



COMMUNITY IMPACT REAL ESTATE

ANNUAL REPORT 2020



LETTER FROM THE EXECUTIVE DIRECTOR

STEVEN JOHNSTON

COMMUNITY IMPACT REAL ESTATE SOCIETY is pleased to share its second Annual Report with our community.

It feels a bit strange to be reporting on our successes during such a difficult and unprecedented time. However, this Report provides the opportunity to reflect on where we've been and the successes we have achieved to date, while supporting our subtenants and the wider Downtown Eastside community in confronting the sweeping health, social, and economic crises precipitated by the Covid-19 global pandemic. In the face of considerable challenges, CIRES has nevertheless achieved some great successes in our second full year of operations.

Our organization contributes to the creation of a just and equitable economy that creates opportunity for all residents.

COMPREHENSIVE STAFFING

CIRES is proud to have solidified our management structure and staffing complement by hiring a permanent Executive Director, appointing a Director of Portfolio Management and Social Enterprise Development, and bringing the organization's financial management in-house by engaging a Financial Officer. These changes bring a wider expertise and a greater capacity to serve our tenants and community partners, and reflect our commitment to organizational excellence.

ENGAGED LEADERSHIP

CIRES actively worked to broaden the conversation around the importance of social purpose real estate by participating as a key stakeholder in the City of Vancouver's Employment Land and Economy review, leading the policy working group for the Social Purpose Real Estate Collaborative, and continuing to support the implementation of the City of Vancouver's Community Benefit Agreement policy in partnership with Exchange Inner City and Buy Social Canada. This engagement allowed CIRES to demonstrate leadership in shaping and supporting the relevant policy and city-wide programs which impact our community.



COMMUNITY PARTNERSHIP

CIRES continued to support our portfolio and community partners through our program of non-market tenant investments, strategic financial and operational support to the social enterprise sector, and staff leadership on various boards and committees. This commitment of resources and time is an essential part of CIRES' mission and another way the organization contributes to the creation of a just and equitable economy that creates opportunity for all residents.



COVID-19 AND RESILIENCE

The end of this fiscal year saw CIRES preparing to face the extraordinary health, social and economic crises precipitated by the Covid-19 pandemic. In early March we recognized that there could be profound impacts on both our market and non-market subtenants, and moved quickly to begin to support them. This included bringing together stakeholders from across Vancouver's inner city to focus on business continuity, support for vulnerable residents, and advocacy and collaboration with municipal and provincial governments. CIRES also put measures in place to support market tenants with rent abatement or deferral and leveraging federal government assistance programs.

The full impact of this crisis won't be known for some time, but CIRES is confident that we can support our subtenants and the broader community through times to come. We are grateful for the support of BC Housing, and we feel confident that together we will weather this storm and help our community emerge stronger than before.

– Steven Johnston

ABOUT CIRES

Our Goals

1. Curate a blended commercial property portfolio that brings social and economic benefits to low-income residents of the inner city.
2. Grow and diversify the amount of commercial space in the CIRES portfolio.
3. Lead and support initiatives that create economic opportunities designed to provide social and economic benefits to low-income residents living in the inner city.
4. Strive for organizational excellence by operating a well-governed and managed organization that is fiscally responsible and successful.

Our Mission

Community Impact Real Estate contributes to the efforts of building an inclusive local economy by using the spaces in our portfolio to provide affordable goods, services, social support, and employment opportunities for residents of the communities in which we work.

Our Vision

Community Impact Real Estate envisions healthy, empowered communities that value social inclusion, have thriving local serving economies, and provide dignity and opportunity to all residents regardless of ability or income level.



Our Values

COMMUNITY-INFORMED ACTION

Our actions and decisions are based on community-identified needs, interests, and opportunities.

COLLABORATION

Respectful, active collaboration anchors our work in the community.

