

ANNUAL REPORT
2014



bridging the GAP

for today and tomorrow

VISION

A region where all citizens have access to affordable housing.

MISSION

We will provide affordable housing alternatives to citizens within the Regional Municipality of Wood Buffalo.

VALUES

Accountability: taking responsibility for our actions

Collaboration: working in partnership with others to achieve common goals

Innovation: fostering creativity and taking reasonable risks

Integrity: being honest and ethical in all we do

Learning: promoting opportunity for continued growth

Respect: treating all employees and stakeholders with dignity and respect

Safety: ensuring a healthy and safe environment for tenants and employees.

Transparency: being open about our business practices



board of directors

Randy Stefanizyn, Chair

(October-December, 2014)
Manager, Corporate Labour
Relations, Syncrude Canada Inc.
Appointed to the Board in 2014

Kim Jenkins, Chair

(January-September, 2014)
CEO, Keyano College Land Trust
Corporation
Appointed to the Board in 2009

Steve Auty, Vice Chair

Projects Strategic Planning
Operations Support
Syncrude Canada Ltd.
Appointed to the Board in 2009

Doug Allen, Secretary-Treasurer

Chartered Accountant
Appointed to the Board in 2011

Ron Benson, Director

Regional Director, Northeast
Alberta Child & Family Services
Appointed to the Board in 2013

Linda Bucke

Manager, Community Engagement
Total E&P Canada
Appointed to the Board in 2014

Kerry Collette, Director

District Manager, ATCO Electric
Appointed to the Board in 2013

Tom Diamond, Director

General Manager Human
Resources, Suncor Energy
Appointed to the Board in 2013

Scott Gillis, Director

General Manager, SAGD
Operations, Nexen Inc.
Appointed to the Board in 2014

Julia Cardinal

RMWB Appointed
*Appointed to the Board
November 2013*

WBHDC's direct and indirect economic impact within Alberta in the decade between 2003 and 2013 was \$742 million.





Client Profile

Who is Wood Buffalo Housing & Development Corporation serving today?

	Single Parent with Children	Couples with Children	Single	Couples without Children	Total
AISH	18	10	49	6	83
Income Support	19	0	12	1	32
Seniors Pension	8	0	27	1	36
Employed	259	393	297	129	1078
Other	36	8	17	2	63
Total	340	411	402	139	1292

Who is currently on the Wood Buffalo Housing & Development Corporation waiting list?

	Single Parent with Children	Couples with Children	Single	Couples without Children	Total
AISH	1	0	2	0	3
Income Support	0	0	5	0	5
Seniors Pension	0	9	1	1	11
Employed	8	0	5	0	13
Other	1	0	1	0	2
Total	10	9	14	1	34

Information as of December 31, 2014

WBHDC was the:

- FIRST to incorporate geothermal ground source heat into a residential development this far north;
- FIRST in North America to use off-site modular construction and geothermal ground source heat together in a residential rental development;
- FIRST developer to design and build an economically successful eco-friendly industrial park in Canada;
- FIRST in Alberta to develop a unique affordable second mortgage program.

Challenges and opportunities combine in our 2014 fiscal year



Message from the Chairman

Randy Stefanizyn

The Wood Buffalo Housing & Development Corporation (WBHDC) continues to work year-over-year as the provider of Gap Housing to the Regional Municipality of Wood Buffalo (RMWB). Many Wood Buffalo residents of modest incomes who provide essential services to our growing and vibrant community - restaurant workers and retail clerks, teachers, nurses, police officers early in their careers - are unable to pay market rates for their housing. WBHDC helps them to bridge that gap between what they earn and what they pay to be contributing members of our community.

WBHDC, through President and CEO Bryan Lutes, has developed a large and varied real estate portfolio and a highly skilled leadership team to maintain and continuously improve upon its successful programs, among the best recognized in Canada:

- Gap housing that is modern and appealing, and that responds to a very real need in the marketplace.
- Local social housing programs managed by agreement with the provincial government based on the proven management track record of WBHDC.

