

The background of the slide is a dense field of 3D-rendered numbers in various shades of blue and white. The numbers are scattered across the frame, creating a sense of depth and movement. Some numbers are larger and more prominent, while others are smaller and recede into the background. The lighting is soft, highlighting the three-dimensional quality of the digits.

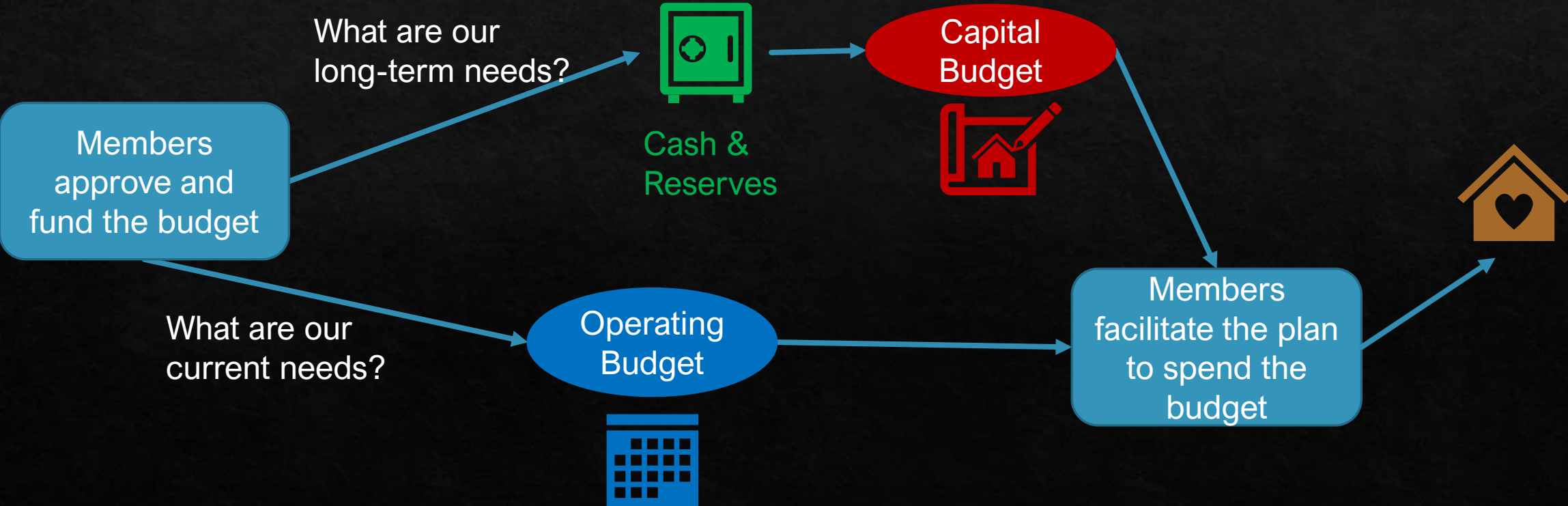
Budget 2022 Backgrounder

For Sunnyhill members

How does the budget get approved?



Our Budget: Investing in our vision



What is in our Budget?

Operating Budget

(expenses for items in current year)

- Property expenses (mortgage, taxes, insurance, water)
- Building expenses (unit repairs)
- Grounds expenses (landscaping, snow removal, tree pruning)
- Admin expenses (property management, bookkeeping, auditing)
- P&D expenses



Capital Budget

(assets lasting over 1 year)

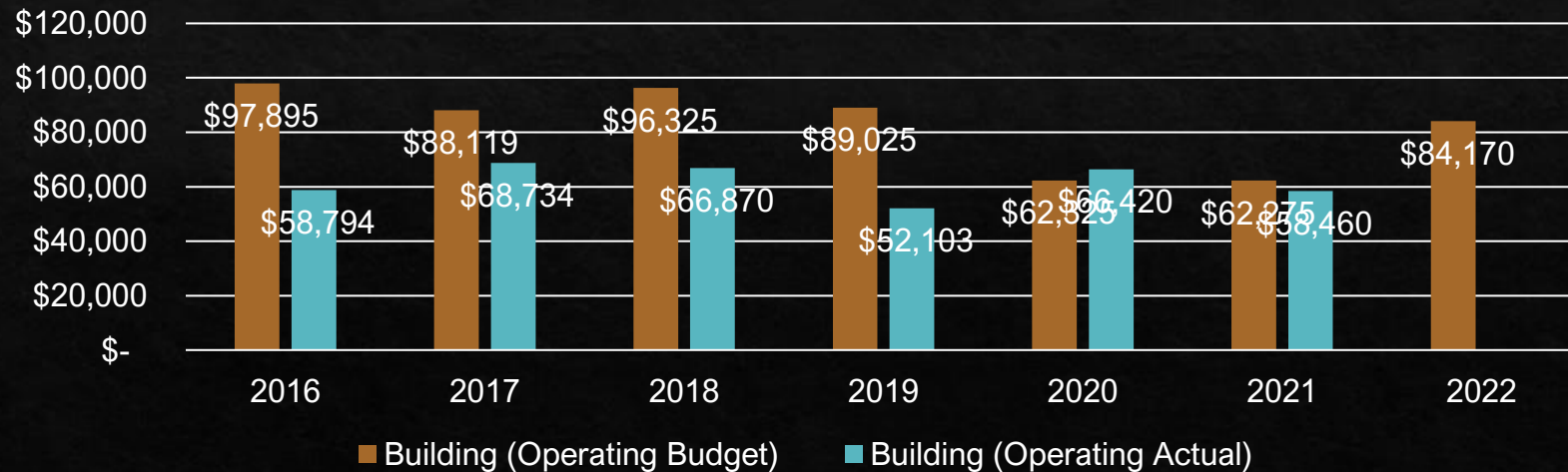
- Building upgrades
 - Interior (kitchens, bathrooms, flooring)
 - Exterior (siding, windows, roofing, eavestroughs)
- Grounds upgrades
 - Paving
 - Drainage



How much of the budget was spent?

In previous years, Buildings budgeted 30-40% above actual spending. In recent years, the budget more closely matches actual spending. One consequence is that contingencies are being used up.