SUSTAINABILITY

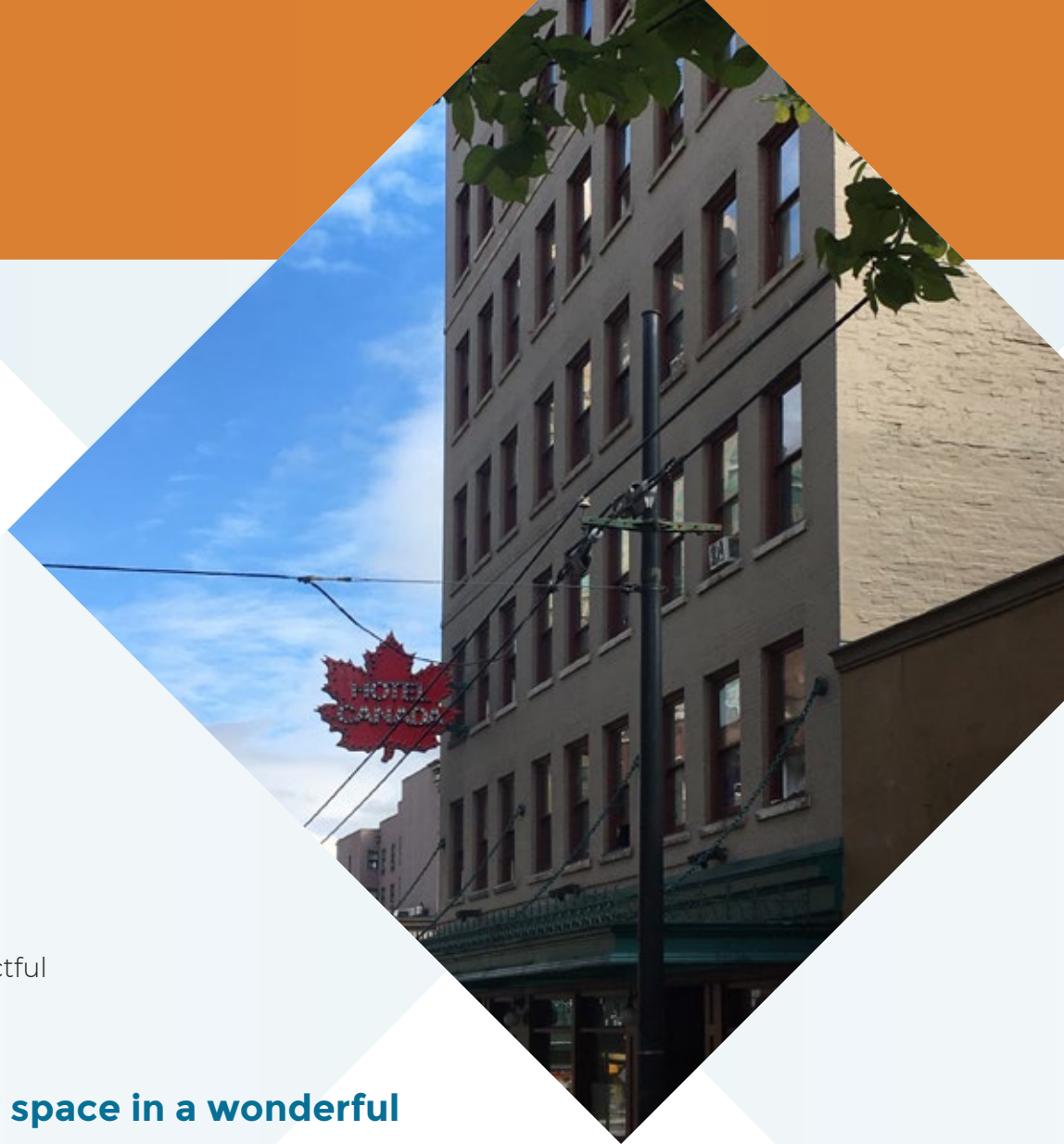
We take responsibility for operating our business sustainably, and for supporting others' efforts toward creating positive environmental impact.

