

2 June 2017

Sunnyhill Housing Co-operative Ltd.  
787 3rd Street N.W.  
Calgary AB, T2N 1P1

Dear Co-operators:

**Subject: Annual Compliance Review for Your Fiscal Year Ended (31 December 2016)**

We have now completed our annual compliance review of your co-operative. I am happy to say that your co-op is in full compliance. Thank you for making the effort to file your AIR and submit required documents on time.

The agreements between co-ops and CMHC are posted on our [client website](#). Enter your username and password and go to "Agreements." You will find further information on [program requirements](#) on our public website.

Please feel free to contact me if you have any questions about this letter. I would be pleased to assist you.

Yours sincerely,



Meghan Friesen  
Relationship Manager  
Tel: 403-697-6291 ext.302  
Toll-free phone: 1.866.660.3140  
[mfriesen@agency.coop](mailto:mfriesen@agency.coop)

23 May 2017

Sunnyhill Housing Co-operative Ltd.  
787 3 Street N. W.  
Calgary, AB T2N 1P1

Dear Co-operators:

**Subject: Co-op Data Report for Your Co-op**

Now that the Agency has completed its review of your Annual Information Return (AIR), we are pleased to share some of your data with you. The Co-op Data Report looks at

- vacancy loss
- arrears and bad debts
- maintenance spending
- capital-replacement reserve
- energy costs
- water and sewerage charges
- administration spending
- housing charges compared to market.

Your co-op's report may not include all of these items. Our [Q&A](#) will tell you why.

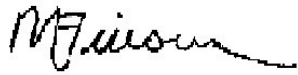
Your report also lets you see how you compare with other co-ops and gives you scope to explore where you can improve.

We encourage you to discuss this report with your members. By doing so, you can help them gain a wider understanding of your co-op's challenges and achievements.

**Sunnyhill Housing Co-operative Ltd., 23 May 2017, Page 2**

Please feel free to contact me if you have questions to ask or ideas to share.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M. Friesen', with a long, sweeping underline.

Meghan Friesen  
Relationship Manager

att.

## Sunnyhill Housing Co-operative Ltd. Co-op Data Report for the Year Ended 31 December 2016

### What You Need to Know before Reading this Report

This report allows you to look at your co-op's year-over-year performance in important areas and to compare your results with those of other co-ops like yours. The numbers shown come from the data the Agency gathers through co-ops' Annual Information Returns (AIRs). To learn more, we invite you to consult our Q&A on the Co-op Data Report. You can find it on our website at [www.agency.coop](http://www.agency.coop).

The report uses **bar charts** to show year-over-year results for you and your peers.

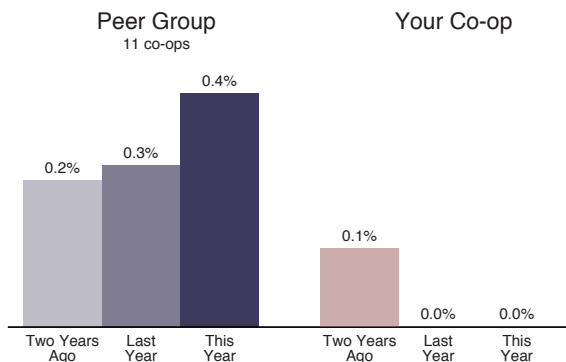
The **line graph** (sample below, right) shows the range of results for the co-ops we have compared you to. The upright bar is the median point. Half your peers were above this and half below. The bullet point shows where your co-op sat.



Visit the Agency's [HomeRun](http://www.agency.coop) website, where you can see more indicators of your co-op's performance, choose your own peer groups to compare yourself with and check out good practices adopted by other co-ops to get better results.

**Please contact Meghan Friesen at the Agency with any questions.**

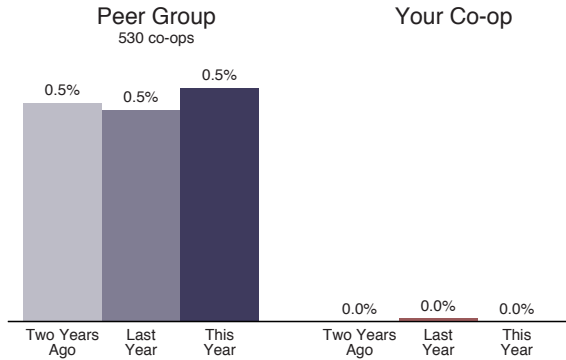
### Vacancy Loss



Rental market vacancy rates vary by community. Over the year, your co-op lost 0.0% of its housing revenue to vacant units. Half the co-ops reporting in your area lost less than 0.4% and half lost more.