Buildings Operating Budget
Budgeted vs Actuals



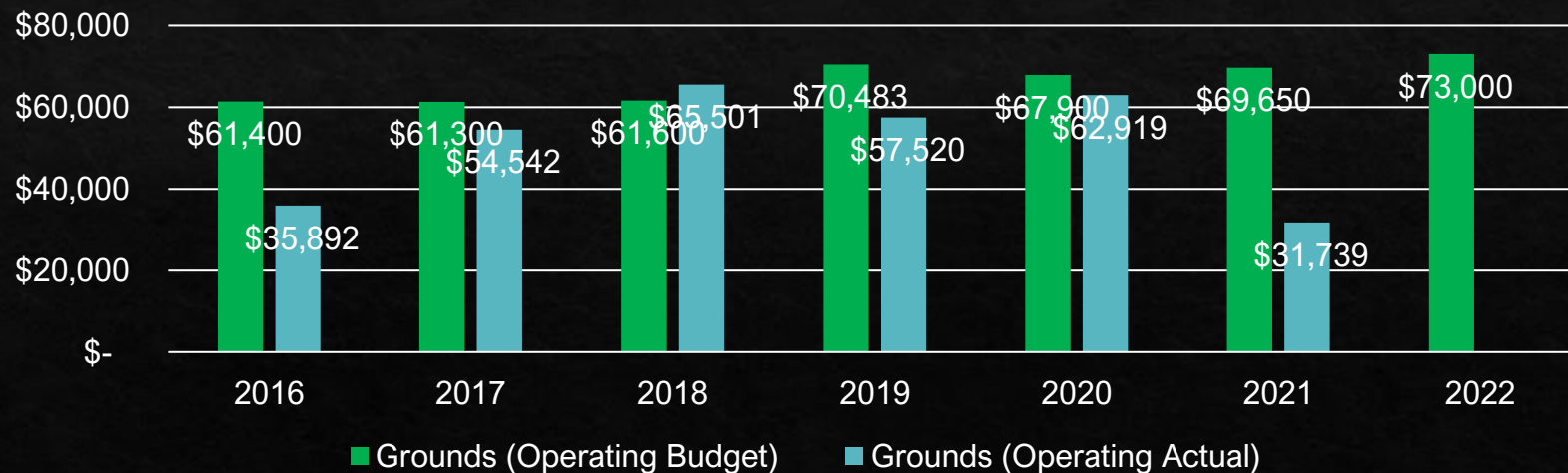
The proposed 2022 budget (\$84,170) is up 35% from last year's budget (\$62,275), and is 35% above the average actual spending over the past 5 years (\$62,517).



How much of the budget was spent?

Grounds budget has been consistent in recent years. There was a new contractor in 2021. Weather may have been a factor as well, with a drier winter (less snow removal) and drier summer (less landscaping).

**Grounds Operating Budget
Budgeted vs Actuals**



The proposed 2022 budget (\$73,000) is up 5% from last year's budget (\$69,650), and is 34% above the average actual spending over the past 5 years (\$54,444).

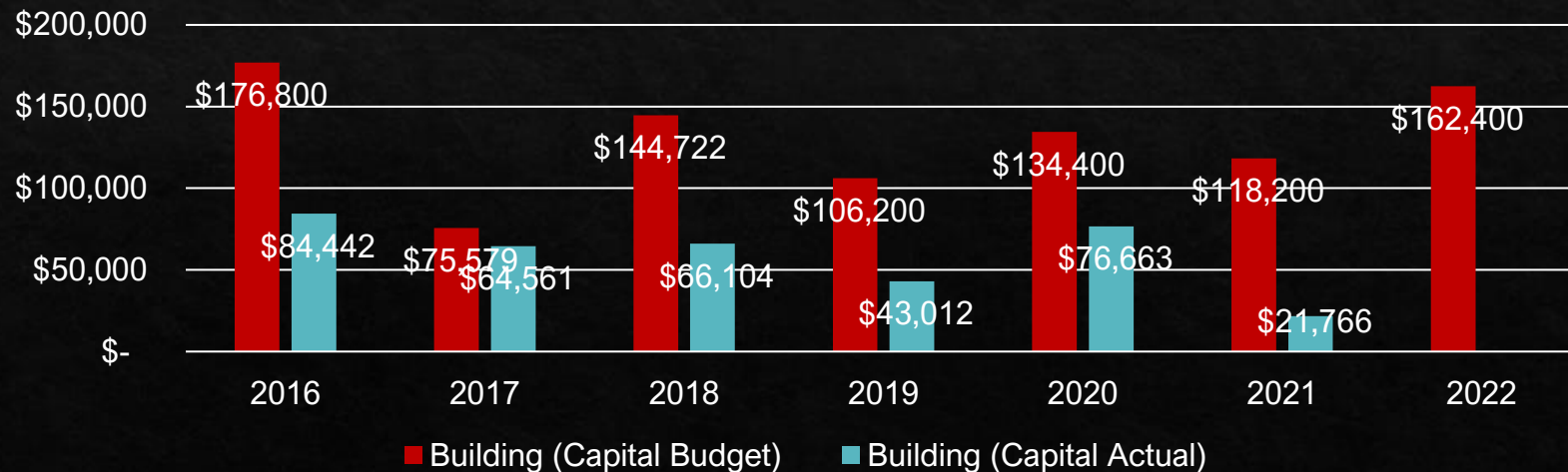


How much of the budget was spent?

Only 18% of the capital budget was spent in 2021, the lowest amount in recent years. A few hot water tanks were replaced, but there was little renovation activity (kitchens, bathrooms, flooring).



Capital Budget
Budgeted vs Actuals



The proposed 2022 budget (\$162,400) is up 37% from last year's budget (\$118,200), and is 198% above the average actual spending over the past 5 years (\$54,421).