INCLUSIVITY

We commit to operating within the community, respectful of diverse traditions, heritages, and experiences.

CIRES helped us find an amazing new space in a wonderful community near other service providers and the women we work with. Thanks to CIRES I'm confident that we will be able to continue to keep our doors open to women needing legal help for many years to come.

- Kim Hawkins, Executive Director, Rise Women's Legal Centre, CIRES Subtenant since July 2019

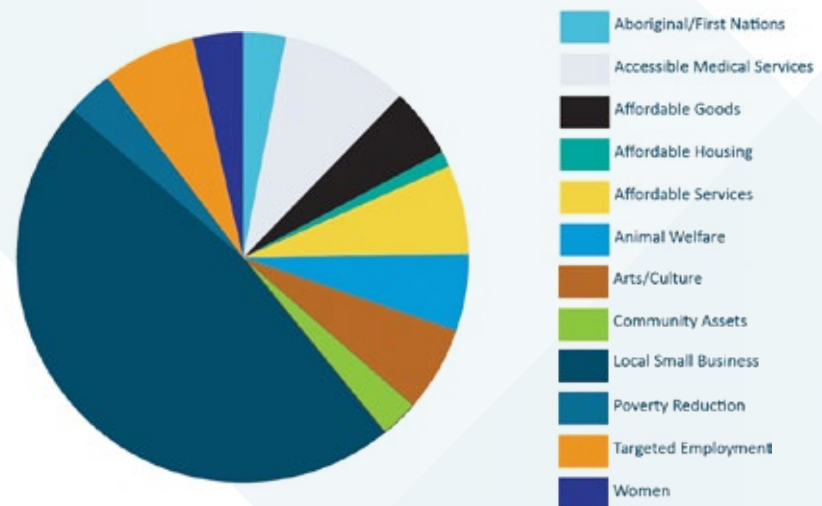


Portfolio Breakdown by Social and Economic Impact

All of the independent businesses and non-profits operating out of the commercial spaces in the portfolio are local-serving, and owned by companies based in Metro Vancouver. While the market-based local businesses create jobs that generate positive economic impacts and money to support CIRES and its purposes, the non-market businesses generate a variety of outcomes including accessible health-care, affordable goods, and targeted employment for those facing employment barriers. Of the fifty commercial retail units generating impact, twenty are local small businesses—an increase of two over the previous year. A non-market women-centered service provider was added to the portfolio as well.

Portfolio Snapshot

| | | AS OF APRIL 1, 2019 | | AS OF MARCH 31, 2020 | | |
|------------|--------------------|---------------------|-------|----------------------|-------|------------|
| | Total No. of Units | Square Feet | Share | Square feet | Share | Difference |
| Market | 25 | 50,921 | 50% | 51,435 | 49% | -1% |
| Non Market | 21 | 42,207 | 42% | 49,020 | 46% | 4% |
| Vacant | 6 | 8,505 | 8% | 5,203 | 5% | -10% |
| Total | 53 | 106,406 | 100% | 105,658 | 100% | |





COMMERCIAL PROPERTY MANAGEMENT

CIRES **HOLDS** a service management contract with MacDonald Commercial Real Estate to perform rental property management duties, as outlined in the Rules and Regulations of the Real Estate Services Act. These activities include collecting rent, holding deposits, managing third-party vendors, preparing budgets, annual reconciliations, and other duties.

CIRES' subtenant selection process is based on identified community need and market opportunities. Interested parties are screened to determine the community benefits they will provide—such as targeted employment, local procurement, and donations. Benefits could also include special discounts for residents of the building or neighbourhood, if the business is located in a mixed-use building that includes low-income housing. Special consideration is given to legacy businesses and health services addressing the current opioid crisis.

