ANNUAL REPORT 2014

HSC

LAYING THE FOUNDATION TO BUILD A STRONGER HOUSING SECTOR

A Letter from Our Chair & CEO

At HSC, 2014 was a year of change and renewal. We started the year by consolidating our business to five key areas to better reflect our core mandate, sharpening our focus on sustaining and preserving the housing asset. We also took a number of steps to become more efficient and transparent.

We streamlined our programs and services. We significantly reduced our staffing. We cut board and officers' expenses by more than 50%. We also started to wind up subsidiaries established in the past and set the stage for publicly disclosing expenses and remuneration on a quarterly basis and tightening our expense and board remuneration policies – with policies coming into effect on January 1, 2015. The decisions to reduce staff, drop services and close our Eastern Office were difficult. But they were necessary for us to remain financially viable and to offer best value for money to our sector.

As we were making these adjustments internally, HSC staff kept their focus on our clients. And clients noticed the benefits of our consolidated services – gaining access to a deeper, more integrated set of housing-specific services, delivered with hands-on support. Highlights included:

Chair & CEO Letter, cont'd

New value-adds to support housing providers and Service Managers:

In February 2014, we introduced a Green Loan Program. We also launched a low-cost building valuation service and emergency planning tools and in-person sessions for providers across Ontario; we also added EOA (end of operating agreements) consulting services and launched our SHARE initiative as part of our Asset Management and Renewal business line.

Enhancements to existing programs and services:

We revamped our Technical Services offering to reflect current housing provider needs and made back-office changes to our group and tenant insurance programs to make them easier to use and more cost-effective to administer.

Building sector capacity, fostering collaboration:

In 2014, HSC met sector interest in sharing best practices and thinking strategically about the housing asset with its second Regeneration Forum and its second annual Measuring Matters Energy Forum – with both events drawing capacity crowds. HSC also continued to serve as the corporate secretary for Housing Partnership Canada, a peer group of sector innovators focused on knowledge-sharing; finally CIH Canada made significant in-roads on its goal of professionalizing the sector, establishing new partnerships with BC Non-Profit Housing Association, Alberta Public Housing Administrators Association and Manitoba Housing.

New partnerships to strengthen the housing sector:

HSC played a leading role in revitalizing the national housing sector and setting the stage for achieving even greater economies of scale for providers by partnering in 2014 with CHF Canada, CHF BC and BC Non-Profit Housing to create Encasa Financial. We also established new partnerships with Marsh Canada, XN Financial and Lloyds of London to deliver our tenant insurance program and with Infrastructure Ontario on our Green Loan program.

Chair & CEO Letter, cont'd

Because the changes we've made at HSC in recent years have been significant, we also conducted a series of sector meetings in 2014 on our 2015-17 Strategic Plan. These meetings enabled us to reach out to clients personally, determine if we're on the right path and help us set a course for the future. The overall response on our changes has been positive and the feedback we received for the future has been integrated into our 2015-17 Strategic Plan.

For 2015, we will redouble our efforts to build trust in HSC as an organization and valuable sector partner; continue improving our financial stability and build HSC's customer service culture and organizational strength. Our business model is simple: leveraging the power of the group to deliver value added services to the sector at the best possible price. And our board is renewed with Gary Scripnick becoming Chair on April 1, 2015 and four new Service Manager appointees to offer new perspectives on our work.

We are deeply thankful to the HSC staff, our Board and - most importantly - our clients, who remain supportive of our longer-term vision as we progress through our organizational transformation.

Howie Wong, Chief Executive Officer
Merv Hughes, Board Chair (2014)

HSC: WHO WE ARE

HSC is committed to ensuring that Ontario residents have access to safe and affordable housing that improves their quality of life.

We support this by focusing on the long-term health and sustainability of Ontario's social housing asset.

MANDATED OBJECTS:

- To improve the operation and efficiency of housing providers
- To improve the quality of life of residents
- To improve the long-term sustainability and viability of the physical assets

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Corporate Structure

At the beginning of 2014, Housing Services Corporation had three active wholly-owned subsidiaries. Each subsidiary had been incorporated as a for-profit entity under the *Business Corporations Act of Ontario* (OBCA) and had its own board of directors that managed under their own respective regulations and by-laws.

Over the course of 2014, HSC conducted a subsidiary review and made several changes as part of its broader business transformation.

HSC SUBSIDIARIES

SHSC Financial Inc. (SHSCFI)

An Ontario Securities Commission registered Investment Fund Manager, SHSCFI managed the capital reserve investment program for participating housing providers as mandated by the Province of Ontario's Housing Services Act (2011). On September 30, 2014, SHSCFI ceased to be an HSC subsidiary when its new ownership model was finalized and it was subsequently renamed Encasa Financial. Under the model now in place, HSC has retained 40% of Encasa's issued and outstanding shares and the Co-operative Housing Federation of Canada, the Co-operative Housing Federation of British Columbia and the British Columbia Non-Profit Housing Association have each acquired 20% of the outstanding shares.

Green Light on a Better Environment (GLOBE)

A company that develops and administers money-saving energy management programs for the affordable housing sector that also benefit the environment and resident well-being. In 2014, the bulk of GLOBE's program/service offerings were transferred to HSC Energy Services with the exception of the delivery of utility incentive programs. HSC plans to wind up GLOBE in 2015.

