

Calgary Homeless  
FOUNDATION

# BRIDGING

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Towards the Achievement  
of Functional Zero

2020

Report On Progress

Management's Discussion & Analysis  
And Financial Statements

## MANAGEMENT'S DISCUSSION AND ANALYSIS

*This Management's Discussion and Analysis (MD&A) includes information about Calgary Homeless Foundation's (the Foundation's or CHF's) expectations for the future. When strategy, plans and future operating performance, or other things that have not yet taken place are discussed, the Foundation is making statements considered to be forward-looking information. Forward-looking information involves risks, uncertainties and other factors that may cause actual results to differ materially from those stated in this MD&A. Forward-looking information is designed solely to help readers understand management's current views and is not appropriate for other purposes. The Foundation disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.*

*Please note the period April 1, 2018 to March 31, 2019 is referred to as fiscal 2019, the period April 1, 2019 to March 31, 2020 is referred to as fiscal 2020 and the period April 1, 2020 to March 31, 2021 is referred to as fiscal 2021.*

### 1. Environment

#### Homelessness in Alberta and in Calgary

Homelessness is a complex social issue that is attributable to 3 main factors:

- Economy (unemployment, rental vacancy rates, rental costs)
- Government policies (affordable housing, income supports, social supports)
- System response (health, justice, social services)

For individuals and families, homelessness can be experienced as a one-time event, an episodic infrequently recurring event, or as a long-term debilitating life-event that continues to impact their lives over months and years. Its presence is influenced by many variables.

From 1994 to 2008, Calgary had the fastest growing population of people experiencing homelessness in Canada. 2008 projections estimated that, in the absence of targeted interventions there would be more than 10,000 people experiencing homelessness in Calgary on any given night by the end of 2018.

Calgary led the country by ambitiously implementing Canada's first 10 Year Plan to End Homelessness (Calgary's Plan). In 2008, Calgary's Plan started with a Housing First strategy and called on all orders of government to act. CHF was chosen to implement Calgary's Plan and coordinate efforts among the homeless-serving community. Calgary's Plan concluded in early 2018, and key achievements over this time period include:

- A 32% decrease in homelessness per capita and a 35% decrease in shelter use
- Creation of more than 2,100 new housing program spaces with 92% of clients achieving housing stability
- More than 9,700 people experiencing homelessness housed and more than 550 units of housing with supports built
- CHF peer-reviewed research has found that for every \$1 spent on Housing First programs results in \$1.17 to \$2.84 of savings to public systems<sup>1</sup>. With \$50 million spent annually on

<sup>1</sup> Ali Jadidzadeh, Nick Falvo, Daniel Dutton, *Cost Savings of Housing First in a Non-Experimental Setting*, March 2020

Housing First programs, savings of up to \$142 million annually are made in terms of nights in hospital, emergency room visits and justice services.

- A coordinated homeless-serving system of care, using a common information system, intake processes, and metrics to improve participant outcomes and community impact.
- Collaborations across Calgary's Homeless-Serving System of Care (CHSSC) and with key leaders in system-level strategic roles and service providers with a goal to prevent and end homelessness.

Despite the extraordinary progress made, homelessness in Calgary has not ended. Recent trends and events impacting homelessness include:

#### COVID-19 Pandemic and an Oil Price War

- In early March 2020, Alberta had its first confirmed case of COVID-19. By the middle of March, Alberta declared a state of emergency, resulting in the shutdown of all but essential services in an effort to slow the spread of the COVID-19 virus so that hospitals did not become overwhelmed as they had in Italy, Spain and certain US jurisdictions. Those workers and employees who were able to, started working from home, with many of them juggling fulltime work and childcare due to the closure of schools and daycares.
- Compounding the negative economic impact of the pandemic lockdown was an oil price war which broke out at the same time. This resulted in substantial downward pressure on oil prices due to significantly reduced demand for oil. At one point in April, due to the glut of oil and lack of storage facilities, short term future prices for West Texas Intermediate oil traded at *negative* US \$37 a barrel, an unprecedented price. This has resulted in an economic contraction significantly greater than the 2015 downturn in Calgary.