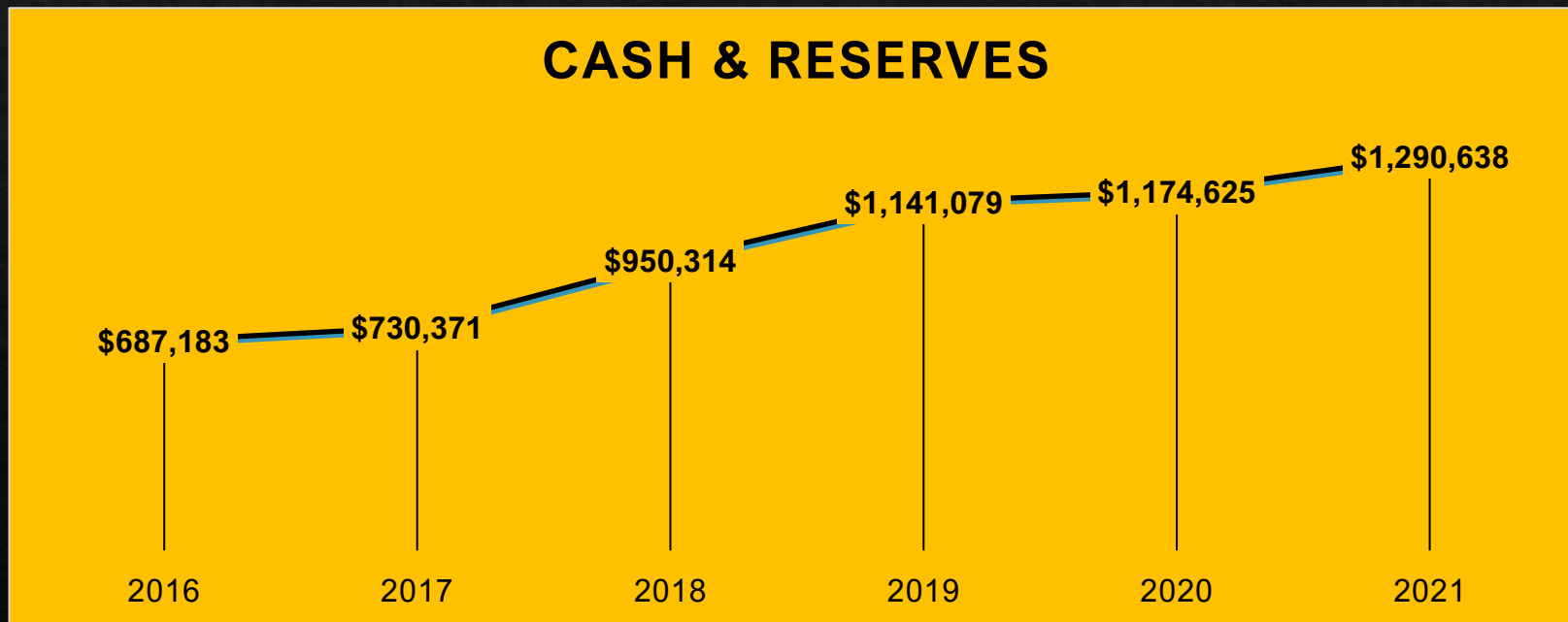
Our Budget at-a-glance

	Budget	2021 Actual	Variance	2022 Budget (0%)	2022 Budget (2%)	2022 Budget (5%)
TOTAL INCOME	\$ 786,934	\$ 809,248	\$ 22,314	\$ 776,434	\$ 791,703	\$ 814,606
OPERATING EXPENSES						
Total property expenses	\$ 250,221	\$ 247,507	\$ 2,714	\$ 259,174	\$ 259,174	\$ 259,174
Total Building expenses	\$ 62,275	\$ 58,460	\$ 3,815	\$ 84,170	\$ 84,170	\$ 84,170
Total P & D expenses	\$ 92,925	\$ 87,016	\$ 5,909	\$ 42,000	\$ 42,000	\$ 42,000
Total grounds expenses	\$ 69,650	\$ 31,739	\$ 37,911	\$ 73,000	\$ 73,000	\$ 73,000
Total admin expenses	\$ 141,843	\$ 144,555	-\$ 2,712	\$ 143,690	\$ 143,690	\$ 143,690
OPERATING EXPENSES	\$ 616,914	\$ 569,277	\$ 47,637	\$ 602,034	\$ 602,034	\$ 602,034
SUBTOTAL (income - operating)	\$ 170,020	\$ 239,971	\$ 69,951	\$ 174,399	\$ 189,668	\$ 212,572
CAPITAL EXPENSES	\$ 118,200	\$ 21,766	\$ 96,434	\$ 162,400	\$ 162,400	\$ 162,400
Transfer to/from Reserves	\$ 51,820	\$ 218,205		\$ 11,999	\$ 27,268	\$ 50,172



What happens to unspent budgets?

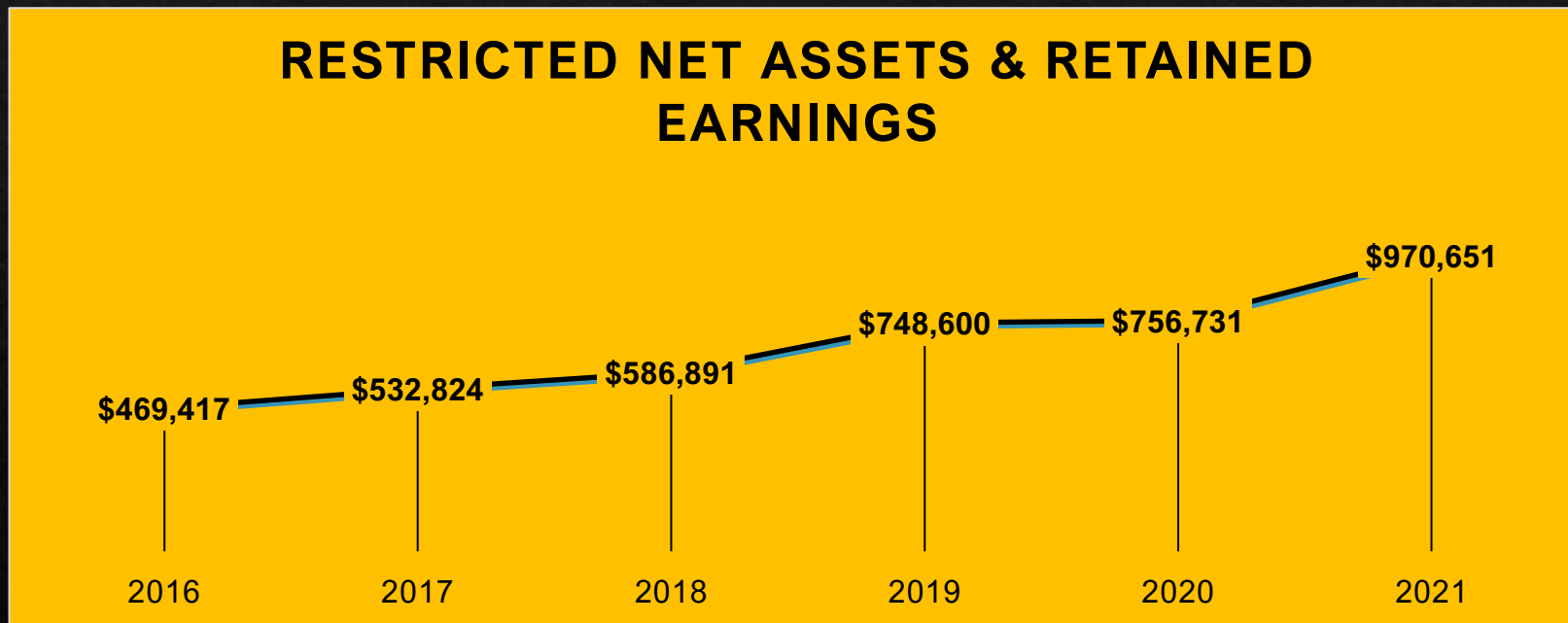
Besides what is allocated to the replacement reserve, unspent budget dollars (“net income”) are added to our bank account as “retained earnings”, but earn meagre amounts of interest.*



