Housing Services Corporation

2020 Annual Report

Table of Contents

Letter from the CEO & Chair

In 2020, COVID-19 defined all of our lives — professionally and personally, at home and abroad and across all organizations and walks of life.

For the housing sector, the pandemic had immediate and profound implications: the work of housing providers and Service Managers is to maintain and administer buildings that people call home. Given how the virus is transmitted, this meant that housing workers became front-line workers. Our sector had to rapidly and spontaneously adapt to new directives and introduce new protective measures for staff and residents while continuing the day-to-day work of housing.

During this challenging time, HSC also course-corrected and endeavoured to support the sector in ways it was best positioned to help. We worked on managing the business impacts of COVID-19 on the services that our clients need; we worked behind the scenes with sector organizations and our advisory groups on COVID-related issues; and we also found ways that would lighten our clients' administrative load and control their costs.

We are proud of what we accomplished under the circumstances and are thankful to HSC staff. They were able to adapt rapidly and effectively, ensuring that we could continue to deliver results and to demonstrate our value as a reliable sector partner.

Howie Wong,
CEO

Bill Bradica,
Board Chair

Energy Services

In 2020, HSC worked to ensure housing providers could access utility purchasing and energy conservation options that helped reduce risk and improve their ability to budget costs. We also delivered our Local Housing Corporation (LHC) clients good results. In spite of the dramatic volatility in the marketplace due to the uncertainty of COVID-19, HSC helped providers manage their costs.

This was accomplished by timing our natural gas program purchases to get the lowest possible pricing and enabling clients to combine commodity contracts with transportation hedging, introduced by HSC in 2019. The result of this was only a slight increase in rates for clients whose contracts expired in 2020.

HSC also continued to work on ensuring that the community housing sector had a voice on programs that directly affect them. We contributed to the development of the province-wide 2021-2024 Utility Incentive Programs. We also participated in the development of the FCM Sustainable Affordable Housing Program.

HSC recognizes that utility costs are the single largest operational expense for providers. As such, we are not just a gas supplier for LHCs but serve as a proponent of energy efficiency for the entire sector.

Insurance & Risk Management

Through our subsidary, HSC Insurance Inc., HSC protects and insures almost 170,000 homes across Ontario. 2020 was a mixed year for our Group Insurance Program. On one hand, our group performed well on property claims in the 2019-2020 term. We grew our tenant insurance program to over 17,000 clients, affording protection to more residents and housing providers. We also had a surplus for the year's Property Claims Trust Fund and closed off the 2016 Fund with a surplus.

On the other hand, renewal negotiations for the 2020-21 term were challenging due to the risk implications of COVID-19. Concerns about the virus perpetuated the hard global insurance market, particularly for the multi-residential sector, which was viewed as a high risk. Underwriters were also introducing communicable dIsease exclusions to control their risk exposure. And on an immediate program level, we were going into negotiations with dramatically increasing Directors' and Officers' claims. All of this presented challenges in marketing the program to underwriters.

In spite of these challenges, HSC was able to successfully obtain liability coverage without any exclusions. This was accomplished through a survey on COVID-19 safety protocols and practices to demonstrate our clients' commitment. We had a 100% response rate, demonstrating the power of the group in action. This, combined with our established relationships with international underwriters, enabled us to hold the overall rate increase to 18% — a modest increase relative to the program's five-year claims performance, the risk we carry and market conditions.

HSC undertook other important activities to manage risk in our sector in 2020: we launched a comprehensive insurance program for northern District Social Services Administration Boards to cover all of their business lines; we continued our practical risk management education program by delivering webinars and electronic resources; and in anticipation of the lifting of COVID-19 restrictions, we launched an insurance product for community events to protect hosts and providers from liability.