SoHo Insurance Inc.

A RIBO-licensed broker that gathers data, provides administrative support and administers a Property Claims Trust Fund for the HSC Group Insurance Program. SoHo has also acted as the broker for tenant insurance and other insurance programs for the social housing sector. With changes to the administration of the HSC Tenant Program, SoHo started transferring its broker functions relating to tenant insurance to Marsh Canada for policies effective November 1, 2014. This transfer will be complete by October 31, 2015, though SoHo will continue to provide financial, accounting and administrative services for the program relating to government pay transactions.

Canada

CIH Canada is not an HSC subsidiary. It is a joint venture between the UK-based Chartered Institute of Housing and HSC, in which HSC holds a 49% interest in the organization. HSC supports the promotion of CIH Canada in Ontario, alongside strategic partners in British Columbia, Alberta and Manitoba.

PROCUREMENT POLICY

HSC is committed to open, fair and transparent procurement processes. In keeping with provincial and municipal best practices, HSC's procurement policies require that:

- Contracts valued between $10,000 and $24,999 utilize a competitive process that requires a minimum of three quotes
- Contracts valued at $25,000 or more must use an open and formal request for proposals (RFP) process
- Open competitive procurements of $25,000 or more are advertised by HSC on its website and on electronic tendering systems, such as MERX
- HSC employees managing procurements and contracts do not receive benefits of any kind, directly or indirectly, from any vendor. Vendors must not have any conflict of interest that may give them an unfair advantage in bidding on HSC contracts

HOW WE WORK WITH **ONTARIO'S AFFORDABLE HOUSING COMMUNITY**

Our Board

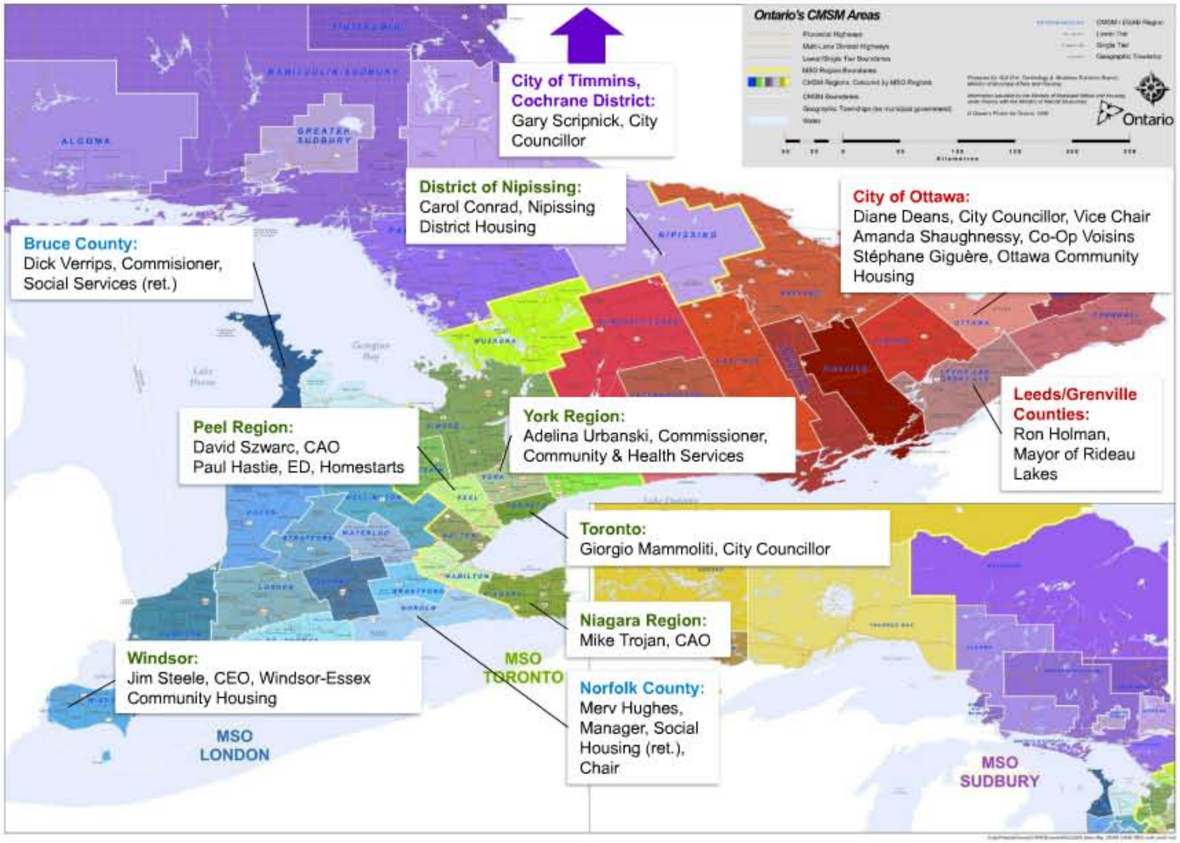
Our Clients & Stakeholders

Our Communications

OUR **BOARD**

HSC is governed by a board of directors that is made up of members of Ontario's housing community, including Service Managers, housing providers and provincial representatives. We thank our valued board members for their hard work and support during 2014.

