ATTAINABLE HOMES CALGARY CORPORATION: RISK REGISTER

2014

IMPACT	**HIGH**	Legal liability (8) Builder partnerships (9) Operating cash management – short term (20)	Recruitment & retention (11)	Shared equity model (2) Inventory (19) Development cash management – medium term (21)
	MEDIUM	Asset protection (14) Cost management (13) Records management – Legal documents (17)	Business model (1) Shareholder alignment (5) Client expectations (6) Customer base (18) Reputation (22)	Compensation & benefits (12)
	LOW	Governance (3) Leadership (4) Performance monitoring (7) Accountability alignment (10) Financial reporting & planning (15) Records management – privacy (16)		
		LOW	**MEDIUM**	**HIGH**
		LIKELIHOOD		

Risk No.	Risk Type	Risk Description	Risk Impact	Risk Likelihood	Risk Accepted (Y/N)?	Summary Comments
1	Business model	AHCC has the appropriate business model (being the roles, responsibilities and accountabilities of individuals to optimize the achievements of its Mission, Mandate and Corporate Goals and Objectives).	Medium	Medium	Y	Current Mitigation Action: Ongoing consideration by management and the Board of different options and opportunities to serve the community needs. Annually, a business plan and budgets are reviewed and approved by the Board. On an annual basis, governing documents and agreements with the shareholder are reviewed to ensure ongoing alignment with the AHCC business model. A strategic planning exercise has been carried out by management and the board and the new strategic plan will be complete in fall 2014.

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2	Shared equity model	AHCC's long term sustainability is depending on the success of the shared equity model in 5 – 10 years' time. Sufficient future long-term cash streams must be generated to fund the acquisition of land and the construction or acquisition of program inventory once short and medium term finite financing sources have been exhausted.	High	High	Y	Current Mitigation Action: All contracts have a minimum participation amount repayable in the event that market conditions adversely affect AHCC's equity share. Third party consultants KPMG stress tested AHCC's 5 year business plan at the request of City administration and concluded that a change the funding model from a non-revolving credit facility to a revolving third party credit facility does not result in increased risk to AHCC or the City. The organization invests prudently (within the parameters of the program) in quality inventory that is expected to increase in value and protect AHCC's share of equity. Market values and real estate activity are monitored on an ongoing basis. Periodic property valuations have been carried out in 2014 and more will be done in the final quarter of 2014. Scenario stress testing and planning are undertaken.
3	Governance	The Board has the appropriate governance processes in place impacting the corporation's ability to effectively achieve its mission, mandate and strategic plan.	Low	Low	Y	Current Mitigation Action: The mandate of the Governance and Compensation committee requires that all organizational policies be reviewed every 3 years. (1/3 each year). The Board is composed of two City council members and five qualified and experienced business leaders.

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4	Leadership	AHCC staff are effectively led or empowered to fulfill the Corporation's mission and mandate and strategic plan.	Low	Low	Y	Current Mitigation Action: There has been no turnover at the CEO or management level in the past two years. One new management position has been added. The Corporate Performance and Governance committee of the Board considers succession planning issues as part of its mandate. AHCC is participating with the City of Calgary's Corporate Secretariat to align with model governance documents as approved by City Council.

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5	Shareholder alignment	AHCC acts and is perceived to act in accordance with the letter and spirit of the shareholder agreement and satisfies the needs and expectations of its sole shareholder.	Medium	Medium	Y	Current Mitigation Action: AHCC reports at least annually at meetings of the shareholder. The City of Calgary Internal Auditor completed an audit in 2014. The CEO and Board members meet periodically with City councilors.
6	Client expectations	AHCC understands, assesses and manages clients' housing needs and expectations supporting the corporation's ability to effectively meet its mission, mandate and corporate goals and objectives.	Medium	Medium	Y	Current Mitigation Action: Customer satisfaction surveys are completed; community interest meetings are held as required. Customer feedback is solicited at public education sessions, on the website and interaction on various types of social media is monitored. An ambassador program drawn from existing customers has been initiated.
7	Performance monitoring	Appropriate performance measures exist to monitor and enhance the corporation's performance	Low	Low	Y	Current Mitigation Action: Dashboard of performance measures is updated weekly so that remedial action may be taken promptly if necessary. Performance measures are reviewed and reported on at each Board meeting. Board meetings and reviews occur at least once every quarter.

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8	Legal liability	Exposure to risk of litigation or other events which may result in financial loss to the corporation or damage to its reputation is mitigated.	High	Low	Y	Current Mitigation Action: Expert legal support exists. Appropriate insurance coverage is in place. Appropriate internal controls exist to ensure that all transactions and commitments are adequately reviewed for potential liabilities and loss to the corporation. Oversight of systems of internal control is included in the annual audit committee work plan
9	Builder Partnerships	Relationships with key builders which may result in unacceptable business interruptions or unacceptable costs if the existing builders cease to exist or are unable to provide a satisfactory level of service, are appropriately managed.	High	Low	Y	Current Mitigation Action: Risk is minimized by further diversification and the creation of new partnerships and opportunities with new building partners. Long term relationships with reliable and proven partners are being established. 3 different types of relationship with our building partners exists: inventory purchase; land transfer and inventory purchase and joint venture initiatives.