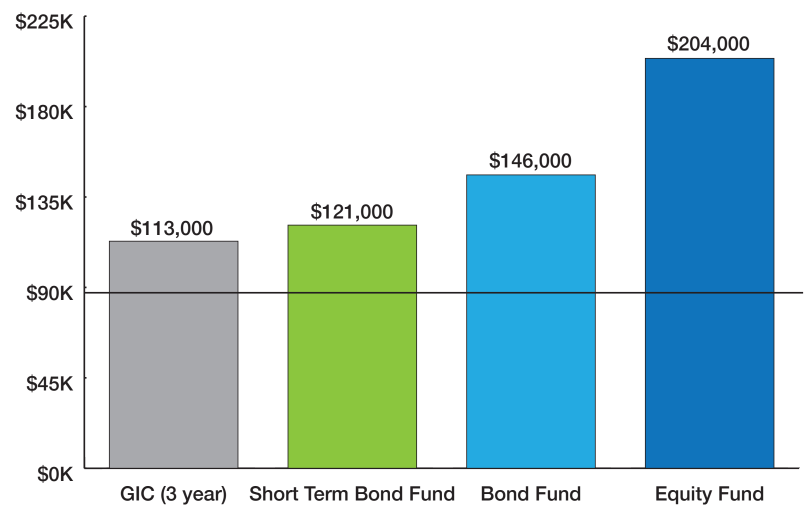
Capital Reserve Investments

Through our subsidiary, Encasa Financial Inc., owned in partnership with the Cooperative Housing Federation (CHF), CHF BC and the British Columbia Non-Profit Housing Association, HSC oversees and manages over $550M for more than 800 housing providers in Ontario.

In 2020 Encasa Financial continued to generate solid returns on provider investments in spite of the volatility of the marketplace during COVID-19. HSC, in partnership with Encasa, also launched a Customer Advisory Group. The goal of the Group is to help Encasa shape an investment program that meets the needs of its community housing clientele and encourages best practices in managing capital reserves. The group comprises of representatives from both large and small providers as well as Service Managers.

10 Year Performance vs. 3 Year GIC

(Growth of $100,000)



Business Solutions

HSC Business Solutions delivers a range of services to support Service Managers and housing providers in better understanding the state of their current housing stock and where the critical gaps may lie so they can better plan for the future.

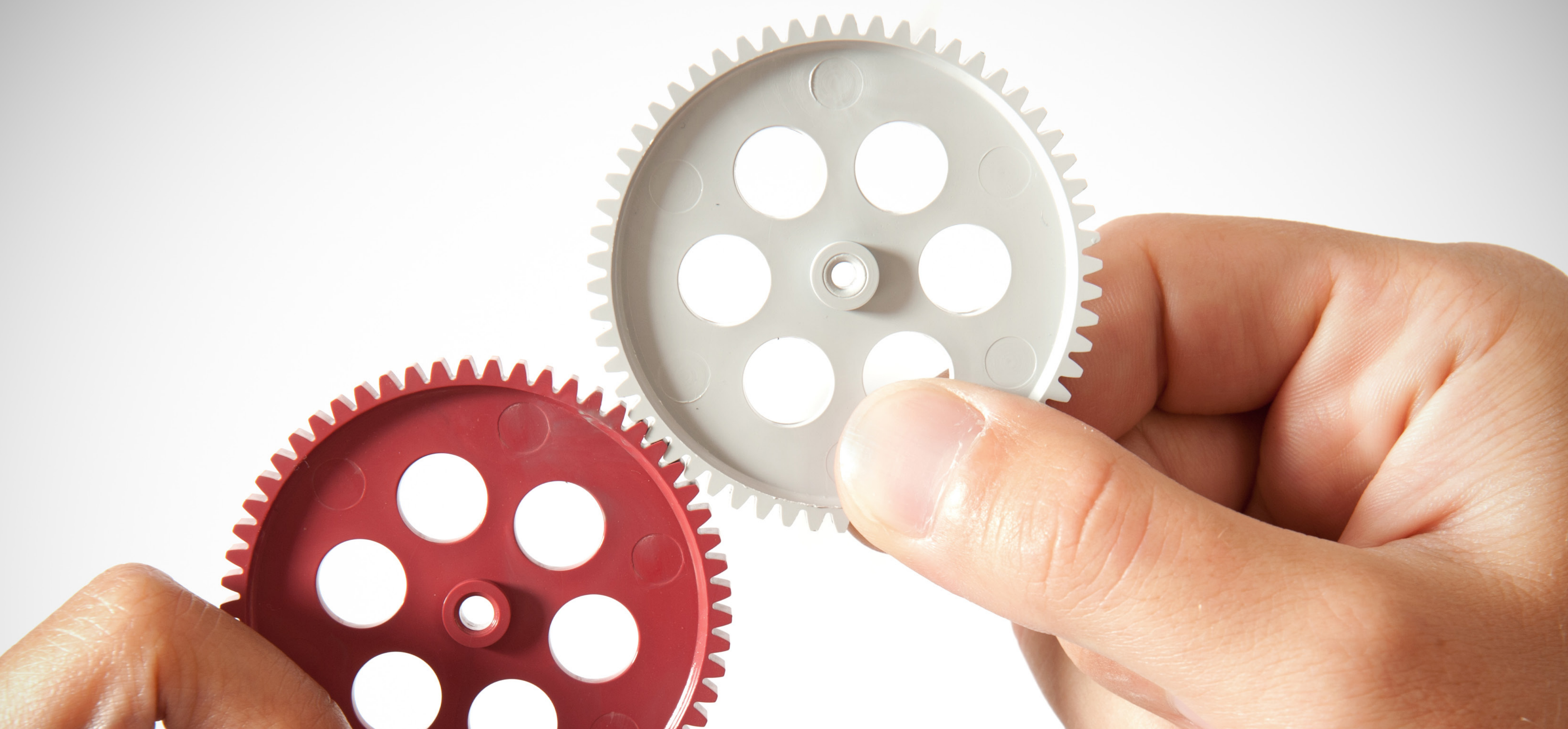
In 2020, Business Solutions saw a dramatic surge in interest. In spite of the pandemic, the unit took on 19 new contracts. To support its clients, the team developed a virtual engagement/consultation model that mirrors the collaborative and interactive sessions you'd have face-to-face — using breakout rooms, polling and discussion groups. Business Solutions delivered 22 virtual engagement/consultation sessions with groups of housing providers, provider boards and community members. It also completed a further 22 virtual stakeholder interviews.