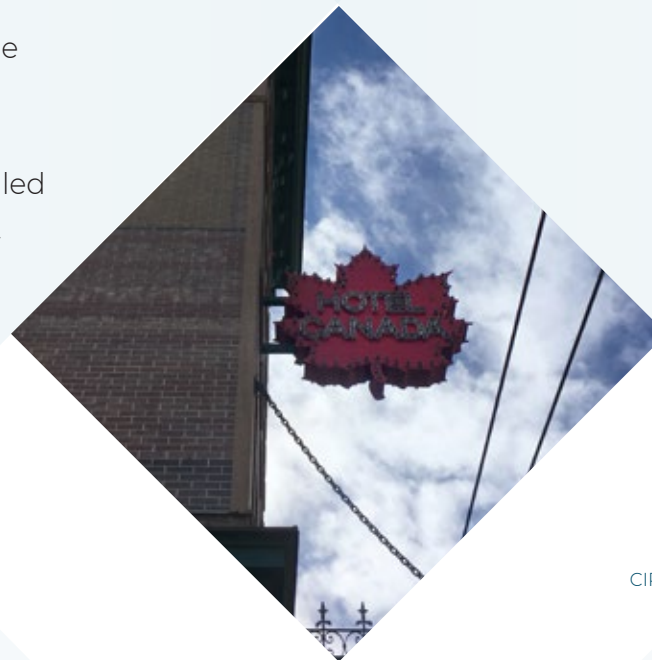
MAXIMIZING SOCIAL AND ECONOMIC VALUE

In-Kind Rent Contribution

CIRES' commercial retail units comprise a balanced mix of market and non-market subtenants. Regardless of the market type, all subtenants pay the operating costs for the space (Additional Rent). The in-kind economic value for non-market Subtenants is based on an exemption to pay Basic Rent. Non-market subtenants include non-profits and social enterprises. This year, Rise Women's Legal Centre and Community Eye Care joined the roster of non-profit organizations and social enterprises operating in our portfolio.

Rise Women's Legal Centre is located at Hotel Canada, 516 Richards St. Rise is a community legal centre providing accessible legal services that are responsive to the unique needs of self-identifying women. Rise clients are often caught between being ineligible for legal services, yet unable to afford legal representation. Rise offers unbundled legal services in the area of family law and can also assist with some immigration matters.

Community Eye Care will soon be opening its doors at The Hazelwood, 342 E Hastings St. CEC has an existing location at the corner of Abbot and Keefer where they have been serving the community for five years, helping many low-income patients daily with comprehensive eye exams and ministry-covered glasses. They have been working continuously with Pender Clinic, Union Gospel Mission, Carnegie Community Centre, First Nations Health Authority, and the Ministry of Human Resources to provide optometric services to the people in the neighbourhood, and will continue such practice at this second location.





Social Enterprise Business Coaching and Development

Establishing community-serving ventures in the inner city is not the only thing that CIREs focuses on to generate social and economic value. In addition, we recognize that building the capacity of those non-profit organizations or social enterprises (which are either in or service,, the commercial portfolio) is key to ensuring that those values are maximized.

This year, CIREs' Director of Portfolio Management & Capacity Building coached and mentored many social entrepreneurs including the operators of the Binnars' Project (BP), which offers a group of waste-pickers the aid of a support staff dedicated to improving their economic opportunities and reducing the stigma they face as informal recyclable collectors. CIREs worked with BP,