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10	Accountability alignment	Individual employee responsibilities and accountabilities are adequately defined and aligned with the corporation's business model to support the effective achievement of its strategic and operational goals.	Low	Low	Y	Current Mitigation Action: Job descriptions exist for all positions and are maintained and aligned with the performance management process. Annual goal setting including development plans and performance reviews are completed for all employees. The Corporate Performance and Governance committee have oversight responsibilities in this area.

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11	Recruitment & retention	The right people are effectively attracted, developed and retained, influencing the corporation's ability to achieve its mission and mandate.	High	Medium	Y	Current Mitigation Action: Recruitment is conducted in targeted and appropriate industry specific settings. Annual performance and compensation reviews are completed for each member of staff.
12	Compensation & benefits	AHCC establishes and administers proper compensation, benefits and rewards for its employees, impacting the corporation's ability to attract and retain a suitably skilled workforce.	Medium	High	Y	Current Mitigation Action: Corporate Performance and Governance Committee oversees performance management and approves compensation levels for each fiscal year. Compensation offered is benchmarked against not-for-profit salaries for Calgary. A performance incentive program aligns the interests of staff with the objectives of the program. This is reviewed and approved by the Corporate Performance and Governance committee and approved by the Board.
13	Cost management (Operating overheads)	Effective budgetary and cost management processes are in place resulting in the Corporation's ability to meet its existing financial liabilities and commitments	Medium	Low	Y	Current Mitigation Action: The annual budget is approved by the Board. Each development project is approved on its own merits by the Board. Costs are monitored monthly.
14	Asset protection	Physical and financial assets are protected and the risk of fraudulent activities or unauthorized use of these assets by employees or others is minimized.	Medium	Low	Y	Current Mitigation Action: A system of internal controls appropriate to the size and nature of the corporation exists and continues to evolve.

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15	Financial planning & reporting	Appropriate financial planning and related reporting supports the Corporation in making informed decisions and reporting credible financial and management information to our Board and Shareholder.	Low	Low	Y	Current Mitigation Action: The Board reviews and approved financial statements at every regularly scheduled meeting (at least quarterly). External audits are conducted annually of the financial statements and the related financial reporting controls.
16	Records Management (Privacy)	Personal information pertaining to customers is collected, used only for appropriate business reasons and protected from disclosure.	Low	Low	Y	Current Mitigation Action: Sensitive financial information is collected and used only by AHCC banking partners and lawyers. Some records management policies and procedures have been developed and others are evolving. An administration position has been added here to improve and strengthen processes and procedures.

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17	Records management (Legal documents)	Legal documents (sales contracts, equity loan and encumbrance) documents must be retained and accessible until the property is sold or the contract breached to protect long term revenue generation.	Medium	Low	Y	Current Mitigation Action: All hard copy customer files are archived in long term storage once the settlement is received and recorded. Electronic copies of the key legal documents are made. Records management policies and procedures are being developed. Processes have been developed to handle the annually compounding volume of documents requiring retention. An administration position has been added here to improve and strengthen processes and procedures.

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18	Customer Base	Customer base and demand may be affected by changes in the market and in legislation.	Medium	Medium	Y	Current Mitigation Action: Market, social and economic environments are monitored so that proactive steps can be taken to address both positive and negative changes. The approach to business planning and modelling is always conservative.
19	Inventory	Insufficient inventory available for sale that meets our eligibility criteria.	High	High	N	Current Mitigation Action: Significant internal resources are applied to sourcing inventory units. Discussions with the City of Calgary on additional sites are ongoing. An additional managerial position has been created to hold discussions and maintain relationships with existing and new partners.
20	Operating cash management – short term (< 12 months)	Operating cash is significantly affected by the timing of project and unit completions and customer possessions which can be quite irregular.	High	Low	Y	Current Mitigation Action: Non-revolving credit facility of $7.55m is available with 30 days' notice. Steps are being taken to establish a revolving line of credit facility for the organization.

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21	Development cash management (1 – 9 years)	Until consistent cash streams are generated from the release of shared equity on sale or settlement of properties, there may be insufficient cash to fund the acquisition of land and the construction or acquisition of program inventory necessary to maintain the program indefinitely.	High	High	N	Current Mitigation Action: Non-revolving credit facility of $7.55m is available with 30 days’ notice. Steps are being taken to establish a revolving line of credit facility for the organization. Prudent agreements are reached with builder partners and joint venture construction partners to ensure that deposits and construction financing outlays are kept to a minimum. A five year business plan for the years 2014 to 2018 has been developed and stress tested by independent expert consultants.

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22	Reputation	As a direct subsidiary of the City, AHCC has a strong brand and higher public exposure than most not for profits of a similar size. AHCC's profile and relationships with the general public, communities, City Council, homebuyers, and the building and development industry are particularly important to our ability to continue delivering homes at attainable prices in Calgary.	Medium	Medium	Y	A communications manager exists to engage key stakeholders, proactively position the organization through traditional and new media, and to monitor and manage any potential issues that could impact AHCC's profile. Our standing within the building and development community is particularly important and is protected by: • Partnering with builders and developers, and working on common issues with the broader industry through industry associations; • Working with partners who demonstrate integrity, financial stability and community support; and • Conducting AHCC's business activities with transparency and high ethical standards.