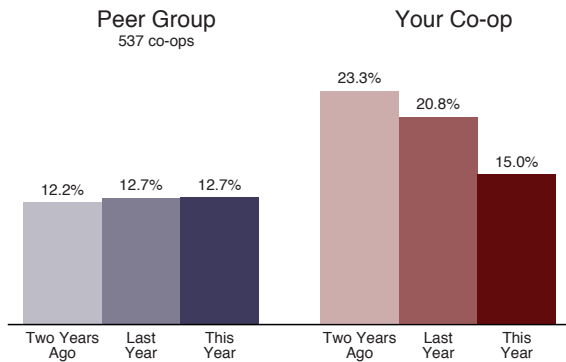
As of October 2016, the average vacancy rate for similar rental housing in your area was 11.4%. The X on the line graph marks this point.

## Housing Charge Arrears and Bad Debts



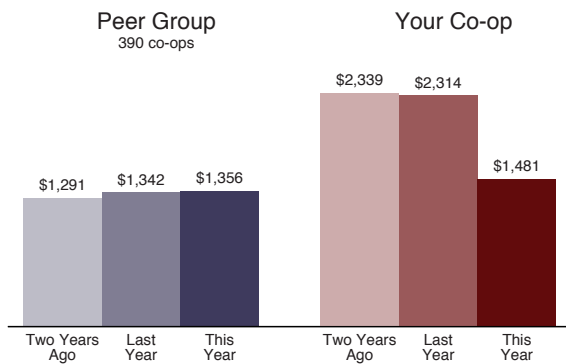
The sum of your year-end arrears and annual bad-debt expense came to 0.0% of the total charged to residents in the year for housing. Half of reporting co-ops lost less than 0.5% and half lost more. The best-managed and governed co-ops have few or no arrears and bad debts.

## Maintenance Spending as a Percentage of Operating Costs



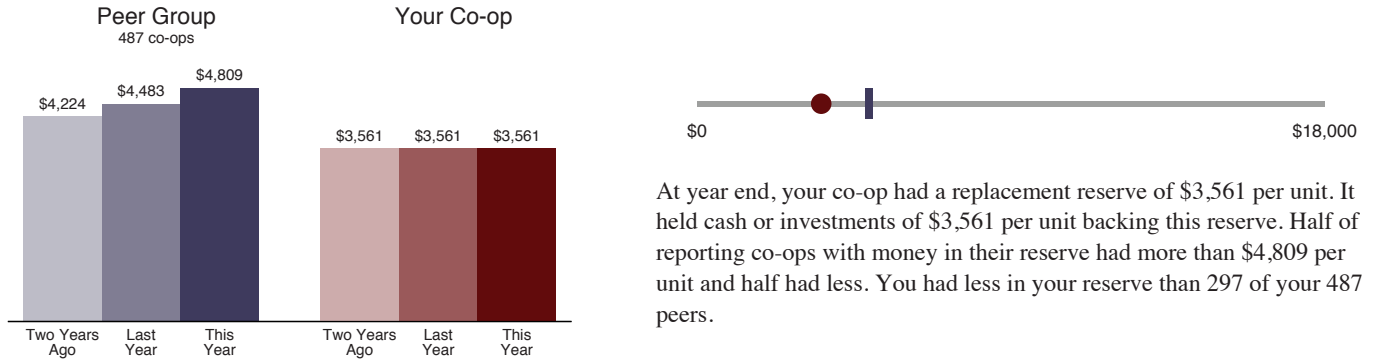
Maintenance made up 15.0% of your operating spending over the year. Half of all reporting co-ops spent less than 12.7% on maintenance and half spent more. Of your 537 peers, 183 spent more than you did.

