the fixed subsidy properties. These mortgages have interest rates, before the senior government interest subsidy, between 0.94% and 6.45% per annum [2017 – between 0.94% and 6.45% per annum]. The maximum effective interest rate of the fixed subsidy mortgages to the Company after subsidy payments is 2% per annum over the mortgage term to renewal.

The remaining mortgages are in the amount of \$8,463 [2017 - \$9,917]. The interest rate of these mortgages varies from 1.04% to 4.34% per annum [2017 – between 1.04% and 4.52% per annum].

The mortgage repayment schedule is as follows:

Year	\$
2019	1,391
2020	1,177
2021	1,026
2022	1,066
Thereafter	5,396
	<u>10,056</u>

Related land and buildings have been pledged as collateral for mortgages payable. The net book value of land and buildings pledged amounts to \$59,398 [2017 - \$69,552] as at December 31, 2018.



**NOTES TO FINANCIAL STATEMENTS**  
 (Expressed in thousands of Dollars)

For the year ended December 31, 2018

**6. EMPLOYEE BENEFIT OBLIGATION**

The Company does not pay honoraria to its Board members.

The employee benefit obligation program is administered by employees of The City, and it represents employees' vacation and overtime deferred to the future years.

The City employees are members of the Local Authorities Pension Plan ("LAPP"). LAPP is a multi-employer defined benefit plan. This plan is governed by the Public Sector Pension Plans Act. In 2017 the LAPP reported a surplus, based on extrapolated results of the actuarial valuation, of \$4.84 billion [2016 – deficit of \$0.64 billion].

The LAPP requires members and employers to 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:

	<b>2018</b>	2017
Members' Rate up to YMPE	<b>9.39%</b>	10.39%
Members' Rate over YMPE	<b>13.84%</b>	14.84%
Employers' Rate up to YMPE	<b>10.39%</b>	11.39%
Employers' Rate over YMPE	<b>14.84%</b>	15.84%

The current service contributions by the Company, as reflected in 'Salaries and Benefits' to the LAPP, were \$1,810 [2017 - \$1,956]. The current service contributions by the employees allocated to the LAPP were \$1,654 [2017 - \$1,937].

**NOTES TO FINANCIAL STATEMENTS**  
(Expressed in thousands of Dollars)

For the year ended December 31, 2018

**7. TANGIBLE CAPITAL ASSETS**

	Jan 1, 2018 Opening Balance	Additions	Disposal/ Transfers	December 31, 2018 Closing Balance
Cost	\$	\$	\$	\$
Land	27,957	-	-	27,957
Building	96,721	-	-	96,721
Building Betterment	31,550	96	-	31,646
Systems/M&E	2,273	-	-	2,273
Leasehold Improvements	515	-	-	515
Vehicles	390	58	-	448
Furniture	347	-	-	347
Work in Progress	728	457	(386)	799
	160,481	611	(386)	160,706
	\$	\$	\$	\$
<b>Accumulated Depreciation</b>				
Building	51,160	1,886	-	53,046
Building Betterment	6,774	1,008	-	7,782
Systems/M&E	2,225	31	-	2,256
Leasehold Improvements	296	53	-	349
Vehicles	78	45	-	123
Furniture	270	4	-	274
	60,803	3,027	-	63,830
<b>Net Book Value</b>	99,678	(2,416)	(386)	96,876

**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, 2018 and 2017, one share was issued.

## **NOTES TO FINANCIAL STATEMENTS**

(Expressed in thousands of Dollars)

For the year ended December 31, 2018

### **9. FINANCIAL INSTRUMENTS**

Financial instruments consist of cash, rent and other receivables, payable to and receivable from senior government, accounts payable and accrued liabilities, unearned revenue, deferred funding, 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 properties 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 is 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, 2018

**10. ACCUMULATED SURPLUS**

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

	2018	2017
	\$	\$
Accumulated surplus (Opening)	<b>96,341</b>	92,551
Surplus	<b>3,826</b>	3,790
Accumulated surplus (Closing)	<b>100,167</b>	96,341