#### High Calgary unemployment:

- As a result of COVID-19 shutdowns, by the end of April 3 million Canadians lost their jobs and millions more had reduced hours. Calgary's unemployment rate increased sharply to 10.8% and Alberta's unemployment rate was 13.4% by the end of April<sup>2</sup>.
- In general, workers in less secure, lower-quality jobs and temporary employees were most likely to see employment losses, with 20% of youth lost all or most of their hours. The largest job losses were in accommodation, food services, wholesale and retail trade industries where wages are lower.
- Just over one in five Canadians now live in households reporting difficulty meeting financial obligations.

#### Physical and mental health impact:

- As of May 4, 2020, there were over 5,800 confirmed cases and 100 deaths with 67% of cases occurring in the Calgary health zone.
- In addition to the physical health concerns, there has been an increase in mental health issues due to anxiety, isolation and economic uncertainty. Calgary's 211 and crisis contact volumes increased by 94% over the previous year, with 24% of the calls related to COVID-19 and a 21% increase in suicide-related calls from the same period in 2019.
- This results in downward pressures on housing stability for vulnerable people and an increased demand on already oversubscribed health supports and housing services.

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<sup>2</sup> Statistics Canada, Labour Force Survey, April 2020

- Fear of contracting COVID-19 has led some people experiencing homelessness to avoid the shelters and establish or sleep in encampments.

#### Continued lack of affordable housing units:

- Despite 1,464 newly completed apartment rental units in the previous 12 months, the apartment vacancy rate was unchanged at 3.9% in October 2019<sup>3</sup>.
- Average rent increased 1.7% to \$1,181, which continues to remain unaffordable for at-risk and vulnerable Calgarians.
- In April 2020, six weeks into the COVID-19 pandemic lockdown, an informal survey revealed a vacancy rate of 4-6%, with many of the available units unaffordable for vulnerable Calgarians with landlords reluctant to show suites due to COVID-19 concerns.

#### Government, CHF and CHSSC response:

- Both the federal and provincial governments have responded to the COVID-19 pandemic with unprecedented levels of spending to respond to the public health crisis and the resulting economic downturn. Projections are for the federal deficit to increase by 400% to \$250 billion in fiscal 2021 and the provincial deficit is expected to triple to \$20 billion.
- In collaboration with government and community partners, CHF has provided leadership to effectively and efficiently implement and appropriately adapt public health measures to help prevent the spread of the COVID-19 virus into and within Calgary's homeless population and CHSSC and ultimately, protect all Albertans.
- Calgary's homeless population is considered as high risk due to a variety of vulnerabilities including the potential for pre-existing physical health, mental health, and addiction issues in combination with financial insecurity and the inability to self-quarantine and maintain physical distance. In response, CHF is coordinating multiple stakeholder groups to remove barriers to testing, bolster staffing and resources to CHSSC service providers, and implement diversion and housing placement strategies to alleviate the strain on Calgary's shelter system and house vulnerable Calgarians.

This crisis has highlighted to all Calgarians and to our public health system that people cannot be healthy and safe without a home. One of the early positive outcomes of the pandemic has been the coordinated response between CHF, the City of Calgary, the Ministry of Community and Social Services and frontline agencies working towards ending homelessness within CHSSC. Of note is a renewed appreciation by Alberta Health Services of the need for social supports and the health complexities for those experiencing homelessness in our city.

Following the pandemic, Alberta's recovery from COVID-19 will require sustained public health measures and innovative solutions that support the province's economic recovery. CHF will continue to prioritize long-term housing stability with the need for mental health and addiction supports to limit the public health impacts of COVID-19 and negate a rise in homelessness due to the pandemic and economic downturn. These initiatives focus on identifying safe and affordable housing options while providing the sustainable programmatic supports needed to ensure housing security.