By developing its proficiency in this area, HSC will be able to offer its clients the option of completing consultations and engagements virtually — which helps save costs and reduces our carbon footprint.

Technical Services

In 2020, HSC Technical Services continued to meet strong demand for its project management, procurement and asset management services from both housing providers and Service Managers. The team carried 39 active contracts (of which 26 were new in 2020) with a gross contract value of over $430M.

In addition to portfolio-wide building condition audits and major exterior repair projects, clients have increasingly employed the team to provide project oversight on new build projects. This represents an exciting new area of business as Ontario housing providers and Service Managers regenerate their portfolios and create new affordable housing.



Partnerships

In 2020, HSC continued to work collaboratively with sector partners in both Ontario and across Canada.

To assist Ontario housing providers during the pandemic, HSC collaborated with its reference groups and sector organizations to share and disseminate knowledge on best practices.

HSC also continued to contribute to Canada-wide organizations — in addition to Encasa Financial (see page 6), HSC supported business development for the HPC Housing Investment Corporation (HIC) in partnership with its other founders, BC Housing and Manitoba Housing. In 2020, HIC embarked on preliminary work to create a construction loan program, seeking to address a gap in affordable housing financing in Canada.

Finally, HSC continued to support Housing Partnership Canada (HPC) as its secretariat. HPC is a collaboration of Canada's largest housing providers. In 2020, HSC helped produce and launch its research study on Mixed Model Development.

HPC Housing Investment Corporation

Housing Partnership Canada

Working Through COVID-19: The HSC Experience

Like many other organizations, HSC needed to make a dramatic switch to remote work in March 2020. It was a shift that we weren't expecting; however, it ended up being more seamless than we'd expected.

This was likely the case because the business transformation we started in 2014 included the digitization of our business. We started using videoconference technology when we launched our SHARE webinar series in 2014 and subsequently deployed it for IT training and support as well as for our consulting work with Service Managers.

More recently, we implemented Salesforce across our organization, enabling us to collaborate internally and manage our work with clients. Furthermore, prior to the stay-at-home order in March, we had transitioned staff to laptops and completed a work from home 'dry-run' using our remote desktop software.

The result was uninterrupted service delivery. We were also able to maintain a high level of productivity. In fact, the working conditions enabled us to innovate elements of our business: we transitioned to electronic payments for our group insurance program and developed new competencies in faciliating virtual consultations and strategic planning discussions.

We owe our ability to pivot quickly and successfully to HSC staff. Their dedication, flexibility and resilience have helped us flourish as an organization during these challenging times.