	2018	2017
	\$	\$
Accumulated surplus(deficit)	<b>515</b>	(3,263)
Restricted replacement reserve	<b>6,887</b>	6,583
Operating reserve	<b>536</b>	536
Deferred capital contribution	<b>5,409</b>	5,409
Equity in tangible capital assets *	<b>86,820</b>	87,076
	<b>100,167</b>	96,341

	2018	2017
	\$	\$
* Equity in tangible capital assets		
Tangible capital assets (Note 7)	<b>160,706</b>	160,480
Accumulated amortization (Note 7)	<b>(63,830)</b>	(60,803)
Long-term debt (Note 5)	<b>(10,056)</b>	(12,601)
	<b>86,820</b>	87,076

The operating reserve represents 50% of operating surplus accumulated in 1999 and future years of the Calhome Owned Portfolio to be used to offset operating losses in future years.

Deferred capital contribution represents the restricted capital contributions received from the third parties for a specified purpose, which will be recognized as a revenue or as an increase in equity in tangible capital assets when the related expenditures are incurred.

**NOTES TO FINANCIAL STATEMENTS**  
(Expressed in thousands of Dollars)

For the year ended December 31, 2018

**11. RESTRICTED FUNDS**

The Company has received restricted grants from The City and the Province to be used for specific purposes. These funds are recognized as restricted revenue in the period they are used for the purpose specified. In 2018, the Company utilized \$17,244 [2017 - \$6,439] of restricted grants and recorded the related restricted revenue. This resulted in additional \$7,709 in Government receivables related to restricted grants.

	January 1, 2018 \$	Restricted Inflows \$	Revenue Earned \$	Grants in Receivables \$	December 31, 2018 \$
The City of Calgary	(8,075)	-	695	-	(7,380)
The Government of Alberta	(2,330)	(3,353)	2,994	1,002	(1,688)
	<u>(10,405)</u>	<u>(3,353)</u>	<u>3,689</u>	<u>1,002</u>	<u>(9,068)</u>

The restricted grants provided by the Province have been restricted for capital spending, non-recurring maintenance, preventative maintenance, suite renovations, feasibility study for two new projects, building condition assessments, and the women fleeing violence program.

The grants received from the City of Calgary have been restricted for performing suite renovations, building condition assessments, preventative maintenance, non-recurring maintenance, and new system implementation.

**12. INSURANCE RECOVERIES AND INSURANCE EXPENSES**

Insurance recoveries represent insurance claims recovered during the year. Insurance recoveries are recognized as revenue when received, or when reimbursement for the insurance claim has been confirmed by the insurer. Insurance expenses are the costs incurred to pay third party contractors during the year, related to insurance claims. The insurance claims are made by the Company to recover current year 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, 2018

**13. CONTINGENT ASSETS**

Contingent assets are possible assets arising from existing conditions or situations that involve uncertainty. That uncertainty will be resolved when a future event not wholly within the Company's control occurs or fails to occur, and resolution of the uncertainty will confirm the existence or non-existence of an asset.

The Company has contingent assets arising from open claims related to insured expenditures. As at December 31, 2018, the estimated amount of claims where recovery is likely is \$498.

**14. CONTRACTUAL RIGHTS**

Contractual rights are rights of the Company to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

Year	Long-term lease and rental agreements	Restricted grants and management fees	Total
	\$	\$	\$
2019	561	7,670	8,231
2020	548	5,898	6,446
2021	381	9,165	9,546
2022	284	4,505	4,789
2023	190	-	190
Thereafter	183	-	183
	<u>2,147</u>	<u>27,238</u>	<u>29,385</u>



**NOTES TO FINANCIAL STATEMENTS**  
 (Expressed in thousands of Dollars)

For the year ended December 31, 2018

**14. CONTRACTUAL RIGHTS (continued from previous page)**

In addition to the contractual rights listed above, the Company has operating and subsidy agreements which are made up of the following:

- Provincial Fixed Subsidy – debt financing at 2%
- Provincial subsidy of CHC-owned Private Non-Profit portfolio
- City of Calgary Community Housing operating agreements
- Province of Alberta Community Housing operating agreement
- Provincial Rent Supplement program

For more information regarding these agreements, and the portfolios to which they relate, refer to Note 1.