## Maintenance Spending per Unit

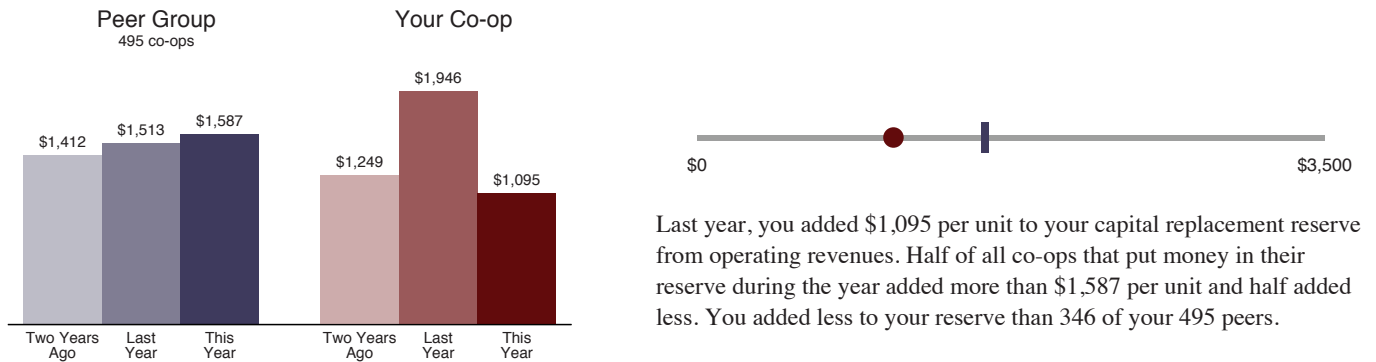


Your co-op spent \$1,481 per unit on maintenance over the year. Half of reporting co-ops without an elevator spent more than \$1,356 per unit and half spent less. Of your 390 peers, 169 spent more on maintenance than you did.

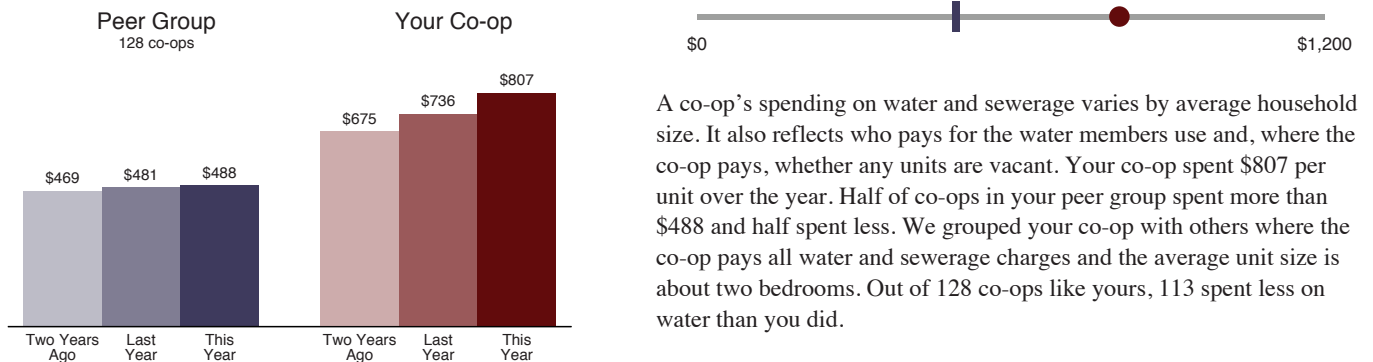
## Capital Replacement Reserve Balance



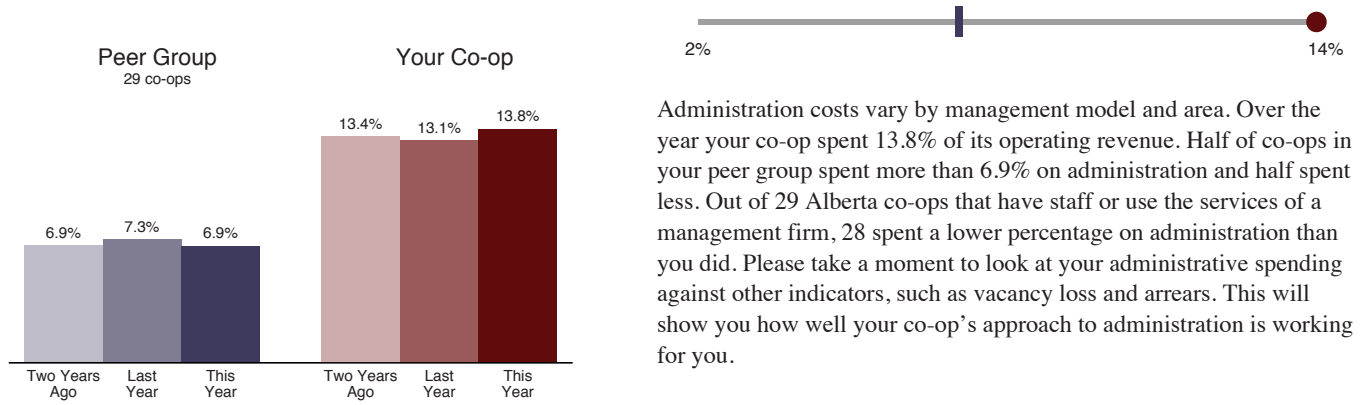
## Capital Replacement Reserve Contributions