WBHDC continues to adapt in response to global trends in the energy sector. Those changes are felt quickly and require clear, strategic thinking to ensure that WBHDC manages its inventory, programs and services within its mandate and with a clear eye focused on future needs. The decline of world oil prices have been felt provincially and nationally and, unfortunately, also affect the local housing markets almost as quickly as they influence the business plans of our largest local employers. As capital projects are deferred, the hottest real estate market in Canada has cooled a little, at the same time that the shift among oil sands companies from spending on capital construction to a larger focus on operations, anticipated for 2017, comes closer. Housing needs in Wood Buffalo will change as the industry evolves.

Fortunately, WBHDC has managed well, though there may be further adjustments necessary to ensure the long-term viability of its housing programs. The Board of Directors provides supportive leadership to ensure that WBHDC is well positioned, with sustainable funding and programs that will enable it to continue to manage affordable housing in the community with little or no financial assistance from the Regional Municipality - our lone shareholder. This is a clear indicator of the value that WBHDC provides to the community, and the hard but rewarding work performed by our employees every day to provide housing to those who need it during this period of sustained operations versus rapid growth.

More adjustments and new approaches could also result as our new provincial government implements new policy. We will need to understand how this could affect us over the next few months as we continue to build new relationships and educate stakeholders and shareholders on our mandate and performance.

I would like to thank the members of the Board of Directors for all their hard work, dedication and transparent execution of their duty. These members and the working committees they serve exemplify the expertise, experience and community understanding required of a non-profit body whose activity provides such a tangible benefit to so many residents. Although I am new to the Chair's role, the Board's support and loyalty to its purpose is clearly evident. Together, we are well-positioned to move forward into the future in a manner that will make the residents of Wood Buffalo and the Regional Municipality proud.

Respectfully submitted,
Randy Stefanizyn, Board Chair - WBHDC

Message from the President/CEO



Bryan Lutes

The Wood Buffalo Housing & Development Corporation (WBHDC) is one of Canada's premier affordable housing agencies, and a proud member of the Wood Buffalo family. We fill the Gap between social housing and market rents by bringing affordable housing solutions to all citizens of Wood Buffalo in need: from individuals and single income families, to seniors, service and public sector employees, to the homeless. We will continue "*Bridging the Gap - for Today and Tomorrow*" to help provide a sustainable future for all residents of the community.

In 2014, as WBHDC progressed through its 13th year; the winds of change blew in forecasts of an economic downturn unlike anything seen in recent years. After several years of growth and increased demand for housing, 2014 ended with many dire predictions of what is to come. Affordable housing has been scarce for over a decade in a market in which population growth - and a growing demand for housing - has far outpaced residential development. Steadily declining waiting lists and higher vacancy rates have reflected the slow market affecting rentals in WBHDC's Gap Housing portfolio, as well as throughout the entire Regional Municipality of Wood Buffalo (RMWB).

While WBHDC was named one of Alberta's 50 fastest growing companies three years in succession between 2005-2007; slower economic times beginning in 2014 give us the time to improve processes and increase efficiencies in preparation for the next, though likely less intense, boom to our local economy. As in recent times of aggressive growth, the slowing economic climate we're entering makes it even more essential for us to be involved in the community. By being sensitive to these changes and how they affect the residents we serve, we will ensure we continue to support our tenants and neighbours through good times and bad times, providing the opportunity to establish permanent footing in this community to everyone- whatever the forecast.

We continued to build upon and maintain our well-established relationships with stakeholders in 2014. These relationships were enhanced through our participation on many municipal and provincial working groups and boards, including Regional Council's Advisory Council on Aging (ACOA), Waterfront Steering Committee, and Diversity Summit; Canadian Housing and Renewal Association (CHRA); International Housing Partnership (IHP); Edmonton Real Estate Forum; Wood Buffalo chapter of the Urban Development Institute (UDI); UDI Alberta; Alberta Seniors Housing Corporation; OSCA Regional Stakeholders; Alberta Seniors Communities & Housing Association (ASCHA); and many engagement sessions with staff and representatives from all levels of government.