The People Who Help Us Advance the Sector: 2020

North

Board:
Bill Bradica, Thunder Bay
Brian Marks, Cochrane

Service Manager Advisory Committee:
Cindy Briscoe, Greater Sudbury (also Encasa)
Ken Ranta, Thunder Bay (also Insurance)
Lyne Labelle, Timiskaming
Jeff Barban, Sault Ste. Marie (also Energy Services)
Andy Blomberg, Cochrane

Energy Services Stakeholder Advisory Group:
Barry Caland, Thunder Bay
Ben Reynolds, Kenora
Nicole Piquette, Greater Sudbury Housing
Michelle Lafond, Cochrane

Insurance Advisory Group:
Dan Saumur, Greater Sudbury Housing

Encasa Advisory Committee:
Georgina Daniels, Thunder Bay

South West:

Board:
Jim Steele, Windsor Essex Community Housing (also LHC Forum and Encasa Advisory Committee)
Renée Kominek, Clairvue Co-Op
Debbie Zock, The Zock Group
Michael Duben, Oxford
Anne Marie Shaw, Grey

LHC Forum:
Matt Bowen, Haldimand Norfolk Housing
Andrea Mackenzie, London-Middlesex Community Housing

Service Manager Advisory Committee:
Debbie Cercone, Windsor
Stephen Giustizia,HDC London
Ray Harper, Chatham-Kent

Service Manager Housing Company Network:
Donna Woiceshyn, Niagara Regional Housing

Energy Services Stakeholder Advisory Group:
Hans Kogel, Windsor Essex Housing
Cameron Banach, Niagara Regional Housing
Rizwan Zaeem, Victoria Park Community Homes

Insurance Advisory Group:
Gael Gilbert, Supportive Housing of Waterloo

East

Board:
Graeme Hussey, Cahdco
Ron Holman, Rideau Lakes (Vice Chair)
Stéphane Giguère, Ottawa Community Housing
Sheldon Laidman, Peterborough

Service Manager Advisory Committee:
Alison Tutak, Leeds & Grenville
Lisa Goodfellow, Ottawa
Rebecca Morgan-Quinn, Peterborough
Ruth Noordegraaf, Kingston

Insurance Advisory Group:
Lisa Goodfellow, Ottawa

Energy Services Stakeholder Advisory Group:
Dan Dicaire, Ottawa Community Housing

LHC Forum:
Mary Lynn Cousins Brame, Kingston Frontenac Community Housing
Darlene Cook, Peterborough Housing
Carmen Cousineau, Cornwall and Area Housing

Central/GTA

Board:
Zoran Churchin, Zoran Properties
Janice Sheehy, Peel
Stella Danos-Papaconstantinou, Durham

Service Manager Advisory Committee:
Aileen Baird, Peel
Alan Robins, Durham
Arfona Zwiers, Simcoe
Glenn Courtney, Toronto
Jody DeGagne, York

LHC Forum:
Lindsay Viets, Toronto Community Housing
Tom Hunter, CityHousing Hamilton

Energy Services Stakeholder Advisory Group:
Chris Shilton, CityHousing Hamilton
Michelle Willson & Kelly Miller, Housing York
Boyd Dyer, Toronto Community Housing
Jeff Yeo, Muskoka
Terence Fredrick, Toronto

Insurance Advisory Group:
Anita Tsang-Sit, Toronto Community Housing
Tina Gardiner, York
Kevin Bradley, Ajax Municipal Housing
John McDonald, Peel

Service Manager Housing Company Network:
Andrew Balahura, Halton
Erin Mifflin, Halton Community Housing
Eleanor MacDonald, Durham Region
Kerry Hobbs, Housing York

Encasa Advisory Committee:
Geoffrey Seaborn, Portland Place NPHC
Louise Tullo, Richview Baptist Foundation
Stephen Quinn, Vincent Paul Family Homes

We would also like to acknowledge those who in 2020 wrapped up their service with HSC, including former board members Gord Perks and Shelley Wilkins and John Angkaw (Insurance Advisory Group) -- and from the Energy Services Stakeholder Advisory Group Kelly Miller, Martin Musgrave, Norm Turner and Patrick Wittman. We also sadly note the passing of Peggy Fulton and Brent Schwieg in 2020 (LHC Forum).

HOUSING SERVICES CORPORATION

Summary Consolidated Financial Statements

Year Ended December 31, 2020

BDO

Tel: 519-432-5534
Fax: 519-432-6544
www.bdo.ca

BDO Canada LLP
633 Colborne St., Suite 230
London ON N6B 2V3

Report of the Independent Auditor on the Summary Consolidated Financial Statements

To the Members of Housing Services Corporation

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position and the summary consolidated insurance trust fund statement of financial position as at December 31, 2020, 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, 2020.