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<sup>3</sup> Canada Mortgage and Housing Corporation, Rental Market Report Calgary CMA 2020

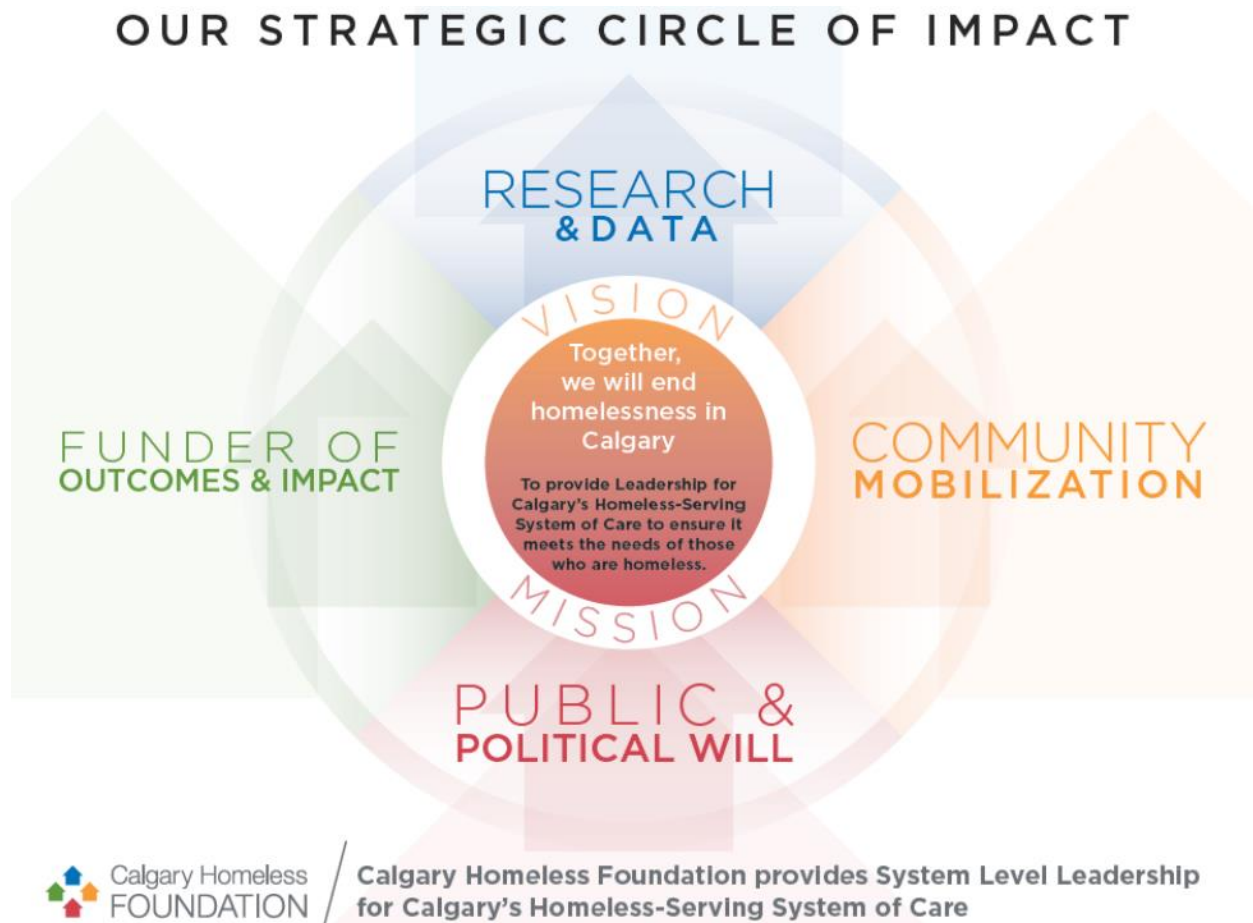
## 2. Organization and Leadership

CHF is structured into two primary areas: Homeless-Serving System of Care and Operations. As at March 31, 2020, there were 36 employees. A list of the leadership team can be found on the CHF website at: <http://calgaryhomeless.com/about/leadership/>.