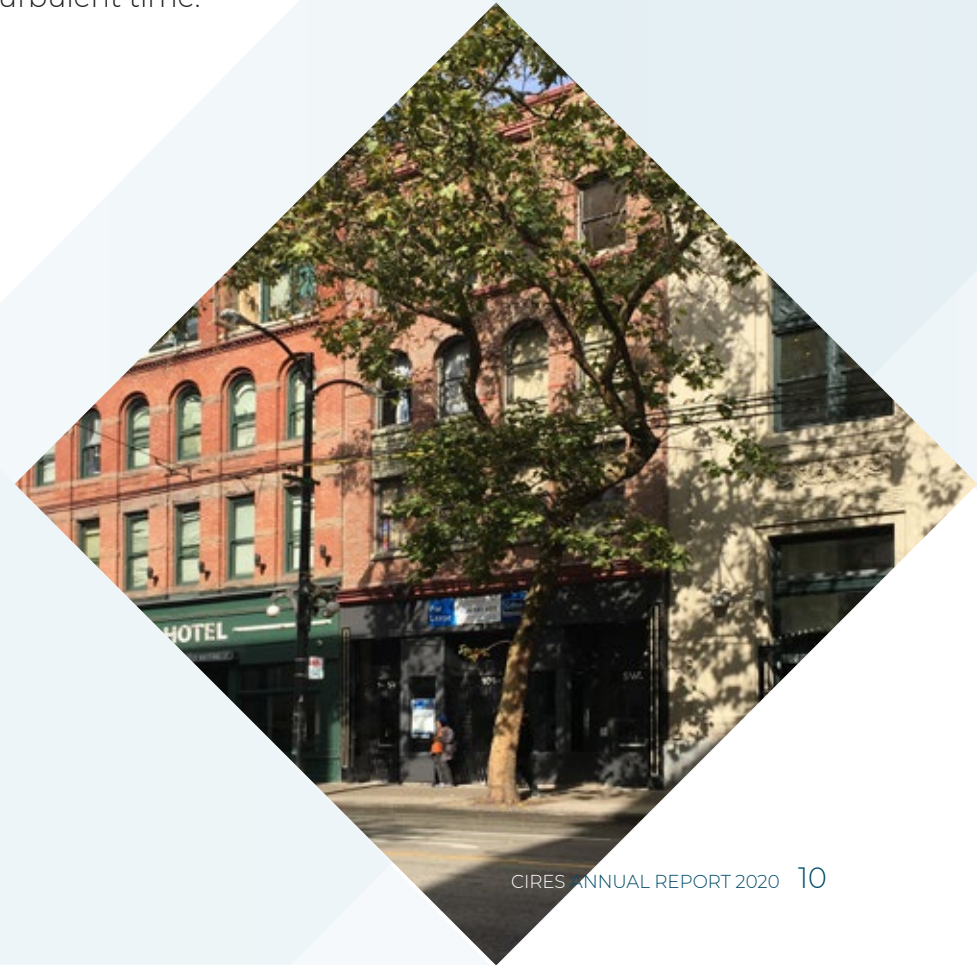
which had experienced significant revenue growth the previous year, to shift strategy from a growing business to a growth-driven business. This pivot enabled BP to pause, take the time, and engage the talent needed to help them better understand the fast-changing marketplace in which they operate. Working collaboratively to define the need, BP issued a Request for Quotations for a market research project to assess the big picture for waste sorting services in Vancouver, where they fit in, and how to identify their customers. The result will be a market-focused and metrics-driven business strategy able to track for long-term success.

CIREs' Executive Director has been an active member of the Binnars' Project's Steering Committee since 2018.

Towards the latter part of the year, business continuity concerns arose when Covid-19 restrictions created widespread uncertainty in the sector. CIRES moved quickly to convene regular meetings of social enterprise subtenants and other organizations providing services to the portfolio. These discussions focused on business sustainability, and on opportunities to share labour and resources among social enterprises should such needs emerge.

Our rapid response was welcomed by the social enterprise sector, as the group quickly recognized the value of working collaboratively under the leadership of CIRES. In particular, Potluck Cafe Society partnered with other catering organizations to rapidly scale up food production for private SRO's. Likewise, CleanStart added new buildings to its portfolio of clients as the demand for enhanced Covid-19 cleaning procedures escalated. With support from CIRES, Buy Social Canada, and Central City Foundation, CleanStart formed a new relationship with Embers Staffing Solutions to recruit and train 30 new staff members in under a week.