*Effective December 15, 2021, ConnectFirst Credit Union lowered the interest rate in our account from 2.4% to 1.0%. As of May 15, 2022, the rate will drop even further to a paltry 0.6%

What happens to unspent budgets?

Besides what is allocated to the replacement reserve, unspent budget dollars (“net income”) are added to our bank account as “retained earnings”, but earn meagre amounts of interest.*



*Effective December 15, 2021, ConnectFirst Credit Union lowered the interest rate in our account from 2.4% to 1.0%. As of May 15, 2022, the rate will drop even further to a paltry 0.6%

Our Budget at-a-glance



Simplified Balance Sheet as of December 31, 2021
(unadjusted, unaudited)

ASSETS		LIABILITIES	
Chequing Account	\$ 676,451	Mortgage	\$ 1,607,588
Savings Account	\$ 613,657	Other	\$ 84,119
<i>Total Cash</i>	\$ 1,290,108	TOTAL LIABILITIES	\$ 1,691,707
Buildings (Capital Assets)	\$ 1,475,649	EQUITY	
Other	\$ 19,559	Retained earnings + Reserves	\$ 970,651
		Other (Shares + Unit Fund)	\$ 122,958
TOTAL ASSETS	\$ 2,785,316	TOTAL EQUITY	\$ 1,093,609
		TOTAL LIABILITIES & EQUITY	\$ 2,785,316

Keep money in the bank, or in our buildings?

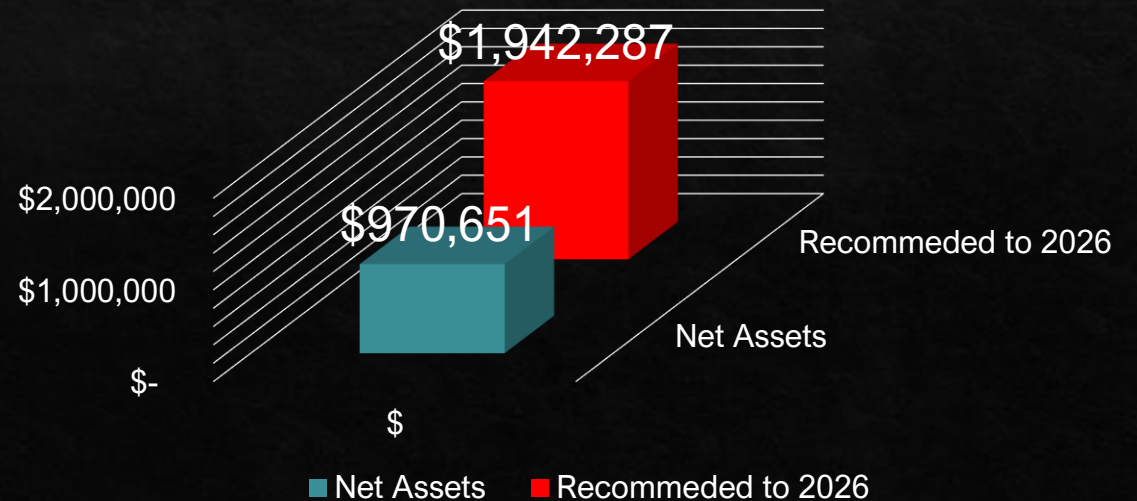
We have invested only 24% of the amounts recommended-to-date by our 2018 Building Condition Assessment. In the coming 5 years, at least \$1.2M of additional investment will be needed. Our net assets cover 50% of our recommended 5-year plan (\$971,636).

Recommended-to-date (2018-2021): \$880,485
plus
Recommended next 5 years: \$1,275,564
Total recommended: \$2,156,049

minus
Work completed-to-date (2018-2021):
\$213,762 (24% of \$880,485)