## 3. Strategy

The COVID-19 pandemic and resulting impact to our public systems and vulnerable populations has highlighted CHF's strength as a system level leader. Through high impact partnerships with the Calgary Homeless-Serving System of Care (CHSSC) and all orders of government, CHF is able to respond to the local needs of Calgary's most vulnerable in an intentional and strategic way with a continued focus on our four strategic areas of work: Public and Political Will, Research and Data, Community Mobilization, and Funder of Outcomes and Impact. This allows CHF to address gaps and identify best practices to take an agile approach in improving CHSSC and enhancing desired client outcomes. Through leadership in community and mobilization of collective impact, CHF is committed to moving forward in partnership with many homeless-serving agencies, the private sector, government partners, local communities, the faith community, other foundations, and all Calgarians to end homelessness in Calgary.

In 2015 CHF developed its first strategic blueprint, which ran from fiscal 2015 - 2020, and defined CHF's vision, mission, core values and role as the system planner for the CHSSC. In addition, CHF's role was clarified as implementer of Calgary's 10 Year Plan to End Homelessness, which sunset in 2018.



At the conclusion of Calgary's 10 Year Plan, CHF led a comprehensive consultation process with the Ecosystem (CHSSC, representatives of the Primary Public Systems and broader stakeholder groups in the community) to identify Calgary's collective accomplishments, which are summarized in the preceding Environment section of this report. At the same time, the community prioritized our future collective strategic directives necessary to end homelessness in [Together to Zero: Charting Calgary's Path to the End of Homelessness \(Dec 2018\)](#) which sets the intention for future work and lays the foundation for the advancement of collective impact work in Calgary that is grounded in the community's shared Public Value Statement:

**Together, we will achieve Functional Zero homelessness in Calgary and in doing so, we will improve the quality of life for individuals, families and communities.**

The COVID-19 pandemic has highlighted the importance of a sustained and coordinated Ecosystem effort and has clearly demonstrated that, with the necessary resources made available to meet the needs of vulnerable people, **Functional Zero** is a realistic and achievable goal for Calgary.

Functional Zero will be achieved when:

- the Ecosystem has the necessary resources in place to meet the needs of vulnerable people
- there are fewer people entering homelessness
- there are shorter, less frequent episodes of people experiencing homelessness
- people experiencing homelessness are treated with dignity and compassion, and
- more people are exiting homelessness and maintaining appropriate housing.

In fiscal 2020, CHF's next 3-Year Strategic Blueprint for fiscal 2021- 2023 (3YSB) was developed through a multi-stage engagement with our Board, our staff and community members. This 3YSB, along with our vision, mission, core values and annual business plans, will guide CHF's work over the next three years.

Given the current environment and Ecosystem, CHF critically assessed its capacity to support the achievement of Functional Zero. This led to the identification of the strategic shifts necessary for the organization and the setting of an overall goal for the 3YSB: **At the completion of 36 months, CHF's capacity will support the Ecosystem's achievement of Functional Zero.**

To accomplish this overall goal, CHF questioned how it could add the greatest value. Four strategic themes emerged, summarized in the following strategic web:

**Theme: Funder**

What is CHF's funding model and direct sphere of influence (what are we investing in) and resulting impact on ending homelessness?

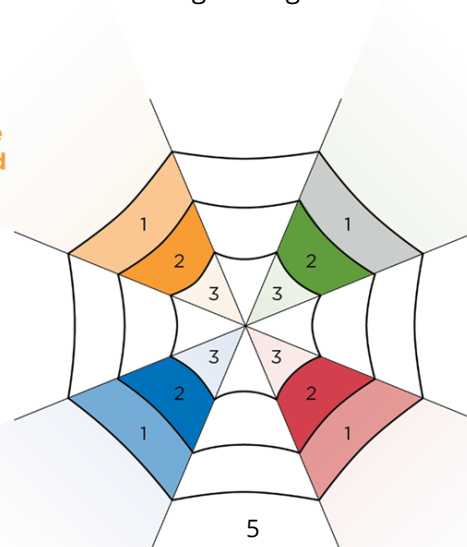
**Theme: Indigenous**

How does CHF advance CHSSC to meet the needs of Indigenous people within a framework of Self-Determination and Self-Governance of Indigenous peoples (UNDRIP)?

**Theme: Data & Technology**

How does CHF optimize technology and use of data to inform and drive CHSSC to Functional Zero?

**Theme: Leadership**  
To what degree should CHF move from system coordination/ integration within the CHSSC to ecosystem coordination/ integration?