In 2014, the Board said goodbye to **Ana Bailão** (City of Toronto), **Kathleen Llewellyn-Thomas** (Toronto Community Housing) and **Roger Maloney** (provincial appointee). HSC welcomed **Giorgio Mammoliti** (City of Toronto) and **Stéphane Giguère** (Ottawa Community Housing) to its board.



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OUR CLIENTS & STAKEHOLDERS

To meet the needs of Ontario's social housing sector, HSC works closely with clients and stakeholders from across the Province in the design, development and evolution of its programs. We also work with like-minded organizations at the national and international level to share best practices and advance Ontario's housing sector

HSC Board

Board Advisory Committees

Service Manager Advisory Committee

Deb Daigle, Cornwall
Bob McKnight, Hamilton
Sylvia Patterson, York*
Shelley Wilkins, Chatham-Kent
Denis Desmeules, Greater Sudbury
Leo Deloyde, Nipissing*
Brian Marks, Cochrane
Stephen Arbuckle, Ottawa
Rob Cressman, Toronto
Stephen Giustizia, London**

* To Autumn 2014
** Started September 2014

Insurance Advisory Committee

Carol Conrad, Nipissing District Housing
David McCarron, Ottawa Community Housing
Gerry Moss, Port Elgin Rotary NP Housing
Gord Montgomery, Montgomery Property Management
Helen Trajanos, Toronto Community Housing
John McDonald, Peel Region
Linda Stephenson, CHF Canada
Amanda Shaughnessy, Coop Voisins
Roger Maloney, HSC Board Chair*
Merv Hughes, HSC Board Chair**

* Served to November 2014
** Served from December 2014

SoHo Insurance Board

Carol Conrad, Nipissing District Housing (Chair)
Amanda Shaughnessy, Coop Voisins
Brian Laur, Managing Director
Howie Wong, HSC CEO

SHSC Financial Board*

Nicholas Gazzard, CHF Canada
Keith Ward, Human Services, Peel Region (ret.)
Lois Fine, YWCA Toronto
Dino Chiesa, Chiesa Group
Nancy Collyer, Lewis & Collyer
Dan Labrecque, Peel Region
Trevor Lester, Bayshore Property Management
Stewart Pearson, Strategic Mortgage Capital
Jim Steele, Windsor-Essex Community Housing
Howie Wong, HSC CEO

* Active to September 31, 2014.

GLOBE Board

Colin Gage, Victoria Park Community Homes (Chair)
Roger Maloney, HSC Board Chair*
Merv Hughes, HSC Board Chair**
Howie Wong, HSC CEO
Judy Lightbound, HSC CAO

* Served to May 23, 2014
** Served from May 23 to December 31, 2014

HSC-Led Sector-Based Groups

Social Housing Resource Committee

Steve McGuire, Property Manager, Sault Ste. Marie
Bob Aykler, Property Manager, Toronto
Anne Babcock, Woodgreen Community Centre, Toronto
Betty Ann Baker, Niagara Peninsula Homes
Carol Barber, Cochrane DSSAB
Shari Guinta, Property Manager, Waterloo
Catherine Jolliffe, Northtown Co Op, Welland
Aaron Lynes, Victoria Park Community Homes, Hamilton
Karen Maki, Property Manager, Sudbury & North Bay
Barb Moss, Property Manager, London
Janet Rose Jump, Property Manager, Waterloo
Lori Simpson, Property Manager, Ottawa
Ray Sullivan, Centretown Citizens, Ottawa
Kim Weiman, Community Housing Management Network, Toronto
Petr Bakus, Homestarts
Don Tront, Property Manager, Metis Nation
Stephen Culig, Tillsonburg Non-Profit Housing

Local Housing Corporation Forum

Susan Rath-Wilson, Ottawa*
Patricia Tessier, Ottawa**
Jim Steele, Windsor-Essex
Hugh Lawson, Toronto
Peggy Fulton, Cornwall
Mary Lynn Cousins Brame, Kingston
Brenda Osbourne, Hamilton
Carol Conrad, Nipissing
Christine Brutin, Haldimand-Norfolk
Darlene Cook, Peterborough
Susan McCormick, Elgin & St. Thomas*
Ralph West, Elgin & St. Thomas**
Steve Matthew, London & Middlesex
M. Mwarigha, Peel
Marc Scarfone, Greater Sudbury

* Served to May 2014
** Served from July 2014

HSC Gas Program Customer Advisory Committee

Sean Botham, Hamilton
Janice Campbell, Windsor-Essex
Jeff Barban, Sault Ste. Marie
Steve Broadhurst, Manitoulin-Sudbury
Christine MacDonald, Bruce
Sondra Fitzgerald, Peterborough
Colin Gage, Victoria Park Community Homes
M. Mwarigha, Peel
Paul Roszell, London & Middlesex
Keri Greaves, Thunder Bay
Carol Conrad, Nipissing
Brian Marks, Cochrane

Community Champions Network

Residents and housing staff in 80 communities across Ontario

Strategic Partnerships to Build Service Manager Strength & Expertise in Housing

- Ontario Municipal Social Services Association
- Association of Municipalities of Ontario
- Ontario Municipal Benchmarking Indicators Expert Panel
- Northern Ontario Service Deliverers Association

Strategic Partnerships to Build Housing Sector Knowledge & Capacity

- Ontario Non-Profit Housing Association
- Chartered Institute of Housing Canada
- Cooperative Housing Federation of Canada
- Housing Partnership Canada
- International Housing Partnership

OUR **COMMUNICATIONS**

HSC and its subsidiaries employ a variety of methods and tools to inform its clients and sector stakeholders about corporate and subsidiary decisions and activities on an ongoing basis.