Required next 5 years: \$1,942,287

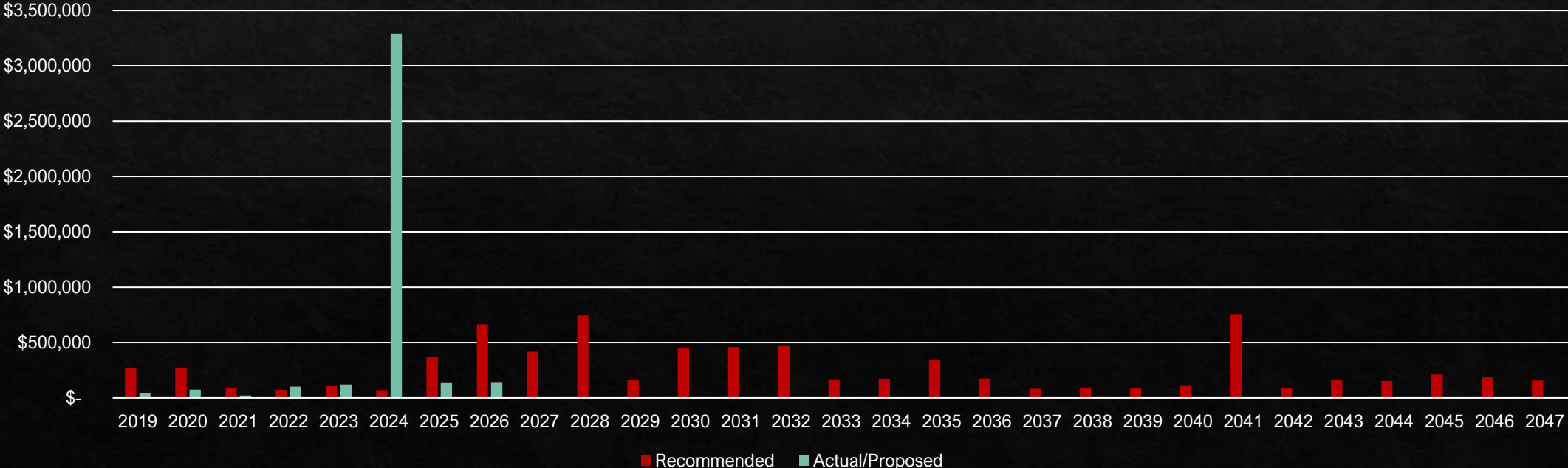
Required Reserves vs Available Reserves



Capital Budget: Investing in our future

Many of the recommended building envelope and efficiency upgrades that are recommended in the 2018 Building Condition Assessment would be grouped together in the proposed *Deep Green Retrofit*.

Recommended Capital Investment vs Planned Capital Investment

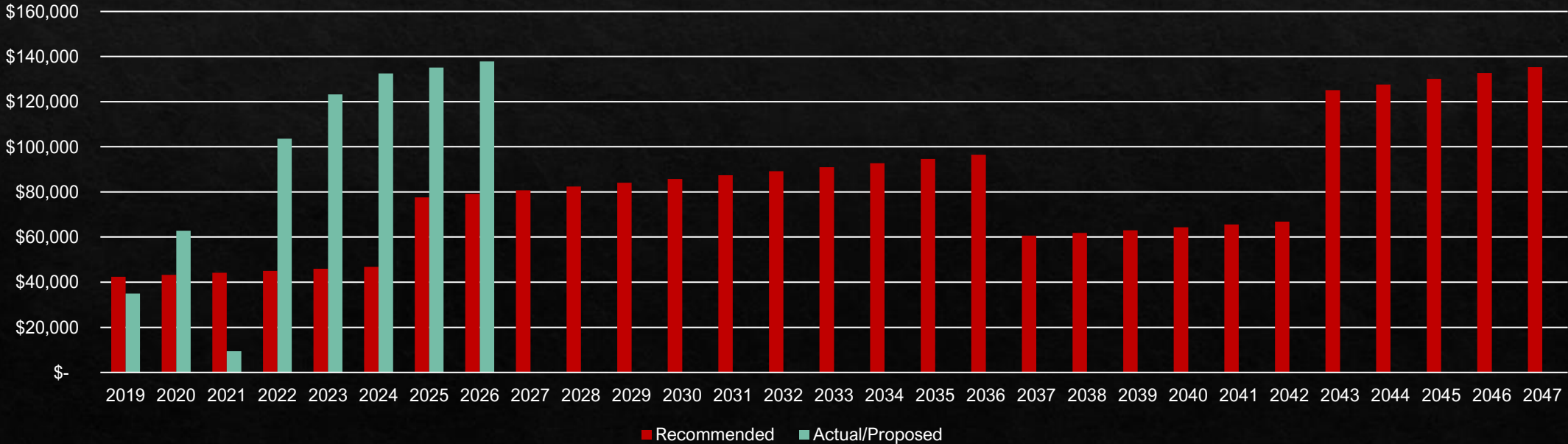


Capital Budget: The inside story

*Unit upgrades were minimal in 2021.
Professional unit inspections may identify more
required upgrades. Improved coordination
needed to ensure execution of needed work.*

Replacements	2021	2022	2023-2026
Kitchens	0	0	4 per year
Bathrooms	0	10	5-6 per year
Flooring	1	4	3-4 per year

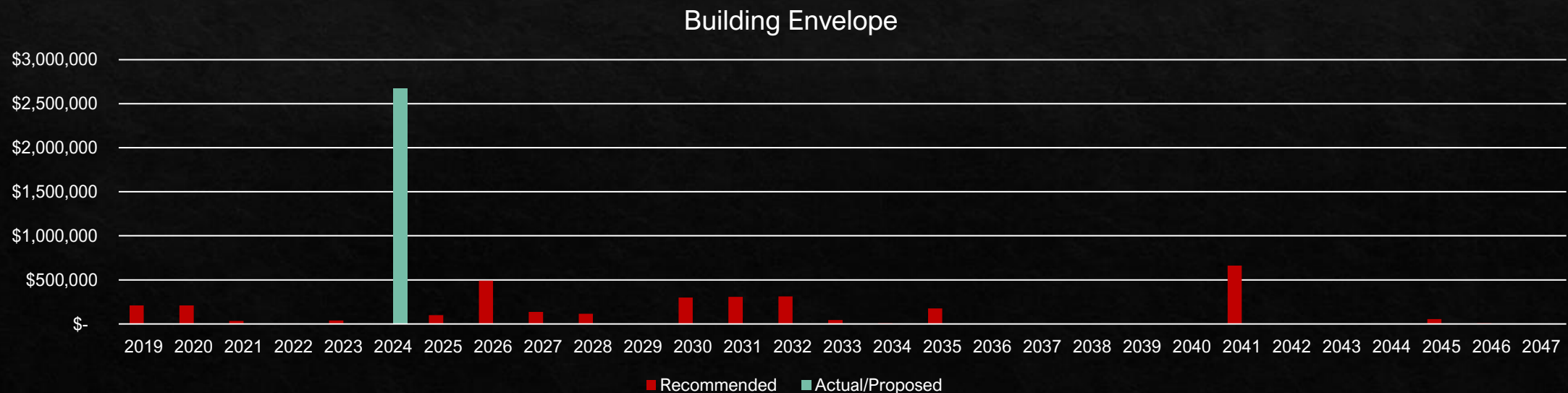
Unit Upgrades



Capital Budget: Sealing the envelope

*Most replacements concerning the building envelope (exterior) that are recommended in the Building Condition Assessment over the next 15 years would be addressed in the proposed **Deep Green Retrofit**.*