We enhanced our partnerships with other not-for-profit groups to improve housing opportunities in the community, including mentoring the Fort McMurray Family Crisis Centre through its new project. Resulting practices and agreements help us to maintain strong relationships with our stakeholders. Planning initiatives undertaken with the RMWB and social groups in the region also help us to understand the market needs in this changing economic climate.

We continued to nurture partnerships and agreements with public sector employers to support employees of the RMWB, Northern Lights Regional Health Center, Catholic and Public School Districts, and RCMP by providing affordable housing alternatives to the providers of these essential services.

WBHDC's model of operating a **not-for profit company on a for-profit business model** is new to the not-for-profit sector and has proven so successful that other agencies across Canada wish to emulate our processes. We are known as innovative in what we do and are recognized for having developed many leading-edge business practices and programs. Other municipalities look to us for guidance when seeking to establish similar corporations, and the Fort McMurray Catholic School Division is examining including the Stony Mountain geothermal project as part of its high school curriculum.

With a portfolio of over 1,300 studio, one-, two- and three-bedroom apartments, townhouses, single family detached and semi-detached homes, WBHDC's value to the community rests not only as a housing provider but as an innovator that drives continual improvement, and a community-minded organization that understands how special it is to keep the RMWB thriving by offering stability to its residents.

Through sustainability initiatives such as our Second Mortgage program, the development of the community of Prospect Pointe and TaigaNova Eco Industrial Park, we continue to reduce our dependency on the Province for funding, while increasing our ability to take advantage of emerging opportunities. TaigaNova Eco Industrial Park, with its sustainability concepts and innovative sales plan, is an excellent example of fiscal responsibility that shows how we can bridge the financial Gap that prompts new housing development. All proceeds from the TaigaNova land sales were reinvested into our affordable housing program. Our current financial position, therefore, will allow us to continue to provide affordable housing options that would otherwise not be available in the Wood Buffalo region.

We continue to work with our provincial partners to develop more effective ways to use existing funds. We are also lobbying for additional rent supplement designations for this Region in anticipation of tough economic times ahead. A steady and consistent decline in the number of applicants on our wait list was a reliable gauge of the direction the

rental market is headed, beginning with the economic slow-down that started in the fall of 2014. Currently, Social Housing is the largest portion of our wait list.

Construction of our newest development, Siltstone Place, began in the fall of 2012, with an original completion anticipated by the end of March 2015. On June 27, 2014, with construction 80 percent finished; a fire completely destroyed "Building A." The rebuilding process is underway; with completion scheduled for December 2015. Although the fire made completing the balance of the buildings challenging, we met the original commitment of the end of March 2015 for Siltstone Place Buildings B to F; bringing 175 new affordable housing units into the WBHDC portfolio.

Discussions have commenced and will continue with the Province of Alberta and Regional Council regarding the redevelopment of the land at the intersection of Franklin and Hospital Streets, formerly known as Willow Square.

We expect to continue to provide affordable housing options for the citizens of our region and will explore additional ways to be self-sufficient while providing the quality of service that has become our standard. As the needs of our community change, WBHDC will work to support the community by building on our past successes. We focus on the long view through actions we take every day: *"Bridging the Gap - for Today and Tomorrow"*.

WBHDC's Community Investments 2003-13:

- 17 rental housing communities
- 1,300 rental units
- 6 home ownership housing communities
- 276 housing units
- 1 land development project



