

**“Out of this nettle, danger...
We pluck this flower, safety.”**
— *Shakespeare*

2012 ANNUAL REPORT



The Agency for Co-operative Housing
L'Agence des coopératives d'habitation



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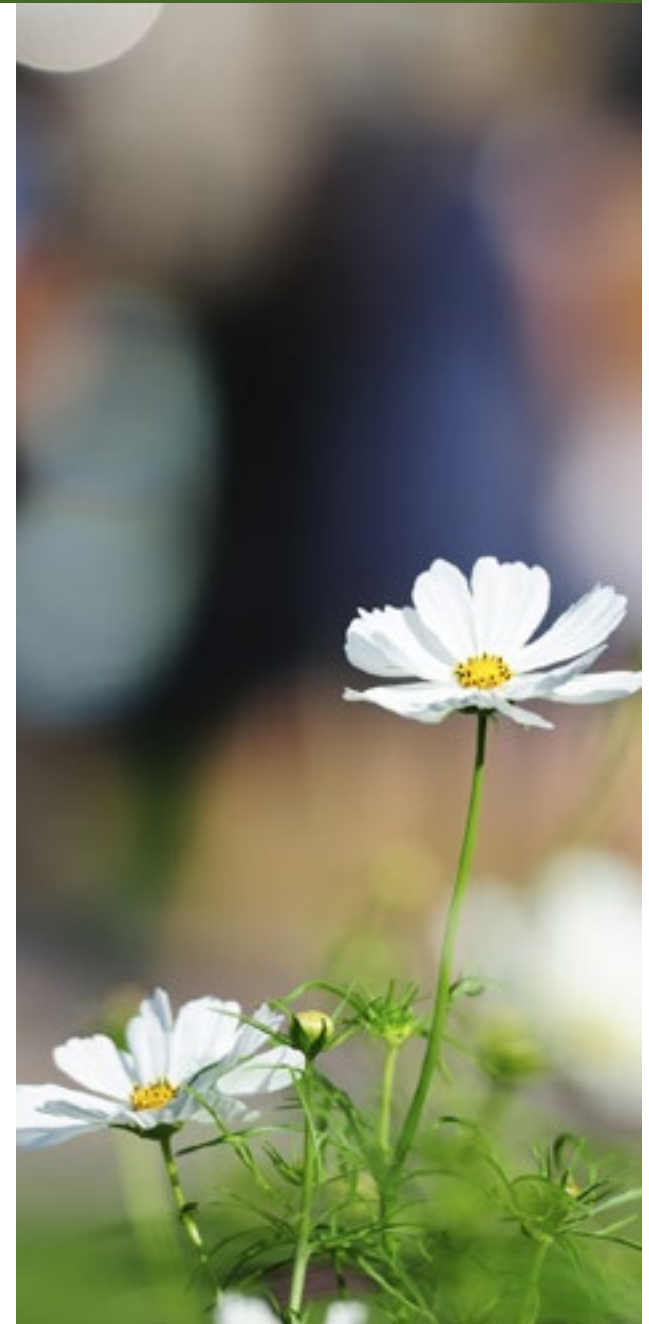
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Board of Directors



[Left to Right] Cameron Gray; Myrna Bentley, Treasurer; Maryantonett Flumian; W. Laird Hunter, Q.C., President; Roger Maloney; Elaine Duvall, Vice-President

The Agency's six directors come from British Columbia, the Prairies and Ontario. A summary of their individual business experience and other qualifications appears on the Agency's website.

The directors have been selected for their knowledge of law, finances, public administration, regional economic conditions, government housing programs and co-operatives of many kinds. They accepted their nomination from the Co-operative Housing Federation of Canada, the Agency's sole member, because of their deep belief in the need for effective public programs to ensure that all Canadians have secure, affordable housing. The directors' broad understanding enables them, together, to oversee the Agency's operations with wisdom and sound judgement.



“Co-operative Enterprises Build a Better World”

The slogan for IYC 2012, the International Year of Co-operatives, elegantly encapsulates the dual nature of housing co-operatives. They are small businesses that live as communities with the potential for a certain utopian radiance. While the Agency’s focus is on co-operatives’ financial health, we never forget that they are hybrids that must protect their members as carefully as they tend to their assets.