Major Replacements Due	2022-2026
Roofing	\$492,158
Windows	\$415,399
Balconies & Metal Guardrails	\$189,000
Balcony Doors	\$99,505

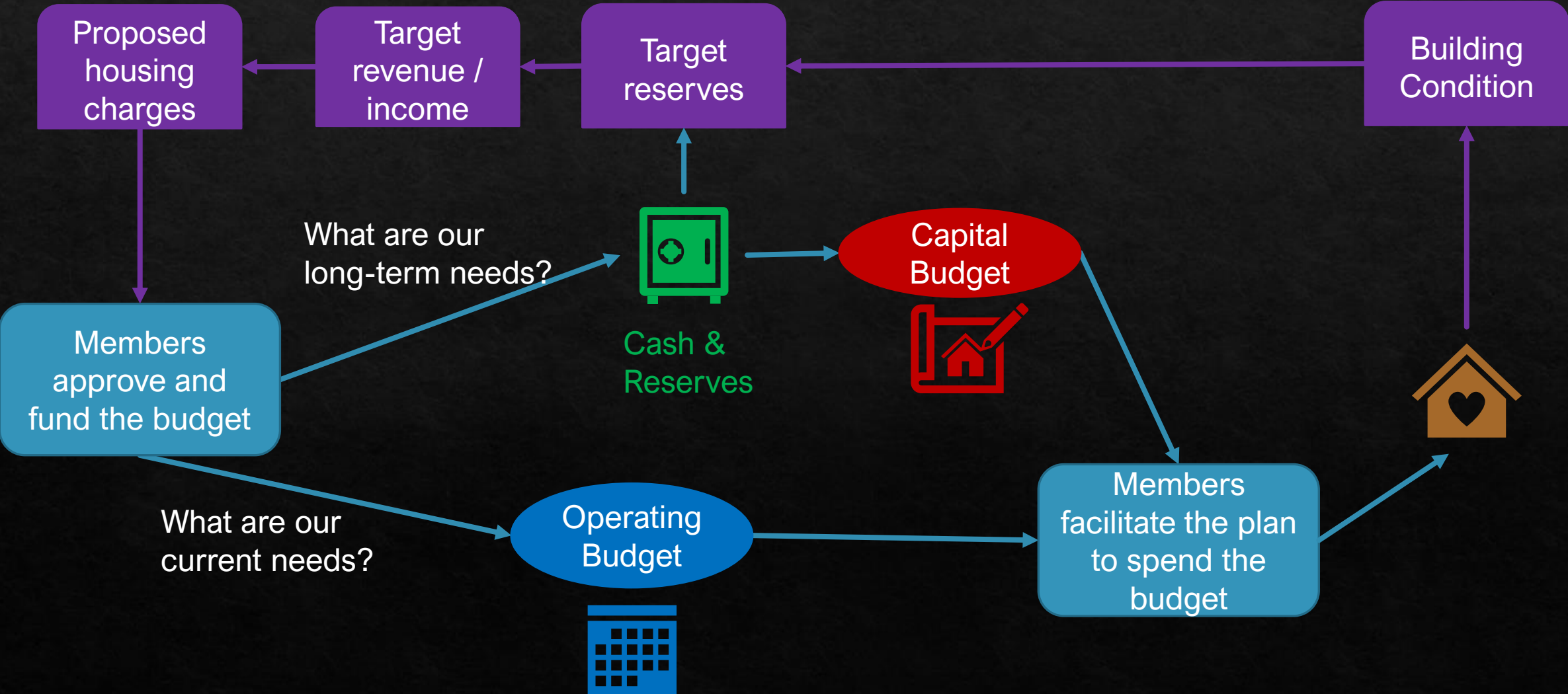


Capital Budget: The heat is on!

*The Building Condition Assessment proposed furnace and hot water tank upgrades in 2028. They are now proposed as part of the **Deep Green Retrofit**. However, some repairs and replacements have been necessary in the meantime.*