Statement of Financial Position

Year ended
December 31, 2014



	2014	2013 (Restated)
Assets		
Current assets:		
Cash and cash equivalents	\$ 34,189,595	\$ 29,825,001
Portfolio Investments	17,103,287	10,092,879
Accounts receivable	8,261,273	908,949
Contributions receivable	2,701,402	18,901,708
Prepaid expenses and deposits	1,206,231	910,131
Current portion of mortgages receivable	1,150,000	----
Real Property Inventory	1,065,301	438,300
	\$ 65,677,089	\$ 61,076,968
Mortgages, notes and other receivables	8,604,136	10,427,190
Property and equipment	256,899,916	245,873,161
Restricted cash	29,960,774	28,500,698
	\$ 361,141,915	\$ 345,878,017
Liabilities and Net Assets		
Current liabilities:		
Demand loans	\$ 15,455,210	----
Accounts payable and accrued liabilities	8,225,395	\$ 6,435,131
Prepaid rent and deposits	1,718,914	1,707,023
Current portion of deferred contributions	28,936,931	28,946,147
Current portion of rights holder agreements	99,200	99,200
Current portion of long-term debt	2,757,060	2,660,268
	\$ 57,192,710	\$ 39,847,769
Deferred contributions	19,286,760	19,291,800
Rights holder agreements	1,569,600	1,668,800
Long-term debt	83,107,294	85,865,352
Unamortized external capital contributions	62,976,473	64,888,513
	\$ 224,132,837	\$ 211,562,234
Net assets:		
Unrestricted	36,525,053	35,397,107
Invested in property and equipment	92,603,880	92,459,029
Internally restricted	7,880,145	6,459,647
	\$ 137,009,078	\$ 134,315,783
	\$ 361,141,915	\$ 345,878,017

Statement of Operations

Year ended
December 31, 2014



	Budget	2014	2013 (Restated)
Revenues:			
Property Sales	\$ 3,062,214	\$ 4,877,130	\$ 5,439,166
Cost of sales	1,896,810	3,108,457	3,936,898
	\$ 1,165,404	\$ 1,768,673	\$ 1,502,268
Rental properties revenue	\$ 19,061,689	\$ 18,366,312	\$ 17,338,084
Rent supplement revenue	2,878,240	4,882,733	4,628,239
Other income	967,592	1,122,464	4,528,318
Operating grants, contributions and donations	3,758,172	3,372,562	3,206,960
Municipal requisitions	2,138,649	1,832,646	1,792,462
Insurance proceeds	-	72,020	71,262
Interest income	730,415	1,048,604	976,276
Amortization of external capital contributions	1,917,081	1,917,081	1,917,081
Amortization of rights holder agreements	99,200	99,200	99,200
	\$ 32,716,442	\$ 34,482,295	\$ 36,060,150
Expenses:			
Rental properties operating expenses	\$ 2,156,768	\$ 2,252,558	\$ 2,083,085
Rent supplement transfers to other landlords	-	1,991,918	1,927,208
Other operating expenses	-	204,377	2,322,995
Wages and benefits	7,988,485	7,415,270	7,188,004
Repairs and maintenance	1,669,449	2,854,797	2,936,694
Office and administration	902,798	876,142	877,070
Utilities	1,698,212	1,702,311	1,561,698
Property taxes	2,007,315	1,552,085	1,707,188
Insurance	607,871	801,978	576,797
Amortization	5,233,977	5,212,628	4,967,113
Interest on long-term debt	3,432,050	3,291,389	3,667,990
	\$ 25,696,925	\$ 28,155,453	\$ 29,815,842
General and administration:			
Wages and benefits	\$ 4,274,410	\$ 3,789,113	\$ 3,768,893
Office and administration	1,654,477	1,041,787	992,884
Insurance	21,037	29,426	21,764
Amortization	205,107	194,515	54,038
Gain on disposal of property and equipment	-	(2,000)	(5,596,337)
Insurance proceeds on property fire	-	12,200,835	-
Impairment loss due to property fire	-	(12,200,835)	-
Transfer to property and equipment	(2,472,266)	(1,419,294)	(1,335,292)
	\$ 3,682,765	\$ 3,633,547	\$ (2,094,050)
Excess of revenues over expenditures	\$ 3,336,752	\$ 2,693,295	\$ 8,338,358