The web analogy illustrates the interplay between the themes, how each theme affects the others to build a strong web, and how advancing too quickly on one theme can weaken the entire web. In each theme, CHF chose incremental change as the appropriate future path to pursue:

- **Funder** - CHF will focus on identifying additional or new sources of funding for research, innovation, pilots, scale ups and emerging best practices to advance CHSSC to be more effective and improve client outcomes.
- **Data & Technology** - CHF will advance technology infrastructure and data analytics to leverage CHSSC aggregated data to meaningfully inform agency programs, CHSSC and public systems investment.
- **System Level Leadership** - CHF will work collectively to coordinate access/delivery of primary and behavioural health care services matched to the scope and scale of client need within all CHF-funded CHSSC programs.
- **Indigenous** - CHF, working with Calgary's Urban indigenous Community, will advance the closure of identified gaps between Indigenous services and CHSSC.

In fiscal 2021, the first year of CHF's next 3YSB, CHF will take multiple actions to advance these themes including: implementing new technology infrastructure for data analytics; inspiring Ecosystem shared accountability and investment in achieving Functional Zero and responding to the COVID-19 pandemic; enhancing CHF's organizational adaptive capacity; continuing to grow CHF's knowledge and understanding of Indigenous world views; and, initiate the transformational shift in data culture with the CHSSC to better harness data and evidence.

## 4. Fiscal 2020 Priorities

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Every year, the CHF sets strategic priorities and business plan goals to align with its current Strategic Blueprint. In fiscal 2020, the 5<sup>th</sup> year of CHF's 5 Year Strategic Blueprint, CHF set five strategic directions. Key accomplishments in each of these areas include:

- i) Complete CHF's next 3-year strategic blueprint (3YSB), ready for implementation April 1, 2020 (to define CHF's specific role in the community's future work in ending homelessness).
  - Multiple sessions were held engaging Board, staff and stakeholders in the development of the 3YSB; approved by the Board in December 2019
  - Vetted high-level strategies with key community stakeholders, including government funders, funded agencies and the urban Indigenous community
  
- ii) Implement CHF internal technology modernization phase 1 (to support our backbone obligations as the CHSSC Systems Planner)
  - Selected and implemented data warehouse and business intelligence reporting tools, designed data model and automated data flow to the data warehouse
  - Developed new data quality strategy and cycle focusing on more comprehensive and automated data quality checks resulting in reporting efficiencies due to a 75% reduction of data errors requiring manual corrections
  - Implemented Microsoft Teams to enhance collaboration between internal teams and enable more efficient remote work processes
  - Implemented Microsoft Office 365 and completed 70% of SharePoint/OneDrive implementation to streamline file sharing and collaboration
  - Held tabletop exercise to develop formal Business Continuity and Disaster Recovery Plans
  - Completed cybersecurity review, implemented key recommendations, conducted first staff clickthrough tests and delivered cybersecurity training
  - Implemented new financial software system resulting in enhanced automation and detailed reporting tracking in the system of record and efficiencies in payments to funded agencies
  
- iii) Update and expand the Calgary Homeless-Serving System of Care (CHSSC) logic model to include system KPIs and enhance program KPIs (to support evaluation of outcomes and continuously earn community trust)
  - Developed an Evaluation Learning Framework to advance the development of a culture of data within the CHSSC and better understand system-level outcomes
  - Initiated 12 program evaluation projects to assess effectiveness and scalability of CHSSC programs
  - Developed research framework to advance applied research for the CHSSC
  - Developed a decision-making framework to enable funding allocation decisions for more effective outcomes
  
- iv) Clearly define and communicate CHF role as CHSSC System Level Leader (to best align internal resources to deliver outcomes)
  - In response to the COVID-19 pandemic, partnering with the provincial Ministry of Community and Social Services, Alberta Health Services Calgary Region, the City of Calgary, frontline agencies and shelters, CHF operationalized and project managed the non-medical



components of Calgary's first isolation center for up to 100 individuals experiencing homelessness (or who have no fixed address) who are symptomatic or have a confirmed case of COVID-19 and do not require hospitalization. This facility combines the expertise of health and supported housing professionals to best care for these individuals and prevent the spread of COVID-19 in Calgary's homeless population.