Our Budget: Investing in our vision

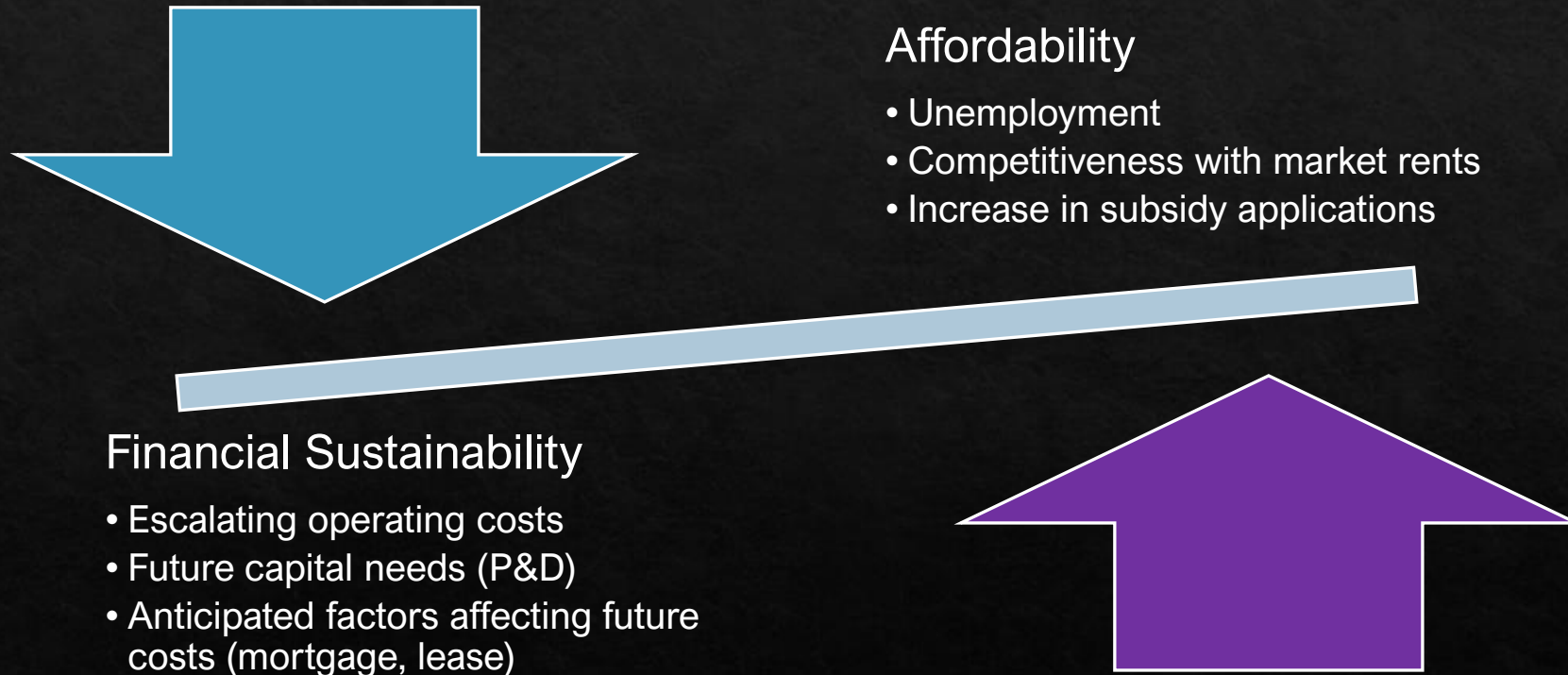


Economic Housing Charge (EHC)

The housing charge specific to each unit is derived from the economic housing charge, applications for subsidy, and reported income. To balance our Subsidy/ Surcharge account, the calculated total of anticipated housing subsidies is offset with a total surcharge divided amongst other units. The surcharge rate, as well as the actual housing charges for each unit, are calculated in May following budget approval and comes into effect in June.

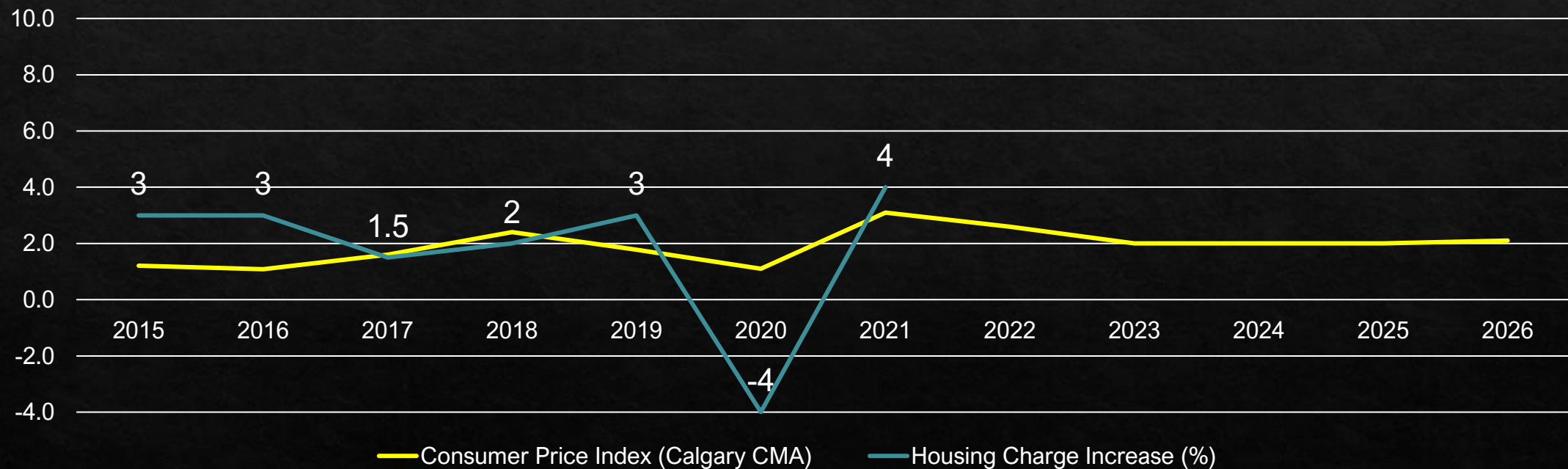
	2021-2022	2022-2023		
	EHC	0% increase	2% increase	5% increase
1 bedroom	\$702	\$702	\$716	\$737
2 bedroom	\$935	\$935	\$954	\$982
3 bedroom	\$1075	\$1075	\$1097	\$1129

Economic Housing Charge (EHC)



Are we keeping up with costs?

The cost-of-living generally increases around 2% per year. Inflation has been sharply higher recently due to the haphazard economic recovery from the pandemic, and our costs in 2022 may be higher as a result. Inflation is expected to smooth out closer to 2% in future years.



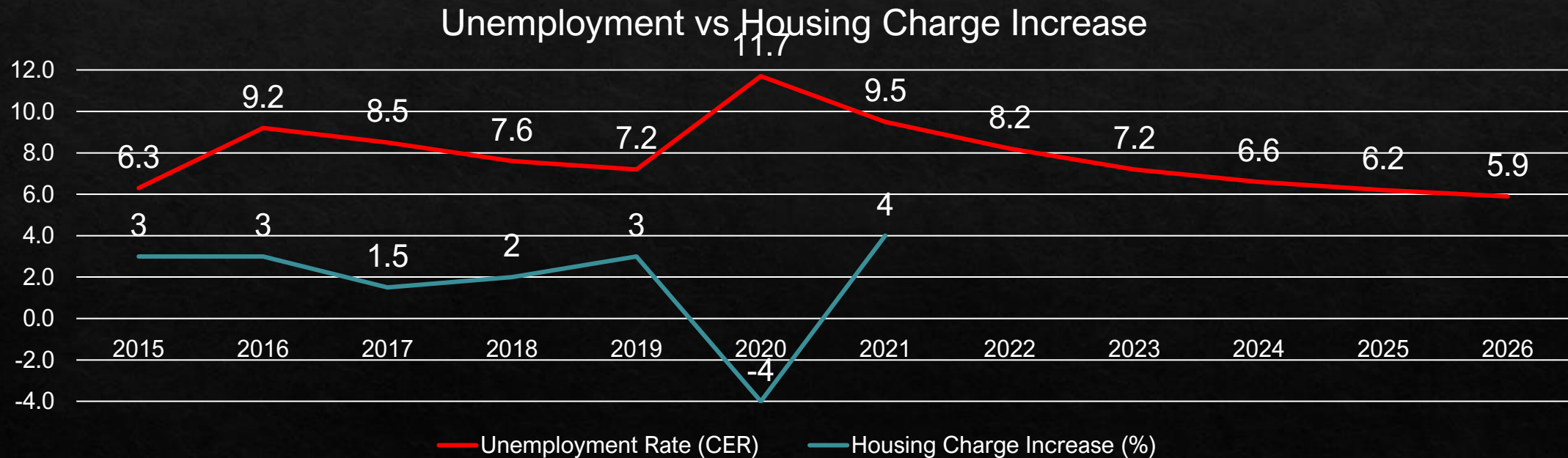
Calgary CMA: Calgary Census Metropolitan Area