The Agency, too, is a hybrid organization, at once part of the co-operative housing movement and a stand-in for government. It must, and successfully does, combine flexibility with rigour. In 2012, our staff met all 25 performance standards mandated by our agreement with CMHC, achieving 100 per cent performance against 22 and exceeding the remainder. At the same time, we strove to build a

better world through the medium of better housing co-operatives. The Agency’s goal is to help our clients conduct themselves wisely, as small, regulated businesses with a valuable asset to enjoy in the present and conserve for the future.

In 2012, one of our most important achievements was persuading clients to put more money into their capital replacement reserves. Every year our relationship managers report that more co-operatives are coming to understand the importance of setting more aside, especially those that have commissioned a building condition assessment (BCA). Once a capital replacement reserve plan is in place, the co-op’s motivation grows even stronger. One member of staff recalled the joy expressed by the manager and treasurer of a client in response to her e-mail urging the benefits of a higher contribution. While fearing resistance





from the members, both wanted the co-op to contribute more; her timely e-mail provided the support they needed to go to the members. In a year that saw a national inflation rate of 1.5 per cent, our clients together added \$1,532 a unit to their reserve, eight per cent more than a year earlier. This makes it clear that, with our help and advice, clients are recognizing what they need to do and taking action.

An above-inflation increase in its capital-reserve contribution often means an above-inflation increase in housing charges. As an Agency relationship manager observed, "Housing charges are always a tough sell. The best approach for me is to give all the financial information I can to the co-op, and they will

usually make the right decision." An average 2.2 per cent housing charge increase in 2012 suggests that our clients are listening.

A final staff comment on the year resonated with the co-operative spirit of IYC: "Co-operation means backing each other up." Whatever the challenges, "knowing your colleagues are there for you gets you through."

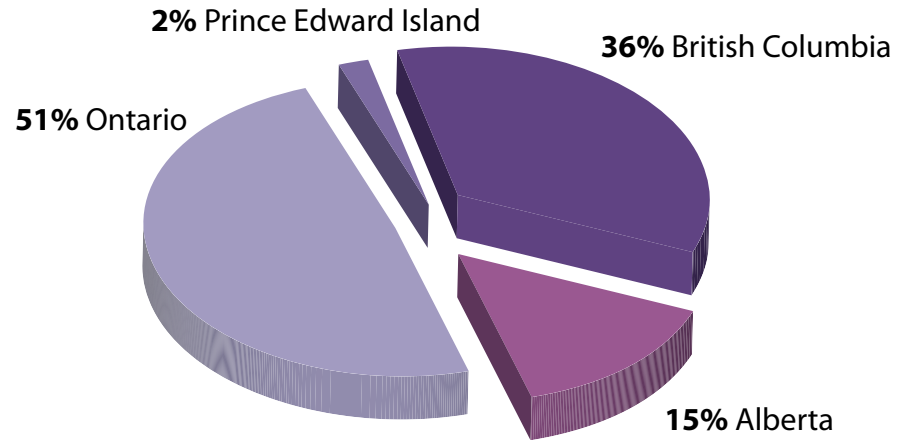


Clients

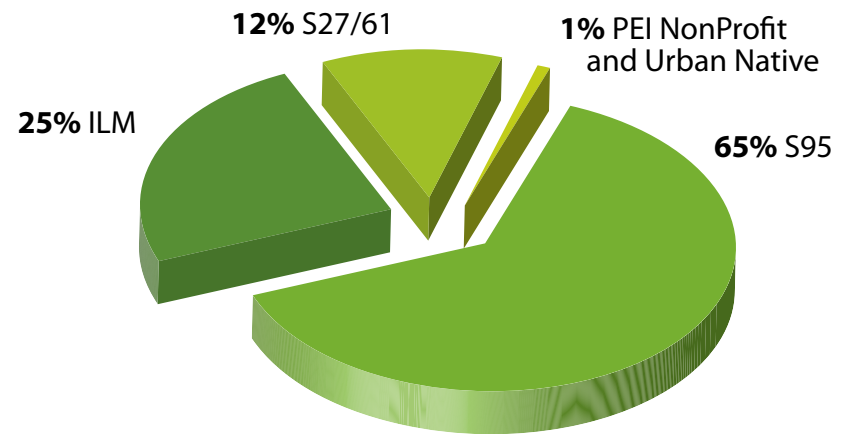
The Agency's portfolio grew to 549 housing co-operatives in 2012. Their distribution across provinces and housing programs is illustrated below.