In both cases, CIRES leadership helped social enterprise members identify and capitalize on emerging business opportunities presented by the Covid-19 crisis. These new revenue streams ensured that social enterprises weathered the loss of traditional clients and contracts, and continued to employ residents with barriers during a turbulent time.



COMMUNITY CONTRIBUTIONS

Binners' Project

Binners' Project is an organization of waste-pickers aided by support staff dedicated to improving their economic opportunities and reducing the stigma they face as informal recyclable collectors. Binners' Project is hosted on the shared platform of Make Way (formerly Tides Canada), a national charity supporting on-the-ground efforts to create uncommon solutions for the common good.

The support Binners' Project received this year from CIRES (in partnership with Vancity Community Foundation) allowed them to more than double its social enterprise revenue, hire an Operations Manager, and promote a staff Binner to a permanent part-time position. These funds allowed staff to put time into formalizing scheduling and data tracking processes, grow relationships with current and new social enterprise partners, and devote more time to strategizing for future growth.

The Binners' Project social enterprise services generated more than \$280,000 in income for Binners—a new record!

Overdose Sensor System Pilot Project for CIRES

Brave Technology Co-op designs and manufactures technology to help protect people from unintentional overdose. While their app and smart buttons are relatively simple and discreet, their overdose sensors are complex. There was some concern that these might be perceived as intrusive, and Brave was cautious about pursuing the production and installation of these sensors without extensive community validation. CIRES provided a seed grant to deploy a real-world prototype of Brave's overdose washroom sensor, ODetect, to beta-test the platform. They were delighted to discover that the community responded to this novel overdose intervention technology with enthusiasm. Since the first two installations that this grant supported, they have been able to move into other diverse spaces across Vancouver and received inquiries from across North America.

Eastside Works Community Film Ambassadors Program

Eastside Works, a low-barrier income-generation hub located in Vancouver's DTES, received funding from CIRES for their Community Film Ambassadors Program. This program supports individuals to maintain low-barrier employment that is manageable to them at the onset, and further, that provides capacity building which can lead to more sustainable work in Vancouver's robust film industry.