ELECTRONIC COMMUNICATIONS

Utility Management Program Energy Dashboard Reports

Issued quarterly electronically. Signals the online availability of the participant's latest energy dashboard report (password protected), also includes links to current incentive programs, complementary programs, tips on reducing energy consumption and relevant news

Audiences:

- Participants in the Utility Management Program

SOCIAL MEDIA ACCOUNTS

linkedin.com/company/housing-services-corporation

twitter.com/hsc_tweets

facebook.com/pages/Housing-Services-Corporation/185475511579

hscorp.ca

Corporate website that includes information on HSC programs and services, archive of electronic newsletters, staff contact information and links to subsidiary websites (where applicable)

HSC Happenings: Update from the HSC CEO

Bi-monthly email updates on HSC and subsidiary business activities, relevant board decisions and sector news

Audiences:

- Clients of HSC services (housing providers, Service Manager housing staff)
- Stakeholder organizations
- Opt-in subscribers to HSC publications

Managing Risky Business

Quarterly email updates on the HSC insurance program, tips/best practices on risk management, news on risk management supports and services, relevant news clippings

Audiences:

- Participants in the Group Insurance Program
- Service Manager housing staff

globeservices.ca

GLOBE website includes information on energy incentive programs offered by utility companies and delivered by GLOBE in conjunction with HSC Energy Services

share.hscorp.ca

The SHARE Online Resource Hub is focused on asset management and renewal strategies from experts and organizations across the sector. It provides resources in three areas: Expiry of Operating Agreements, Building Capacity, and Community Revitalization.

tenant.hscorp.ca

Website that provides information on and the ability to apply for the HSC tenant insurance program (replaced the SoHo website, effective November 1, 2014)

RELATED OUTREACH

Encasa Financial publishes quarterly email updates for participants in the capital reserves investment program and also hosts a website at **www.encasa.ca**.

CIH Canada publishes quarterly email updates for opt-in subscribers, member updates, maintains Twitter, Facebook and Instagram accounts and hosts a website at **www.cih.org/canada**

EVENTS & IN-PERSON OUTREACH

HSC program leads and executives perform extensive in-person outreach to the sector at scheduled and ad hoc meetings, conferences and events.

In 2014, HSC also hosted its second Regeneration Forum from February 9 to 11 and its second annual Energy Forum on October 29. We also launched our SHARE events series that enable in-depth discussions on topics focused on the long-term sustainability of housing with webinars and innovation events in that started in Fall 2014.

In addition, HSC utilizes webinar technology to deliver program information to participants and interested parties.

2014 KEY ACHIEVEMENTS
ENERGY SERVICES

- Reducing utility costs for housing providers
- Helping providers leverage data to improve efficiencies
- Helping share practical solutions and fostering collaboration

At the 2014 Regeneration Forum, HSC launched its **Green Loan Program**, an innovative financing tool that helps providers pay for energy-saving capital improvements through the cost savings they deliver over the repayment period – and then benefit from thereafter. The program takes advantage of the low interest rates offered by Infrastructure Ontario and features an Energy Savings Warranty that protects providers if the savings don't materialize. By the end of 2014, HSC was in discussions with several large Ontario providers to pilot the program.

HSC also helped providers in its gas program control energy costs by securing gas pricing options that offered stability and flexibility based on their risk tolerance.

Working with Enbridge Gas, we also supported the delivery of **44 energy retrofit projects** that will deliver a total of **$525,000 in annual gas savings**.

"Energy efficient buildings lower electricity and gas bills, making them more affordable and are good for the environment. Our government is pleased to work with HSC in delivering this innovative new program."
Linda Jeffrey, Minister of Municipal Affairs and Housing, on the HSC Green Loan Program

Mimico Co-op in Toronto is a longtime **UMP** participant and took part in the **Audits to Action** pilot in 2014, installing a VFD on an existing make-up air unit, upgrading to LED lighting and participating in the HSC **Community Champions Program**. They estimate **$13,000 in first year cost savings on energy bills**. And Mimico's Community Champions efforts, focused on waste management, resulted in first quarter reductions in the volume of waste generated by over 7% compared to the previous period (**savings of over $450 on waste bills in just one quarter**).

HSC expanded the reach of its **Utility Management Program** (UMP) in 2014, adding 88 new provider buildings from across Ontario. With these new additions, UMP now has more than half of Ontario's multi-residential social housing stock in its benchmarking database. This is significant because the breadth of data will offer providers in the program even more comprehensive benchmarking information from which to gauge their individual buildings' energy performance.

In 2014, HSC also worked with the City of Toronto's Social Housing Unit to pilot **Audits to Action**, a program which takes a hands-on approach with providers – assisting 15 City of Toronto providers in getting an energy audit, developing their energy plans, connecting them with retrofits, delivering the retrofits and ongoing energy management. This program will continue in 2015.