Forecast Source: City of Calgary. (Fall 2021). *Calgary & Region Economic Outlook 2021-2026*.

<https://www.calgary.ca/content/dam/www/cfod/finance/documents/corporate-economics/calgary-and-region-economic-outlook/Calgary-and-Region-Economic-Outlook-2021-Fall.pdf>

How are prospects?

High unemployment strains the ability of our members to sustain their housing charge payments. With employment prospects expected to improve, the economic prospects of many members will hopefully stabilize as well.



CER: Calgary Economic Region

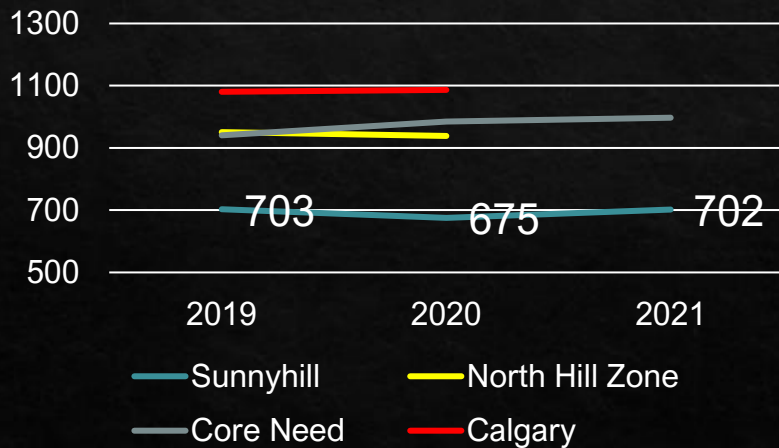
Forecast Source: City of Calgary. (Fall 2021). *Calgary & Region Economic Outlook 2021-2026*.

<https://www.calgary.ca/content/dam/www/cfod/finance/documents/corporate-economics/calgary-and-region-economic-outlook/Calgary-and-Region-Economic-Outlook-2021-Fall.pdf>;

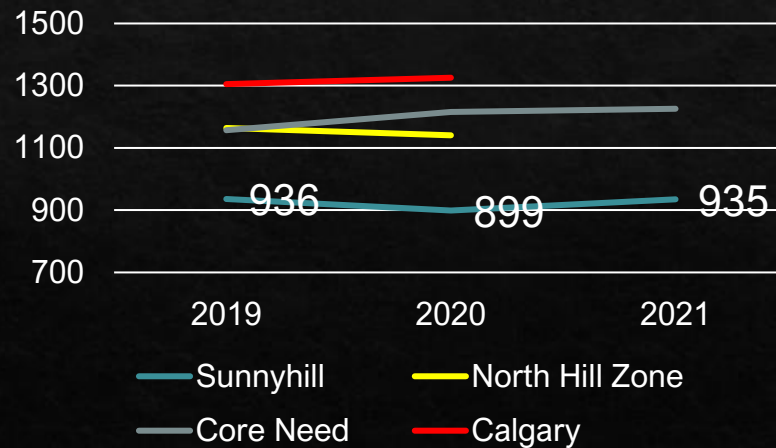
How do we compare?

*Sunnyhill is an affordable housing provider to the extent that our Economic Housing Charges (EHC) can remain below adjusted core need income thresholds**, as well as average market rent.*

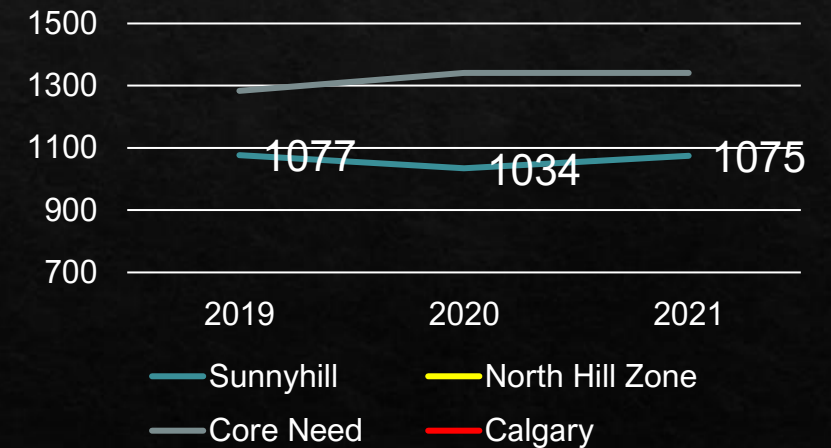
1-Bedroom Average Rent vs Core Need vs Sunnyhill EHC



2-Bedroom Average Rent vs Core Need vs Sunnyhill EHC



3-Bedroom Average Rent vs Core Need vs Sunnyhill EHC



Source:
 Private Apartment Average Rents (\$), by Zone and Bedroom Type - Calgary CMA (quality data not available for 3 bedrooms)
<https://www.cmhc-schl.gc.ca/en/data-and-research/data-tables/rental-market-report-data-tables>
 Core Need Income Thresholds – as established by the Government of Alberta
<https://open.alberta.ca/publications/income-thresholds>

**Adjusted CNIT = 27.5% of CNIT (as set annually by the Government of Alberta), divided into 12 months