Statement of Cash Flow

Year ended
December 31, 2014



	2014	2013 (Restated)
Operations:		
Excess of revenues over expenditures	\$ 2,693,295	\$ 8,338,358
Items not involving cash:		
(Gain) loss on disposal of property and equipment	(2,000)	(5,596,337)
Impairment loss due to property fire	12,200,835	----
Insurance proceeds on property fire	(12,200,835)	----
Amortization of property and equipment	5,407,143	5,021,151
Amortization of external capital contributions	(1,917,081)	(1,917,081)
Amortization of rights holder agreements	(99,200)	(99,200)
Accrued interest income	(10,408)	(92,879)
Change in non-cash operating working capital	15,303,146	7,470,911
	\$ 21,374,895	\$ 13,124,923
Financing:		
Proceeds from demand loan	15,455,210	----
Proceeds from long-term debt	----	22,196,067
Deferred capital contributions	8,345	8,235
External capital contributions	5,041	5,040
Repayment of long-term debt	(2,661,266)	(25,688,442)
	\$ 12,807,330	\$ (3,479,100)
Capital:		
Proceeds from disposal of property and equipment	2,000	6,203,000
Purchase of property and equipment	(22,032,609)	(20,325,539)
	\$ (22,030,609)	\$ (14,122,539)
Investing:		
Advances of mortgages, notes and other receivables	(565,200)	(1,577,300)
Repayments of mortgages, notes and other receivables	1,238,254	1,777,466
Proceeds on maturity of portfolio investments	10,000,000	----
Purchase of portfolio investments	(17,000,000)	(10,000,000)
Increase in restricted cash	(1,460,076)	(3,531,955)
	\$ (7,787,022)	\$ (13,331,789)
(Decrease) increase in cash and cash equivalents	4,364,594	(17,808,505)
Cash and cash equivalents, beginning of year	29,825,001	47,633,506
Cash and cash equivalents, end of year	\$ 34,189,595	\$ 29,825,001
Supplemental cash flow information:		
Interest paid	\$ 3,291,389	\$ 3,667,990
Interest received	1,048,604	976,276

Statement of Changes in Net Assets

Year ended
December 31, 2014

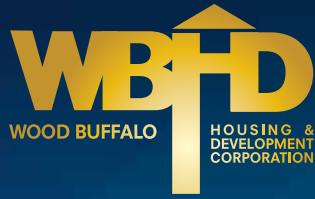


	2014			
	Unrestricted	Invested in property and equipment	Internally restricted	Total
Balance, beginning of year	\$ 35,397,107	\$ 92,459,029	\$ 6,459,647	\$ 134,315,783
Excess of revenues over expenditures	2,693,295	-	-	2,693,295
Invested in property and equipment (net)	(144,851)	144,851	-	-
Internally restricted	(1,420,498)	-	1,420,498	-
Balance, end of year	\$ 36,525,053	\$ 92,603,880	\$ 7,880,145	\$ 137,009,078

	2013			
	Unrestricted	Invested in property and equipment	Internally restricted	Total
				(Restated)
Balance, beginning of year	\$ 53,122,919	\$ 68,843,746	\$ 4,010,760	\$ 125,977,425
Excess of revenues over expenditures	8,338,358	-	-	8,338,358
Invested in property and equipment (net)	(23,615,283)	23,615,283	-	-
Internally imposed restrictions	(2,448,887)	-	2,448,887	-
Balance, end of year	\$ 35,397,107	\$ 92,459,029	\$ 6,459,647	\$ 134,315,783

While WBHDC welcomes financial support from all 3 levels of government for construction of its projects, we use the revenue we generate to be self-supporting in meeting our operating costs.





Corporate Office:

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T9H 2K4

Ph: 780.799.4050

Fax: 780.799.4025

Toll Free 1.888.799.4050

Office Hours:

Monday-Friday,
8:30 am to 4:30 pm

Applications Office:

#203, 10020 Franklin Ave
Fort McMurray, AB
T9H 2K6

Phone: 780.743.4140

Fax: 780.715.1547

Office Hours:

Monday-Friday,
10:00 am to 12:00 pm;
1:00 pm to 5:00 pm