- Engaged with the 7 Cities of Alberta to develop a strategic framework for the Ministry of Community and Social Services for ending homelessness; now working with a cross-ministerial team to develop a new plan for ending homelessness in Alberta.
- Peer-reviewed study completed identifying that for every \$1 investing in a Housing First program, public system savings of \$1.17 to \$2.84 are achieved.
- Advanced research collaborations with the University of Calgary School of Public Policy to cross reference Calgary Police Services, Health and Children's Services data to Housing First data and better identify other system-level insights.
- Convened a Connectivity Breakfast engaging key stakeholders to collaborate on Functional Zero objectives; develop a shared public value statement; and, provided follow up presentations to individual sector Boards and CEOs.
- Continued efforts to build relationships with key government stakeholders to advance efforts to close the gaps between public systems impacting homelessness.
- Collaborated with CHSSC agencies to survey public opinions and implement social media public awareness campaigns about homelessness in Calgary.

v) Create staff and board opportunities for exposure to Indigenous culture and truth (the Indigenous lens) to foster self-awareness (in readiness for organizational and systems change)

- Using Indigenous ownership, control, access and possession (OCAP) principles, completed 2<sup>nd</sup> year of research in understanding the flow between Treaty 7 First Nations and CHSSC. This knowledge will be shared with the community in fiscal 2021 to help inform enhancements to CHSSC, prevention efforts and responses to existing homelessness in Calgary.
- Established a strategic theme in the 3YSB to advance the closure of identified gaps between Indigenous services and the CHSSC.
- Four experiential sessions for staff and Board were held, resulting in increased Indigenous world view understanding and how this can be integrated into CHF's work.
- Incorporated Talking Circles into staff Town Halls.
- Incorporated oral submissions in CHF's Request for Proposal process.

## 5. Risk Management

CHF continues to proactively mitigate enterprise risk through an annual strategic review process; an annual budgeting and business planning process; templates for service agreements (projects and consulting); request for proposal (RFP) processes; and a tracking process for current contractual commitments.

Key areas of CHF risk are discussed below, which include the anticipated risk and mitigation strategies.

### Performance Risk

Performance risk includes the risks related to strategy, program (agency) performance and the risk of a client incident within a CHF-funded program. There is a risk that Calgary's Plan and/or annual plans and investments are not effective in reducing homelessness. To address this risk, an annual review process is undertaken with the community that: evaluates progress; identifies gaps in systems; integrates new knowledge and results from system and program monitoring processes; integrates best practices; and, adjusts annual plans and investments accordingly. There is also a risk that agencies do not deliver their program commitments. CHF continues to conduct comprehensive program monitoring and quality assurance processes, including site visits and reviews. Lastly, there is a risk of disruption to plans and effectiveness due to a world event, such as the COVID-19 pandemic. To address this risk, CHF works with public health agencies, all levels of government and strategic partners to assess areas of highest need and identify appropriate responses.

### Financial Risk

There is a risk that inadequate financial management could impact the CHF's strategy, reputation and/or liquidity. CHF mitigates this risk through implementation of rigorous internal controls, system access restrictions, the oversight of staff, and regular financial monitoring. The CHF has a Board-approved Financial Policy which is updated regularly.

There is a risk that government funding could be significantly cut. The CHF mitigates this risk by continued strengthening of government relationships with various levels of government staff, filing all funder reports on time and adjusting budgets and plans to align with current government funding levels.

### Political and Reputational Risk

There is a risk significant controversy could erode trust or public support that could result in reduced funding. CHF frequently communicates with both government and the public to support continued positive media attention in the efforts to end homelessness. Throughout the COVID-19 pandemic, CHF is communicating regularly with government funders to brief them on the Calgary context and CHSSC responses and with the public to support public confidence in the government, health and CHSSC responses.