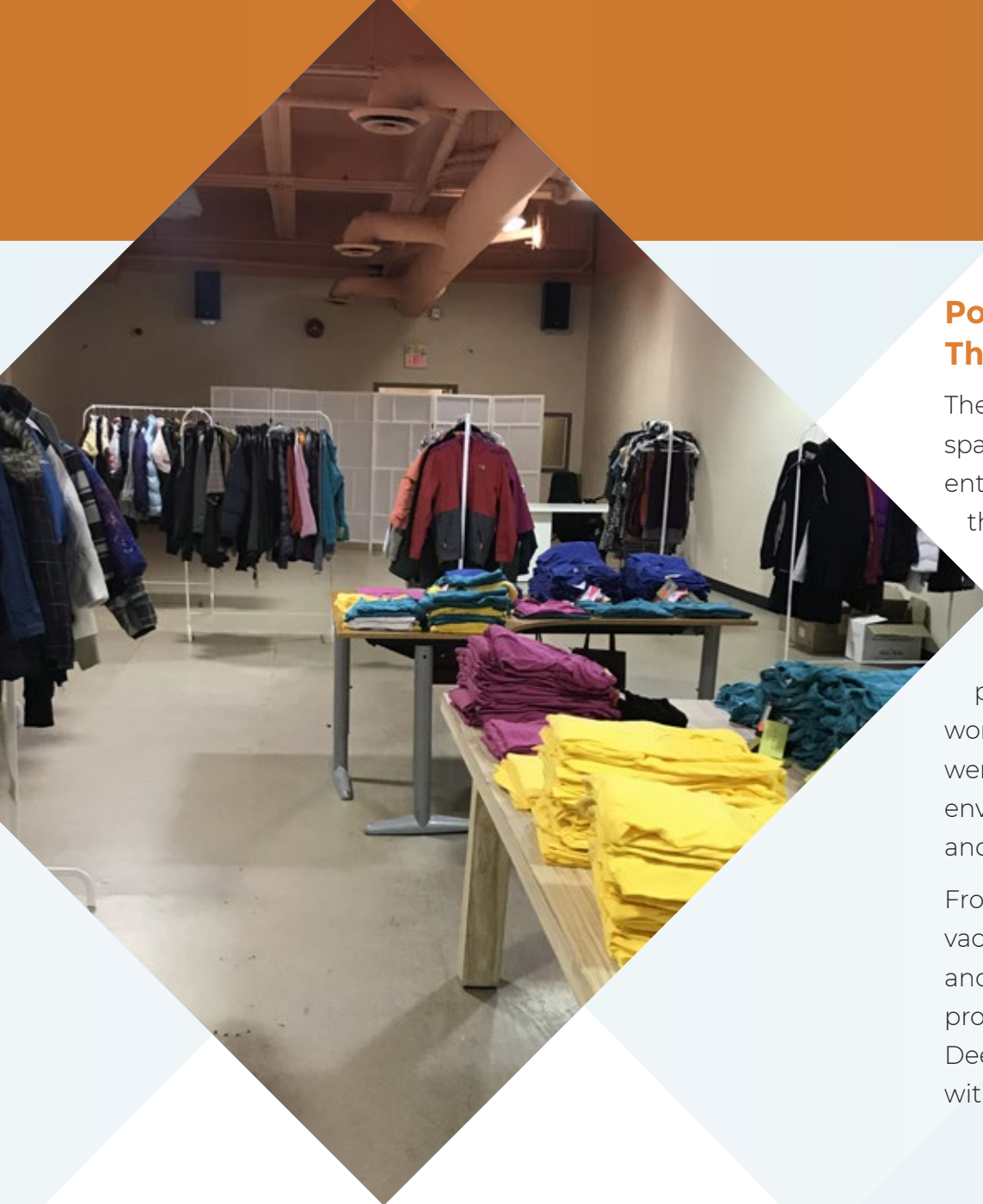
The initial launch of this program was funded jointly by The Motion Picture Community Initiative (MPCI) and the City of Vancouver.

Working with BC Housing's film office, revenue in CIRES' portfolio derived from filming is redirected to the Community Film Ambassadors program. This unique partnership continues to maximize the community economic development potential of CIRES' properties in the inner city.



We are extremely appreciative of this opportunity and look forward to the continuation of this valuable relationship.

*– Johanna Li, Program Manager,
EMBERS Ventures and EMBERS
Eastside Works*



Portfolio Space for Community Projects: The ATIRA Pop-up Shop

The Walton at 265 E Hastings St. served as a dedicated space in our portfolio, available to the diverse social enterprises which offer affordable goods and services to the community and which are in need of a temporary space to run special programs.

In December of this past holiday season, ATIRA Women's Resource Society approached us with a project to create a pop-up shop for previously-loved women's clothing, shoes, and accessories. Although there were no price tags, the goods were presented in a retail environment and residents were invited to browse, try on, and take home one bag filled with goodies.

From December through January 12, this otherwise vacant space in our portfolio was transformed into a lovely and popular pop-up shop. This empowering initiative provided women with a dignified shopping experience. Deemed a rousing success, CIRES will continue to work with ATIRA to find a permanent home for this project.

PORTFOLIO INVESTMENTS

CIRES MAKES INVESTMENTS in our non-market subtenants' spaces that are outside the expectations of traditional landlords' roles. These additional investments enable non-market subtenants to direct more of their scarce resources toward their core social purpose missions.

East Van Roasters

East Van Roasters is a specialty café and social enterprise committed to encouraging women re-entering the work force, through mentorship-based programming and on-the-job training. They support at-risk people in a compassionate environment filled with meaningful work and nourishing food.