Utility
Management Program

In October 2014, HSC hosted its second **Energy Forum**. Attended by a capacity crowd of approximately 100 participants in HSC's Energy Services programs, the conference program focused on practical ways of reducing energy consumption.

HSC also continued to develop its **Community Champion Program**, integrating its focus on resident engagement with the benchmarking data and building performance results from UMP. As a result, residents in UMP buildings can now see the results of their conservation efforts and target areas for improvement.

2014 KEY ACHIEVEMENTS
INSURANCE & RISK MANAGEMENT

- Implementing process improvements to drive operational and program efficiencies
- Improved benchmarking and analysis
- Promoting risk management tools and supports

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In 2014, HSC improved its renewal process for our **Group Insurance Program** by introducing an electronic form for renewals. Most of the form was pre-populated based on the previous year's data, meaning that provider staff could save time by focusing on making updates rather than digging up, revising and entering information. The response to the new form was overwhelmingly positive.

HSC took similar steps to simplify its **Tenant Insurance Program** by eliminating paper-based applications, outsourcing the bulk of its back-office functions and rebranding it. Effective November 1, 2014, new and renewing customers apply by phone to a call centre with extended hours and typically receive their policies within ten business days. An online application for residents with internet access subsequently launched in Spring 2015. The service improvements to this program were timely, given the growing number of providers who are implementing mandatory tenant insurance policies in their buildings.

Finally to reduce the amount of time that residents are displaced when disaster strikes and better control claims costs, HSC implemented a new claims management approach to its group insurance program at the end of 2014. This entailed developing new processes and hiring a new claims coordinator. We look forward to reporting back on this in 2015.

"I love the new application. It is not only informative but also really easy to complete."

"Thank you...for your sincere effort in keeping insurance costs in line as much as it is possible"

"HSC really does understand the clientele Social Housing providers support. When dealing with marginalized people it is never as black and white as some business people would hope." – **Feedback on HSC's Additional Living Expense coverage.**

In 2014, HSC was able to deliver improved data and analysis for clients on property and liability claims, which enabled providers and Service Managers to identify needed supports and better control the costs of risk. With the restructuring of the tenant insurance program, we were also able to start tracking tenant insurance compliance for providers with mandatory policies. We shared our analysis through our quarterly *Managing Risky Business* updates and face-to-face meetings with providers and Service Managers.

In addition to delivering ongoing education and outreach to providers across Ontario and hands-on, in-person support after major fires and floods at client buildings, HSC sought to improve the risk profile of Ontario's social housing sector in 2014 by:

- Launching a low-cost **building valuation service** to ensure providers have up-to-date property values and adequate coverage
- Developing tools, templates and facilitated sessions to assist providers in creating their individual **emergency plans**
- Encouraging providers to make **tenant insurance** mandatory in their buildings to reduce risks to their organizations as well as their low-income tenants

Uptake by providers on these supports has been strong. In mid-2014, Ottawa Community Housing implemented a policy requiring all new tenants to have tenant insurance. Later in 2014, both CityHousing Hamilton and Thunder Bay District Social Services Administration Board passed resolutions to introduce mandatory tenant insurance in 2015.

2014 KEY ACHIEVEMENTS
ASSET MANAGEMENT & RENEWAL

Expanding our hands-on asset management services

Promoting sector learning and exchange opportunities

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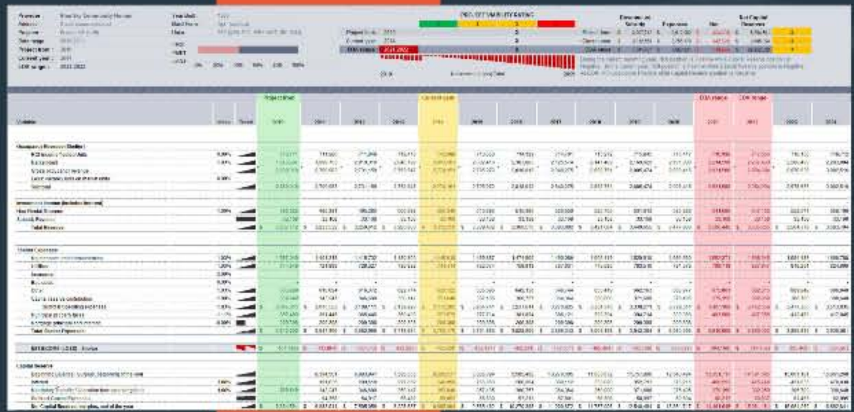
In 2014, we launched our **End of Operating Agreement (EOA) Consulting Services** to help Service Managers define the capital and funding needs of their social housing portfolios at EOA



We also re-launched **HSC Technical Services**, updating our service offering to better meet the current needs of providers and working as an owner's advocate on capital projects. During the year, HSC Technical Services also worked with 20+ co-ops in Nova Scotia in partnership with the Cooperative Housing Federation of Canada (CHF Canada), paving the way for a larger partnership with them on their Asset Management Services.

In 2014, HSC also worked to facilitate conversations and spur innovation on present challenges and future opportunities for affordable housing and community regeneration in Ontario and Canada. We started the year with our **2014 Regeneration Forum**, which brought together 350 housing professionals from across Canada and as far as South Africa to discuss practical, proven approaches to revitalizing our communities. Then in the Fall, we continued the conversation by launching our **Sustainable Housing Asset Resource Exchange (SHARE)** initiative.