Regional Distribution of Agency Clients



Percentage of Clients under Each Program



N.B.: Percentages are rounded, giving a total above 100%.





— Alexandra Wilson,
Chief Executive Officer

“Out of this Nettle, Danger...”: — Chief Executive Officer

The Agency’s risk-based approach means that we save most of our attention for clients that are under-performing. Much of our work is a matter of encouraging these co-operatives to acknowledge their problems and, perhaps for the first time in years, to adopt sound habits and appropriate financial goals.

Change comes most readily when a client recognizes that its situation is risky, but not hopeless. Our staff might well say with Hotspur in *Henry IV, Part I*, “’Tis dangerous to take a cold, to sleep, to drink; but I tell you, out of this nettle, danger... we pluck this flower, safety.”

Every year the Agency produces a risk-assessment report for each of our client housing co-operatives. The assessment points to any problems that increase the co-op’s risk of being unable to meet its financial obligations, either now or in the future. The bearer of bad news must not expect to be popular; however, our staff have found

many clients deeply appreciative of an external voice that is unafraid to alert them to a potential or growing problem and to help them address it. Needless to say, the Agency’s relationship managers are equally ready to cheer on a strengthening operation.

Financial renewal plans are another tool we’ve developed that gives hope to housing co-operatives struggling under a growing load of debt. Initiated in 2012 to an enthusiastic response, the plans serve as personalized road maps. By the end of 2013 they will guide 45 co-operatives on the first steps of a journey that will see them eliminate their accumulated deficit and either pay off their loans by the time their operating agreement has ended or position them to refinance the remainder with a commercial lender. Again quoting Hotspur: “A good plot, good friends and full of expectation....”



To move from our clients' challenges to those of the Agency, 2013 will see us modify our risk-assessment process to accommodate a decline in the number of client properties we inspect each year. We will look for streamlining and new efficiencies in processes jointly undertaken with CMHC, particularly those associated with co-operatives with workouts. Lastly, we will continue to improve the systems that have given the Agency its reputation as a peerless manager of housing programs.

The Agency's leadership is based on the grounded, realistic optimism of a purpose-led organization. Though the child of the national co-operative housing association, CHF Canada, we play a unique role in our emphasis on risk assessment, data-based analysis and fast action taken in the client's long-term interest. Our on-going promise to the movement in 2013 and beyond is continuing innovation in the service of a consistent vision of solidly successful housing co-operatives making this a better world.





Financial Highlights

	31 December, 2012	31 December, 2011
ASSETS		
Cash	\$ 2,103,355	\$ 2,019,370
Capital Assets	696,611	779,319
Other	206,361	181,011
	<u>3,006,327</u>	<u>2,979,700</u>
LIABILITIES		
	2,371,584	2,247,992
FUND BALANCES		
Operating Reserve	107,335	104,300
Capital Fund	527,408	627,408
	<u>3,006,327</u>	<u>2,979,700</u>
CHANGES IN OPERATING RESERVE		
	2012	2011
Revenue	6,232,216	5,961,587
Operating Expenses	(6,008,843)	(5,540,778)
Transfer to Capital Fund	(220,338)	(345,254)
	<u>\$ 3,035</u>	<u>\$ 75,555</u>

The full financial statements, audited by Marcil Lavallée, have been provided to the Co-operative Housing Federation of Canada and Canada Mortgage and Housing Corporation. Full statements are available on request.



Staff

Alexandra Wilson, CEO

Corporate Services

Colin MacDougall, Director, Corporate Services

Iwona Bierylo, Manager, Information Systems
Gail McKenzie, Software Quality Assurance Officer
Sergei Pershukovich, Data Administrator
Stan Piechocinski, Senior Software Developer

Chantal Roy, Manager, Human Resources and Service Quality

Sirikit Moreau, Co-ordinator, Human Resources
and Client Service
Sylvie Moreau, Client Service Champion

Georges Guimond, Manager, Special Projects

Maggie Keith, Communications Officer and
Corporate Secretary
Agata Nobrega, Senior Administrative Assistant
Kara Shipman, Senior Administrative Assistant