**15. CONTRACTUAL OBLIGATIONS**

The Company has contractual obligations related to leases of land and office space, and a software subscription agreement. The approximate future minimum annual lease payments for the next five years are as follows:

<b>Year</b>	<b>Land</b> \$	<b>Office Space</b> \$	<b>Software</b> \$	<b>Total</b> \$
2019	98	497	562	1,157
2020	98	489	562	1,149
2021	98	489	363	950
2022	98	489	-	587
2023	98	229	-	327
Thereafter	784	-	-	784
	<b>1,274</b>	<b>2,193</b>	<b>1,487</b>	<b>4,954</b>

**NOTES TO FINANCIAL STATEMENTS**  
(Expressed in thousands of Dollars)

For the year ended December 31, 2018

**16. RELATED PARTY TRANSACTIONS**

The Company is related through control and common control to the City of Calgary and all of its business units and subsidiaries. Related parties also includes key management personnel and close family members.

Transactions with related parties, unless separately disclosed, are considered to be in the normal course of operations and are recorded at the exchange amount, which is substantially the same as would occur in an arm's length transaction.

CHC had the following transactions and balances with related parties reported in the Statement of Operations and the Statement of Financial Position. Transactions are recorded at the amount of consideration agreed upon between the related parties.

	2018
	<u>\$</u>
<b>Revenue</b>	
Restricted revenue	<u>3,546</u>
<b>Expenses and Other Items</b>	
Administration	71
Return to the City of Calgary	<u>1,456</u>
	<u>1,527</u>
<b>Receivable from related parties</b>	<u>1,868</u>
<b>Deferred revenue transactions</b>	<u>7,377</u>
<b>Contractual Rights</b>	<u>25,880</u>

**NOTES TO FINANCIAL STATEMENTS**  
 (Expressed in thousands of Dollars)

For the year ended December 31, 2018

**16. RELATED PARTY TRANSACTIONS (continued from previous page)**

The Company shares various administrative services and functions such as banking, payroll, safety, training, and executive leadership with the City of Calgary. These costs are not allocated to, or recovered from, the receiving party and therefore are not recognized in the Statement of Operations.

During the year ended December 31, 2018, the City of Calgary forgave property taxes in the amount of \$1,305 on Company owned properties. The Company is not responsible for property taxes on properties it manages but are owned by the Province of Alberta or the City of Calgary.

**17. CHANGES IN NON-CASH WORKING CAPITAL**

	<b>2018</b>	2017
	<b>\$</b>	\$
Receivables	<b>(8,695)</b>	(1,080)
Accounts payable and accrued liabilities	<b>8,767</b>	2,616
Unearned revenue	<b>262</b>	(23)
Deferred funding	<b>(1,337)</b>	1,925
Payable to senior government	<b>1,850</b>	(763)
Tenants' security deposits	<b>2</b>	(22)
Employee benefit obligation	<b>154</b>	228
Prepaid expenses	<b>(333)</b>	(12)
Increase/(Decrease) in non-cash working capital	<b>670</b>	2,869

**NOTES TO FINANCIAL STATEMENTS**  
(Expressed in thousands of Dollars)

For the year ended December 31, 2018

**18. 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. These reclassifications are due to:

- Transfer of six properties from the Provincial Fixed Subsidy portfolio to the Calhome Owned portfolio. This reclassification only affects the portfolio-level Statements of Operations, and not the consolidated financials.
- Transfer of \$536 from unrestricted cash to restricted cash for CHC's operating reserve.

**19. APPROVAL OF BUDGET AND FINANCIAL STATEMENTS**

Budget figures included in the financial statements were approved by the Board at the September 21, 2018 Board meeting. The Board and Management have approved these financial statements.







**Corporate Office**  
Rocky Mountain Plaza  
Suite 800, 615 Macleod Trail SE  
Calgary, AB T2G 4T8

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

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

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

## All Locations

(587) 390-1200

[calgaryhousingcompany.org](http://calgaryhousingcompany.org)