SHARE launched with a webinar on EOA in September 2014, featuring the perspectives of Ray Sullivan (Executive Director, Centretown Citizens Ottawa Corporation) and Kerry Hobbs (Manager, Housing Strategy, York Region). In mid-October, we held our first "Innovation Event" with Paul Tennant, Group CEO of Orbit Housing in the United Kingdom. Then in early November, we hosted our second webinar featuring the City of London's Housing Manager, Stephen Giustizia reporting back on the progress they've made in establishing a housing development corporation – something that he'd spoken about earlier in the year at the Regeneration Forum. At the 2014 ONPHA conference, we launched our SHARE website (**share.hscorp.ca**), which features a wide array of resources on asset management and encourages visitors to share their own best practices, tools and resources.

2014 KEY ACHIEVEMENTS
INFORMATION & TECHNOLOGY SERVICES

Enabling providers to improve service levels and maximize resources

In 2014, HSC's Information and Technology Solutions was focused on enabling providers improve service levels and maximize resources.

Towards achieving this, we launched a pilot of **HSC InSite**, an online property management tool specially designed for small- to medium-sized social housing providers. The pilot helped gauge sector requirements and provided an opportunity to test drive an online system. As a result of lessons learned from the pilot, HSC spent the remainder of the year working with Yardi Systems to develop a second version of InSite with more robust tools and features. We also established a partnership with the Cooperative Housing Federation of Canada to pilot a version of the software customized for cooperative housing called **Spotlight**.

Both the pilot of Spotlight and the release of the second version of InSite are scheduled for 2015.

2014 KEY ACHIEVEMENTS
COMMUNITY & BUSINESS PARTNERSHIPS

Grow sector capacity and sustain sector financial viability

2014 was an important year for HSC in its efforts to grow sector capacity and sustain sector financial viability through community and business partnerships.

Our partnership with the Cooperative Housing Federation of Canada (CHF Canada) in particular grew deeper as we collaborated on a number of fronts – we agreed to deliver **Asset Management Services** and **Spotlight** together. CHF Canada also became a part owner of **Encasa Financial**, along with the Cooperative Housing Federation of British Columbia and BC Non-Profit Housing Association (BCNPHA), thereby keeping service levels high and prices competitive for investing providers in Ontario and making available a successful program to providers across Canada.

Towards supporting greater knowledge exchange and collaboration across Canada, HSC also continued to serve as corporate secretary for **Housing Partnership Canada (HPC)**, a peer-based network and business cooperative for CEOs from Canada's major affordable housing organizations. HPC is a member of the **International Housing Partnership (IHP)**, which brings together housing CEOs from the United Kingdom, the United States, Australia and Canada.

In 2014, HSC also assisted HPC in its preliminary review of alternate financing models, in particular the development of a Canadian Housing Bank. Here in Ontario, we also supported the **Northern Ontario Service Deliverers' Association** in their study of alternate financing options.

At the end of 2014, CIH Canada also expanded its reach with new partnerships with BCNPHA, Alberta Public Housing Administrators Association and Manitoba Housing to deliver its accreditation programs to housing professionals in Western Canada in 2015.

On a program level, HSC entered into new partnerships with Marsh, XN Financial and Lloyds of London on tenant insurance and with Infrastructure Ontario on our Green Loan Program in 2014.

LOOKING FORWARD
HSC's 2015-2017 STRATEGIC PLAN

In 2014, HSC met with housing providers and Service Managers across Ontario to have discussions on where HSC should be heading in the next three years to best support the sector. A detailed report of our findings went to HSC's sector-based board in October 2014 and helped inform our strategic planning session.

The resulting plan aligns with our five business areas of focus and legislated objects. The plan is focused on three key themes, which have specific deliverables associated with them:

- Sustaining the housing asset via value-added services
- Developing partnerships that sustain the sector
- Improving organizational performance to execute and deliver on our mission

In 2015, HSC will share the results in follow-up meetings with clients and stakeholders. We will also provide updates on our progress in future annual reports.

2014 **FINANCIALS**

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HOUSING SERVICES CORPORATION

Summary Consolidated Financial Statements

Year Ended December 31, 2014

NPT LLP
CHARTERED ACCOUNTANTS
Adding value. Finding balance.

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LONDON, ONTARIO N6B 2V3
www.nptca.com

INDEPENDENT AUDITOR'S REPORT

To the Members of Housing Services Corporation

The accompanying summary consolidated financial statements of Housing Services Corporation, which comprise the summary consolidated statement of financial position and the summary consolidated insurance trust fund statement of financial position as at December 31, 2014 and the summary consolidated statements of changes in net assets, revenue and expenditures for the year then ended, and related notes are derived from the audited consolidated financial statements of Housing Services Corporation for the year ended December 31, 2014.

We expressed an unmodified audit opinion on those consolidated financial statements in our report dated June 25, 2015.

The summary consolidated financial statements do not contain all the disclosures required by Canadian accounting standards for not-for-profit organizations applied in the preparation of the audited consolidated financial statements of Housing Services Corporation. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Housing Services Corporation

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of a summary of the audited consolidated financial statements on the basis described in note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, “Engagements to Report on Summary Financial Statements”.