## Water and Sewerage Charges



## Administrative Spending



Administration costs vary by management model and area. Over the year your co-op spent 13.8% of its operating revenue. Half of co-ops in your peer group spent more than 6.9% on administration and half spent less. Out of 29 Alberta co-ops that have staff or use the services of a management firm, 28 spent a lower percentage on administration than you did. Please take a moment to look at your administrative spending against other indicators, such as vacancy loss and arrears. This will show you how well your co-op's approach to administration is working for you.

2 June 2017

Sunnyhill Housing Co-operative Ltd.  
787 3rd Street N.W.  
Calgary AB, T2N 1P1

Dear Co-operators:

**Subject: Composite Risk-Rating and Trend (Fiscal Year Ended 31 December 2016)**

Following our review of your latest Annual Information Return (AIR) and other information, we have assigned your co-operative a Composite Risk Rating of **Moderate and Stable**.

We enclose a detailed Risk-Assessment Report setting out our findings. Our assessment drew on your AIR, our most recent inspection of your property and other information, giving us a measure of your financial health. You will find definitions of your composite risk rating and trend in our [Q&A](#) on our risk assessment process and on our [public website](#).

Our assessment that your situation is stable is based on the following:

- Your co-op has worked hard to maintain a good financial position. You also have the opportunity to payout the co-ops CMHC high interest mortgage which would provide you with additional cash flow.

**How to Improve Your Risk Rating and Operation**

While your Composite Risk Rating reflects our overall assessment of your financial health and prospects, one or more specific problems may have contributed to the rating we assigned. By addressing them, you may be able to improve your rating.

- As we have previously discussed, currently CMHC is offering co-ops with closed mortgages, like yours, the ability to pay out that mortgage. Your agreement with CMHC would end if you do.

In order to do so, you will need to find a private lender and demonstrate your financial stability by producing an updated Building Condition Assessment (within 3-5 years of financing), an extended capital plan based on the BCA and whatever else



*Sunnyhill*  
*2 June 2017*  
*Page 2*

the lender may require (this can differ depending on the financial institution). At this time, the lender may also require that you renegotiate your land lease with the City of Calgary. CHF Canada and the local federations have been lobbying the government and may be able to help you with this. Once your co-op receives a commitment letter, they can then apply to payout the mortgage with CMHC. I have attached the Agency's guide to private refinancing for your reference and this outlines the steps required for the Agency to review your proposal and then submit it to CMHC for approval.

We also just received news that CMHC will be offering lenders insurance with a preferred interest rate which could work out better for the co-op and is beneficial to look into.

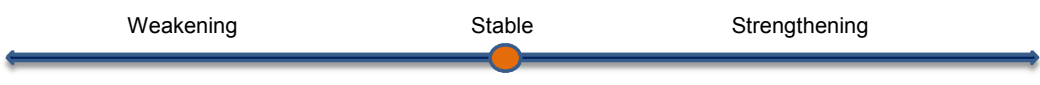
Your co-operative is doing many things well. Your leaders and membership have reason to feel proud.

