

Attachment #3

ATTAINABLE HOMES CALGARY CORPORATION: RISK REGISTER

2015

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

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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	<p>Current Mitigation Action:</p> <p>Annually, AHCC's business plan and budgets are reviewed and approved by the Board.</p> <p>On an annual basis, governing documents and agreements with the shareholder are reviewed to ensure ongoing alignment with the AHCC business model. The model was proven viable.</p> <p>A strategic planning execution exercise is underway by management to ensure the strategic plan is implemented.</p> <p>Ongoing consideration by management and the Board of different options and opportunities to further serve community needs. In Q4, the Board will evaluate and discuss additional ownership options.</p>

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2	Shared equity	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 and/or acquisition of program inventory.	High	High	Y	<p>Current Mitigation Action:</p> <p>All contracts have a minimum participation amount repayable in the event that market conditions adversely affect AHCC's equity share.</p> <p>Third party consultants, KPMG, stress tested AHCC's 5 year business plan at the request of City administration and concluded it was sound.</p> <p>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 are carried out as re-sales are processed. Scenario stress testing and planning are undertaken.</p> <p>Equity Loan Receivable are discounted to allow for the impact of the time-value of money. The discount is based on the estimated interest rate applicable to similar financing arrangements and is re-calculated on a quarterly basis.</p> <p>Due to the increased risk of loss for one particular project, an allowance was booked at the end of 2014 and is being reduced as clients in those homes sell and leave the AHCC program.</p> <p>To date, AHCC has had 646 home sales, 512 possessions and only 33 households have</p>

June 5, 2015
Revised After June 12 Audit meeting

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						exited the program. As more people resell or refinance their homes, we will monitor data and identify any trends regarding how, when and why people move through the program to support forecasting and business planning.
3	Governance	The Board has the appropriate governance processes in place supporting the corporation's ability to effectively achieve its mission, mandate and strategic plan.	Low	Low	Y	Current Mitigation Action: The mandate of all the AHCC committees requires that all organizational policies be reviewed every 3 years. (1/3 each year). Employee policies are being reviewed in 2015. The Board is composed of two City council members and four qualified and experienced business leaders. One director position is currently vacant and recruitment is underway.
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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: The Corporate Performance and Governance committee of the Board considers succession planning issues as part of its mandate.

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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	Low	Y	Current Mitigation Action: AHCC reports at least annually at meetings of the shareholder. The City of Calgary Internal Auditor completed an audit of the sales process 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. A review of all customer survey instruments is underway. Customer feedback is solicited at public education sessions, on the website and interaction on various types of social media is monitored. In 2014, AHCC recruited program ambassadors to source feedback and opinions.
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. Monthly Key Performance Indicators are calculated and distributed to board members and managers to assist with decision making. 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	Medium	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. Incentive programs are aligned with the interest of staff and with the objectives of the organization. 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 and City Council. Each development project is approved on its own merits by the Board. Costs are monitored monthly as part of the KPI dashboard.
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 and Legal Docs)	Personal information pertaining to customers is collected, used only for appropriate business reasons and protected from disclosure.	Medium	Low	Y	Current Mitigation Action: Personal financial information is collected and used only by AHCC banking partners and lawyers. Records management procedures have been developed and others are evolving. Electronic copies of the key legal documents are made. All hard copy customer files will be archived in long term storage once the settlement is received and recorded. Processes have been developed to handle the annually compounding volume of documents requiring retention.

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17	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 in demand.
18	Inventory	Insufficient inventory available for sale that meets our eligibility criteria.	High	High	Y	Current Mitigation Action: Significant internal resources are applied to sourcing inventory units. An additional development coordinator position has been created to assist with obtaining inventory units. Discussions with the City of Calgary on additional sites are ongoing.
19	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: Revolving credit facility of \$10M is available without notice. A daily cash-flow schedule is maintained as well as a cash-flow forecast in order to monitor future cash flow obligations. Monthly KPI's also serve as an indicator of cash-flow health.

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20	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	Medium	Y	Current Mitigation Action: Revolving credit facility of \$10M is available without notice. 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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21	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	AHCC engages key stakeholders and proactively position the organization through traditional and new media, and monitors and manages any potential issues that could impact AHCC's profile. Our standing within the building and development community is particularly important and is protected by: <ul style="list-style-type: none"> 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. Engaging residents and community associations