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Housing Services Corporation for the year ended December 31, 2014 are a fair summary of those consolidated financial statements, in accordance with the basis described in note 1.

NPT LLP

London, Canada
June 25, 2015

NPT LLP
Chartered Accountants
Licensed Public Accountants

HOUSING SERVICES CORPORATION

Summary Consolidated Statement of Financial Position

December 31, 2014

		2014		2013
ASSETS				
Cash	**$**	**1,129,970**	$	885,998
Investments		**2,170,282**		1,438,606
Accounts receivable		**4,575,066**		4,888,782
Taxes other than income taxes recoverable		**-**		61,727
Prepaid expenses		**118,048**		216,832
Capital assets		**408,643**		562,236
Loan receivable		**58,494**		110,262
Due from trust fund		**917,648**		851,373
Investment in CIH Canada Inc.		**48,558**		78,784
Investment in Encasa Financial Inc.		**200,000**		-
	$	**9,626,709**	$	9,094,600
LIABILITIES AND NET ASSETS				
Accounts payable	**$**	**4,732,384**	$	5,751,679
Taxes other than income taxes payable		**28,577**		-
Deferred revenue		**169,292**		563,835
		4,930,253		6,315,514
NET ASSETS				
Accumulated surplus		**1,664,336**		1,798,962
Reserve funds		**3,090,609**		1,038,613
Non-controlling interest		**(58,489)**		(58,489)
		4,696,456		2,779,086
	$	**9,626,709**	$	9,094,600

See accompanying notes to the financial statements.

HOUSING SERVICES CORPORATION

Summary Consolidated Insurance Trust Fund Statement of Financial Position

As at December 31, 2014

		2014		2013
ASSETS				
Cash and cash equivalents	**$**	**19,946,100**	$	15,601,401
Accounts receivable		**1,478,029**		1,096,809
Deposit with insurance companies		**-**		901,267
	$	**21,424,129**	$	17,599,477
LIABILITIES				
Provision for provider claims	**$**	**751,381**	$	639,229
Due to insurance companies		**1,074,446**		1,148,959
Balances available to pay future claims		**18,680,654**		14,959,916
Due to general fund		**917,648**		851,373
	$	**21,424,129**	$	17,599,477

See accompanying notes to the financial statements.

HOUSING SERVICES CORPORATION

Summary Consolidated Statement of Changes in Net Assets

Year Ended December 31, 2014

	Accumulated Surplus	Reserve Funds	Non-controlling Interest	**2014**	2013
NET ASSETS - BEGINNING OF YEAR	$ 1,798,962	$ 1,038,613	$ (58,489)	**$ 2,779,086**	$ 4,165,048
Excess (deficiency) of revenue over expenditures	1,917,370	-	-	**1,917,370**	(1,385,962)
Fund transfers	(2,051,996)	2,051,996	-	**-**	-
NET ASSETS - END OF YEAR	$ 1,664,336	$ 3,090,609	$ (58,489)	**$ 4,696,456**	$ 2,779,086

See accompanying notes to the financial statements.

HOUSING SERVICES CORPORATION

Summary Consolidated Statement of Revenue and Expenditures

Year Ended December 31, 2014

		2014		2013
REVENUE				
Bulk purchasing program	**$**	**28,938,824**	$	27,914,212
Energy program		**1,041,596**		3,089,241
Group insurance program		**1,507,068**		1,529,383
Other sector programs		**1,203,549**		914,971
Grants – Province of Ontario		**-**		247,100
Management fees		**71,183**		-
Investment income		**120,963**		198,907
		32,883,183		33,893,814
EXPENDITURES				
Bulk purchasing program		**27,430,290**		27,573,221
Energy program		**811,855**		3,026,757
Group insurance program		**1,303,063**		1,880,153
Other sector programs		**1,938,307**		2,989,624
		31,483,515		35,469,755
Excess (deficiency) of revenue over expenditures for the year Before disposition for 60% interest in subsidiary		**1,399,668**		(1,575,941)
INCOME FROM DISPOSITION OF 60% INTEREST IN SUBSIDIARY				
Capital reserves program		**178,833**		189,979
Gain on disposal of 60% interest in capital reserves program		**338,869**		
		517,702		189,979
Excess (deficiency) of revenue over expenditures for the year	$	**1,917,370**	$	(1,385,962)

See accompanying notes to the financial statements.

Housing Services Corporation (HSC or Organization) was created by the Social Housing Reform Act, 2000 and continued under the Housing Services Act (2011) on January 1, 2012. Its membership includes all Service Managers, Local Housing Corporations and all prescribed Non Profit and Co-operative Housing Providers. HSC's mandate includes:

- Establish and manage insurance programs for members prescribed;
- Establish and manage schemes to pool capital reserve funds for members that are housing providers;
- Establish and manage schemes for the joint purchase of natural gas by members that are housing providers;
- Undertake research and provide advice to the Province of Ontario, service managers and housing providers with respect to the establishment and use of performance measures and good practices to achieve the efficient and effective provision and long term sustainability and viability of housing for moderate and low income households; and
- Undertake such other activities as are prescribed.