In our opinion, the accompanying summary consolidated financial statements are a fair summary of the audited consolidated financial statements, in accordance with the criteria disclosed in Note 1.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by Canadian accounting standards for not-for-profit organizations. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the Entity's audited consolidated financial statements and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated June 25, 2021.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with the criteria disclosed in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are a fair summary of the audited 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.*

London, Canada
June 25, 2021

Chartered Professional Accountants
Licensed Public Accountants

HOUSING SERVICES CORPORATION

Summary Consolidated Statement of Financial Position

December 31, 2020

		2020		2019
ASSETS				
Cash	**$**	**2,875,442**	$	2,438,897
Investments		**9,867,784**		9,299,858
Accounts receivable		**1,632,673**		2,351,262
Taxes other than income taxes recoverable		**25,879**		19,105
Prepaid expenses		**183,566**		146,251
Due from trust fund		**1,044,660**		1,136,582
		15,630,004		15,391,955
Investment in Encasa Financial Inc.		**200,000**		200,000
Loan to HI-C Issuer Trust		**1,500,000**		1,350,000
Capital assets		**87,423**		131,490
	$	**17,417,427**	$	17,073,445
LIABILITIES AND NET ASSETS				
Accounts payable	**$**	**2,960,437**	$	3,375,590
Deferred revenue		**259,731**		368,802
		3,220,168		3,744,392
NET ASSETS				
Accumulated surplus		**5,751,664**		5,147,986
Reserve funds		**8,445,595**		8,181,067
		14,197,259		13,329,053
	$	**17,417,427**	$	17,073,445

See accompanying notes to the financial statements.

HOUSING SERVICES CORPORATION

Summary Consolidated Insurance Trust Fund Statement of Financial Position

As at December 31, 2020

		2020		2019
ASSETS				
Cash and investments	**$**	**35,395,928**	$	25,047,089
Accounts receivable		**493,203**		3,541,684
Deposit with insurance companies		**124,399**		2,011,985
	$	**36,013,530**	$	30,600,758
LIABILITIES				
Due to insurance companies	**$**	**722,978**	$	1,785,294
Balances available for the payment of future claims		**33,130,585**		27,226,760
Due to Ministry of Finance – retail sales tax		**1,115,307**		452,122
Due to general fund		**1,044,660**		1,136,582
	$	**36,013,530**	$	30,600,758

See accompanying notes to the financial statements.

HOUSING SERVICES CORPORATION

Summary Consolidated Statement of Changes in Net Assets

Year Ended December 31, 2020

	Accumulated Surplus	Reserve Funds	**2020**	2019
NET ASSETS - BEGINNING OF YEAR	$ 5,147,986	$ 8,181,067	**$ 13,329,053**	$ 12,485,678
Excess of revenue over expenditures	868,206	-	**868,206**	843,375
Fund transfers	(264,528)	264,528	**-**	-
NET ASSETS - END OF YEAR	$ 5,751,664	$ 8,445,595	**$ 14,197,259**	$ 13,329,053

See accompanying notes to the financial statements.

HOUSING SERVICES CORPORATION

Summary Consolidated Statement of Revenue and Expenditures

Year Ended December 31, 2020

		2020		2019
REVENUE				
Bulk purchasing program	**$**	**14,671,799**	$	16,736,172
Energy program		**37,518**		106,825
Group insurance program		**1,615,147**		1,365,625
Other sector programs		**1,957,885**		2,027,370
Management fees		**62,324**		57,958
Investment income		**479,705**		582,724
		18,824,378		20,876,674
EXPENDITURES				
Bulk purchasing program		**14,582,014**		16,428,732
Energy program		**231,346**		297,923
Group insurance program		**852,704**		893,892
Other sector programs		**2,290,108**		2,412,752
		17,956,172		20,033,299
Excess of revenue over expenditures for the year		**868,206**		843,375

See accompanying notes to the financial statements.

HOUSING SERVICES CORPORATION

Notes to the Summarized Consolidated Financial Statements

Year Ended December 31, 2020

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, 2020. The subsidiary includes:

- HSC Insurance Inc.

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.

Housing Services Corporation
30 Duncan Street, Ste 500 | Toronto, ON | M5V 2C3
416.594.9325 | hscorp.ca | feedback@hscorp.ca