Lending and Default Prevention Services

Greg O'Neill, Director, Lending and Default Prevention Services

Jennifer Hobbs, Senior Analyst
Nick Van Dyk, Senior Analyst
Grace Zhao, Default Management Officer

Operations

Olga Tasci, Director, Operations

Dave Howard, Manager, Operations (Ontario/PEI)
Bridget Bayliss, Relationship Manager
Margaret Callaghan, Relationship Manager
Jean-Marc Carrière, Relationship Manager
Donna Charbonneau, Relationship Manager
Jacqueline Cooper, Relationship Manager
Jane Davidson-Neville, Relationship Manager
Meghan George, Senior Administrative Assistant
Catriona McCallum, Relationship Manager
David Nagy, Relationship Manager
Sandeep Thethy, Relationship Manager
G. Scott Wylie, Relationship Manager

Joanne Mick, Manager, Operations (B.C. / Prairies)
Jennifer Brumwell, Relationship Manager
Cole Dudley, Relationship Manager
Meghan Friesen, Senior Administrative Assistant
(Prairies)
Fiona Mitchell, Relationship Manager
Shawn Preus, Lead Relationship Manager
Payam Ressalat, Relationship Manager
Debbie Saidman, Relationship Manager
Francesca Sorace, Relationship Manager
Sonja Starke, Senior Administrative Assistant (B.C.)
Heather Wesenberg, Relationship Manager
Amanda Yeomans, Relationship Manager

Michel St-Denis, Manager, Technical Services René Boucher, Co-ordinator, Technical Services

Julie LaPalme, Information Officer
Ken Lawson, AIR Help Desk Officer
Larry Lenske, Financial Officer
Eileen Wilke, Financial Officer





Mission, Vision, Values

Our Mission

The Agency administers co-operative housing programs, deploying risk-based strategies, superior information management and client-centred service to safeguard the public's investment and help our government and co-operative partners attain their goals.

Our Vision

The Agency aspires to be a superlative administrator of co-operative housing programs, recognized for its leadership by governments across Canada and valued by housing co-operatives as a partner in their success.



Our Values

We hold to these values, which govern our conduct with the general public, our government and co-operative partners, and our employees and other stakeholders.

Respect

We esteem our clients and at all times treat them fairly and with consideration.

Transparency

We promote the open and honest sharing of knowledge and information, while guarding the privacy of individuals.

Trust

We earn the confidence of our co-operative and government partners through exceptional service and consistent performance.

Excellence

We pursue superior results and continuous improvement. Success, for us, is getting the right things done as well as possible.

Innovation

We challenge ourselves constantly to find fresh approaches that will lead to ever-better outcomes for our partners.

Co-operation

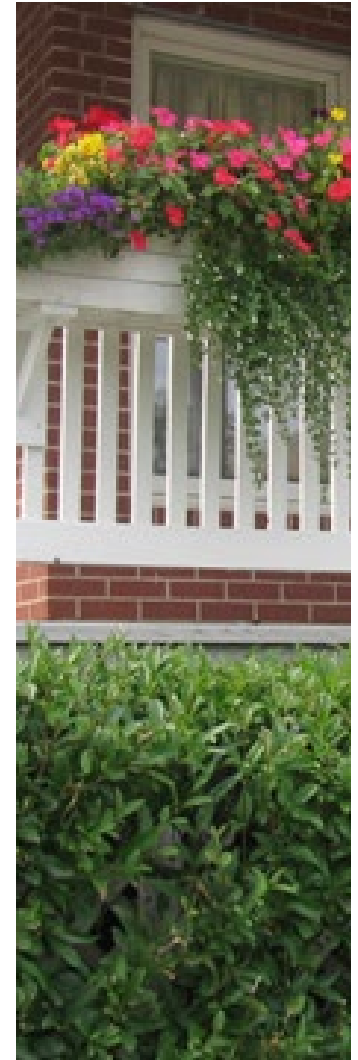
We work in concert with our stakeholders to achieve separate but complementary goals.

Accountability

We answer to our government and movement partners for the results we achieve as responsible stewards of the programs entrusted to us.

Sustainability

We look to the future, strengthening our operations, honouring the environment and encouraging our clients to sustain and conserve the properties they hold in common.



Contact the Agency • www.agency.coop