1. SUMMARY FINANCIAL STATEMENTS:

The summary consolidated financial statements are derived from the complete audited consolidated financial statements, prepared in accordance with Canadian accounting standards for not-for-profit organizations, as at and for the year ended December 31, 2014. The subsidiaries include:

- Encasa Financial Inc. (up to September 30, 2014)
- SoHo Insurance Inc.,
- Green Light on a Better Environment (GLOBE) Inc.,
- 2242392 Ontario Inc.
- Asset Management Centre Inc. (66.67% owned subsidiary)

All intercompany transactions and balances have been eliminated upon consolidation.

The preparation of these summary consolidated financial statements requires management to determine the information that needs to be reflected in the summary financial consolidated statements so that they are consistent, in all material respects, with or represent a fair summary of the audited consolidated financial statements.

These summarized consolidated financial statements have been prepared by management using the following criteria:

(a) whether information in the summary consolidated financial statements is in agreement with the related information in the complete audited consolidated financial statements; and

(b) whether, in all material respects, the summary consolidated financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related complete audited consolidated financial statements, including the notes thereto.

The complete audited consolidated financial statements of the Housing Services Corporation are available upon request by contacting the Housing Services Corporation.

As part of its provincially mandated reporting requirements, HSC reports on the remuneration and reimbursed expenses of board members, officers as well as those of its top five paid employees.

The expense reports as well as the expense policy for the HSC Board of Directors are available on our website, http://www.hscorp.ca

HSC

MORE INFORMATION

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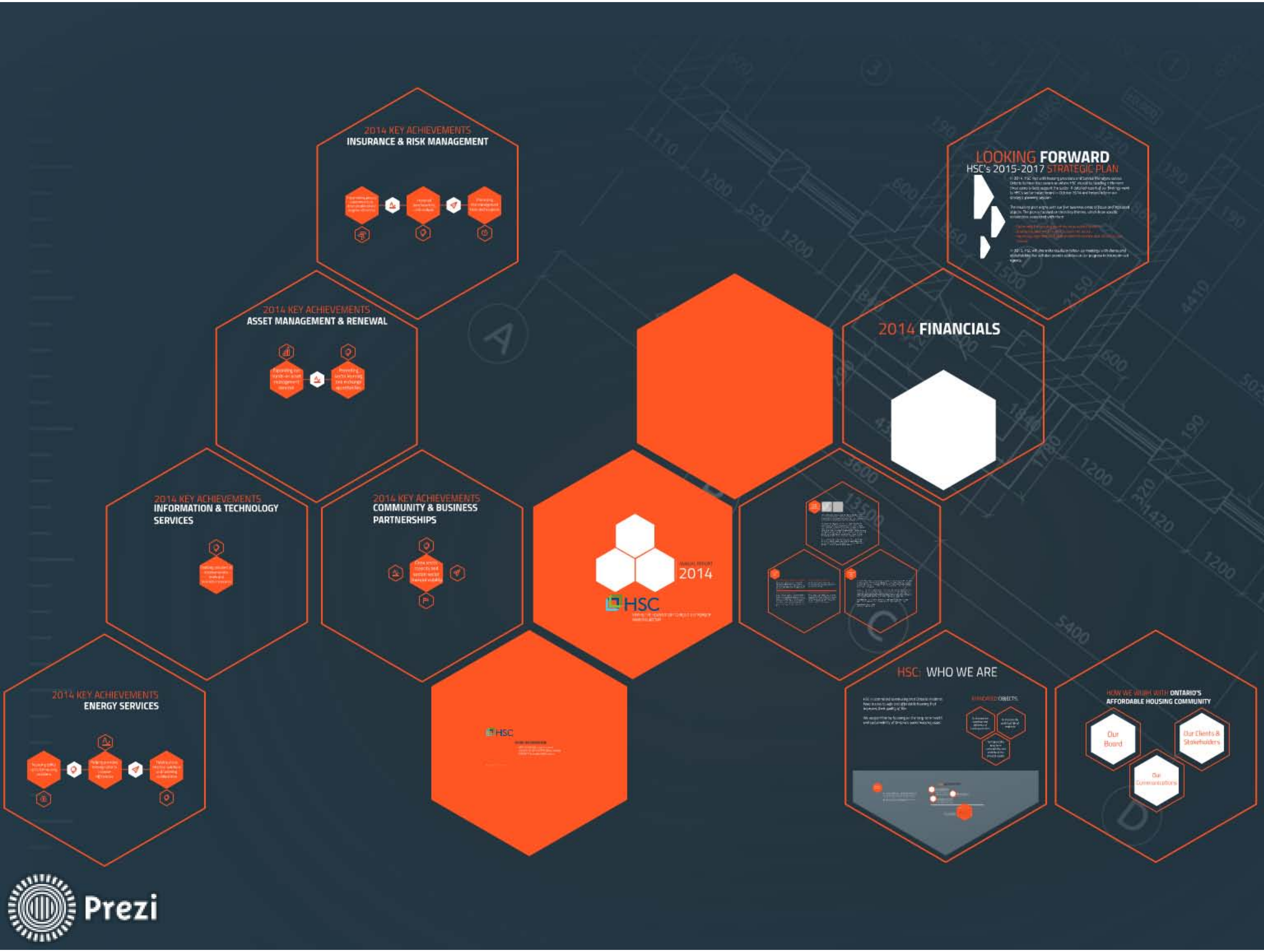
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