## 6. Governance

The Board ensures the Foundation meets all legal, financial and regulatory requirements, makes progress to achieve its goals, and that the goals of the Foundation are appropriately resourced and that stakeholders are on track to reach them. The Board endeavors and acts to remove barriers or impediments and enhances engagement among community leaders. A list of the Board of Directors can be found on the CHF website at: <http://calgaryhomeless.com/about/leadership/>.

## 7. Financial Results

### Statement of Financial Position (as at March 31, 2020)

Cash decreased by \$2.2 million to \$15.9 million in fiscal 2020 primarily due the distribution of \$4.3 million of restricted cash to participating agencies of the RESOLVE campaign, offset by a \$1.8 million increase in operating funds and a \$0.3 million increase in restricted funds for programs. Short-term investments decreased by \$0.2 million to \$3.4 million in fiscal 2020 due to the redemption of one investment.

Current liabilities decreased by \$4.1 million to \$7.7 million in fiscal 2020 primarily due to the funds held in trust for the RESOLVE campaign, which were largely distributed in fiscal 2020 as part of the windup of the campaign.

### Statement of Operations

Donations and grants decreased from \$61.5 million in fiscal 2019 to \$60.7 million in fiscal 2020 due to a decrease of \$4.5 million of pledges collected through the RESOLVE campaign partially offset by a \$3.7 million increase in government funding late in fiscal 2020 in response to the COVID-19 pandemic. Special events revenue decreased from \$135,000 to \$Nil as the 3<sup>rd</sup> marquee Trailblazer fundraising event was shifted from March to May 2020 and subsequently deferred to fiscal 2022 as a result of the COVID-19 pandemic. Investment income was substantially the same as fiscal 2019.

Operating expenses were \$52.1 million in fiscal 2020, all allocated to payments to agencies. This compares with operating expenses of \$57.0 million in fiscal 2019, made up of \$56.9 million in payments to agencies, \$73,000 in special events and \$41,000 in expenses contributed to RESOLVE. The decrease was due to decreased program expenditures of \$0.4 million attributable to decreased government funding prior to the COVID-19 response; a reduction of \$4.3 million in distributions of funds to RESOLVE campaign participating agencies as the collection of campaign pledges winds down; and \$0.1 million in reduced marquee fundraising event expenses.

Administration expenses decreased from \$5.9 million in fiscal 2019 to \$5.0 million in fiscal 2020. Administration expenses in fiscal 2020 were comprised of \$3.7 million in salaries and \$1.3 million in office expenses. In comparison, fiscal 2019 administration expenses were comprised of \$3.7 million in salaries and \$2.2 million in office expenses. Office expenses declined \$0.9 million due to the conclusion of operating bridge funding support to HomeSpace Society at the end of fiscal 2019.

Excess of revenue over expenses was \$4.1 million as compared to a deficiency of revenue over expenses of \$0.8 million in fiscal 2019, an increase that is primarily due to the increased one-time programming revenue of \$3.7 million received late in the year for COVID-19 pandemic response and the reduction in office expenses discussed above. The pandemic response revenue was expended in the first two months of fiscal 2021.

Of the \$0.3 million of funds raised for operating costs in fiscal 2020, the average gift amount was \$325. Fundraising methods for operating costs include on-line gifts, proceeds from special events, grants from foundations, solicitations to individuals, companies and community investment programs, and unsolicited gifts. As part of the RESOLVE campaign which concluded on March 31, 2018, CHF received \$2.9 million in fiscal 2020 which was disbursed to HomeSpace Society, CHF's housing provider, and has outstanding pledges of \$0.2 million at the end of fiscal 2020, which will flow to HomeSpace Society when collected.

### Liquidity and Capital Resources

In fiscal 2020, operating activities used \$2.3 million, due to an increase in net working capital of \$6.4 million net of revenue in excess of expenses of \$4.1 million. Operating activities generated \$0.2 million in fiscal 2019, due to a reduction of net working capital of \$1.0 million net of the cash operating loss of \$0.8 million. In both years, the change in net working capital was primarily due to fluctuations in RESOLVE funds held in trust for the fundraising agencies.

Investing activities generated \$0.2 million in fiscal 2020, due to the redemption of term deposits. Investing activities used \$0.1 million in fiscal 2019, due to the purchase of financial software and reinvestment of interest earned.