Yours sincerely,



Meghan Friesen  
Relationship Manager  
Tel: 403-697-6291 ext.302  
Toll-free phone: 1.866.660.3140  
[mfriesen@agency.coop](mailto:mfriesen@agency.coop)

Sunnyhill Housing Co-operative Ltd.					
<b>Report for the Year Ended</b>		<b>31 December 2016</b>			
<p>This Risk Assessment Report shares the results of the Agency's latest review of your co-op's financial health. We developed it by studying your Annual Information Return and other information. Risk rating is our way of estimating your ability to meet your financial obligations when they fall due, now and in the foreseeable future. To find out more about our rating system and how we use the results, visit our website at <a href="http://www.agency.coop">www.agency.coop</a>.</p> <p>Please contact Meghan Friesen at the Agency if you have any questions.</p>					
Your Co-op's Composite Risk Rating					
<p>You will find your composite risk rating on page 2 of this report. How is this rating set?</p> <p>To assess your co-op's financial health we look first at three things:</p> <ul style="list-style-type: none"> <li>▶ your results to date (your Liquidity Ratio);</li> <li>▶ how well you did in the last reported year (your Net-Income Ratio); and</li> <li>▶ the state of your grounds and buildings (your Physical-Condition Rating).</li> </ul> <p>We also check for danger signs, such as mortgage and property-tax arrears, or clues that could signal wider problems, e.g., board members owing money to the co-op. We describe these ratios and other risk indicators below. After looking at these ratios and risk indicators and other factors like the co-op's housing charges and vacancies, how much you are setting aside for future repairs and the strength of your local housing market, we assign a Composite Risk Rating.</p>					
Liquidity Ratio	Your Score	Excellent	Good	Fair	Poor
<p>This ratio looks at your co-op's financial position, measured by how much money you have ready access to. It shows us to what extent you can cover the major bills—your mortgage, property taxes and utilities.</p>	<b>23.78</b>	above 8	above 5 but less than or equal to 8	above 3 but less than or equal to 5	3 or less
		<b>X</b>			
Net-Income Ratio	Your Score	Excellent	Good	Fair	Poor
<p>This ratio shows whether your co-op is earning enough money to pay its mortgage and operating costs and contribute properly to its replacement reserve.</p>	<b>1.19</b>	above 1.00	above 0.75 but less than or equal to 1.00	above 0.25 but less than or equal to 0.75	0.25 or less
		<b>X</b>			
<p>An EXCELLENT Net-Income Ratio means that your co-op is earning enough money to cover its costs and make a generous contribution to the replacement reserve.</p>					
Physical-Condition Rating	Your Score	Excellent	Good	Fair	Poor
<p>This rating is updated every two years. It is based on an inspection of your co-op's property, including the site, building exteriors, internal service and common areas, and any vacant units. The inspection considers your co-op's appearance, structures and building systems, level of maintenance, and health and safety risks.</p>	<b>3.07</b>	4.00 - 5	3.00 - 3.99	2.01 - 2.99	1 - 2.00
		<b>X</b>			
<p>A GOOD Physical-Condition Rating means that your co-op is in satisfactory condition. For now, it needs no more than minor repairs or replacements.</p>					
Please see the next page for the rest of your report.					

Further Indicators of Risk	
Even one of this last group of indicators can change your risk rating.	
Area of Concern	Explanation
<input type="checkbox"/> Insurance <input type="checkbox"/> Contingent Liabilities or Future Commitments <input type="checkbox"/> Governance (Director in Arrears) <input type="checkbox"/> Governance (Quorum) <input type="checkbox"/> Audit Opinion (Qualified) <input type="checkbox"/> Auditor's Management Letter <input type="checkbox"/> Property Condition <input type="checkbox"/> Agency Filings <input type="checkbox"/> Mortgage <input type="checkbox"/> Property Taxes <input type="checkbox"/> Property Insurance <input type="checkbox"/> Auditor's Opinion (Adverse/Denial) <input type="checkbox"/> Loss of Assets	
Your Composite Rating is	Moderate Risk
<p>A rating of Moderate means that yours is a sound, generally well-managed housing co-operative. As long as market conditions hold or improve and you keep managing well, you should remain in sound financial and physical condition. Our review noted the following, which affected your rating:</p> <ul style="list-style-type: none"> <li>▶ The co-op is in good physical condition.</li> <li>▶ You have access to sufficient cash resources.</li> <li>▶ Your current earnings are high enough to let you put funds aside in your capital replacement reserve.</li> <li>▶ No indicators of high risk are present.</li> </ul>	
Your Risk Trend	
 <p style="text-align: center;">Weakening                      Stable                      Strengthening</p>	
Your co-operative's risk profile now includes an assessment of the way your situation appears to be trending. These results show that your circumstances are Stable.	
Next Steps	
The letter that came with this report sets out the next steps recommended for your co-op.	