A CIRES grant allowed them to purchase a large under-counter refrigerator and a two-urn coffee brewer for use at the 2019 Vancouver Christmas Market, which greatly lowered the overhead costs associated with participating in a five-week holiday marketplace.

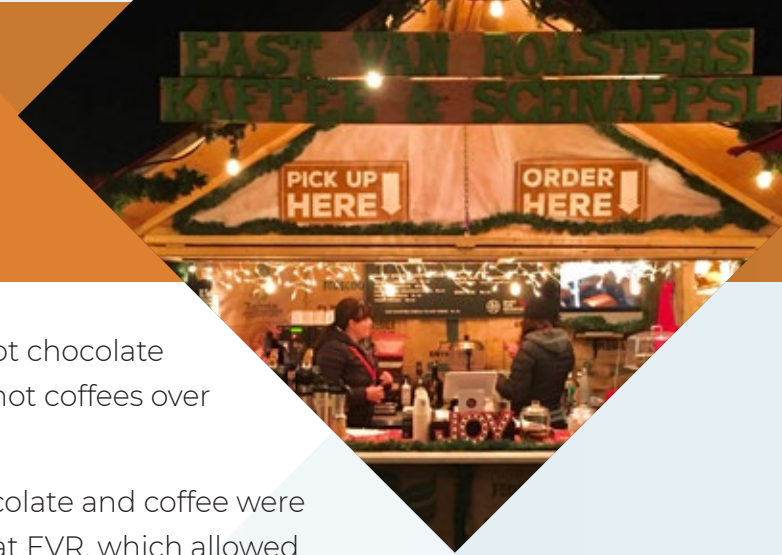
This expanded capacity allowed them to fit twenty four-litre jugs of hot chocolate mix in the fridge, quadrupling their typical stock. Demand required SHIFT Delivery to bicycle that amount to them every day! The partnership with SHIFT helped EVR to lower their carbon footprint, and in total they

sold over 11,000 hot chocolate drinks and 2,500 hot coffees over 23 days.

All of the hot chocolate and coffee were prepared on-site at EVR, which allowed them to increase program participants' hours by approximately 25% and hire six additional seasonal staff. This upgrade has opened the way for EVR to significantly grow their income generation activities and explore new markets.

“We are very grateful for the support CIRES provided, which enabled us to take advantage of the opportunity to be at the Vancouver Christmas Market. Without it, I don’t think we would have been able to participate and make a real go of it.”

– Shelley Bolton, EVR Executive Director



Washington Community Market

Washington Community Market is a grocery and sundries store that supplies affordable products in small and single amounts to pensioners and community members living on very limited income. The Market provides a delivery service on special request, and creates low barrier employment training opportunities for women in the community who are struggling to overcome poverty and addiction. It is run by the charitable non-profit PHS Community Services Society.

CIRES contributed to the acquisition of a large stacking fridge, so that more of these much-needed uniquely packaged products could be stored and provided to the local population.



“We are very happy with the new fridge, it is much larger than the old one we had and it’s working great!”

– Miyuki

DTES Women's Centre

The Downtown Eastside Women's Centre is a safe space for self-identified women and their children, who are vulnerable to exploitation, injustice, and injury. The Centre provides refuge and shelter from poverty and violence, as well as necessities such as hot meals, clothing, phone and computer access, safe and accessible toilets and showers, and a secure mailing address. The Centre offers women individual long-term support, education, advocacy, peer mentorship, and exposure to choices. It also works to increase awareness of system injustice and inequality experienced by women in the community.

CIRES' installation of heaters and a door modification contributed to the comfort and security of their offices.

“CIRES went out of their way to support DEWC in having a warm, safe and convenient space for our Administrative staff. The additions of heaters and a door modification contributed to the comfort and security of our offices that we appreciate every day.”

*– Kate Gibson, Acting Executive Director,
Downtown Eastside Women's Centre*

Community Impact Real Estate Society

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31

2020

2019

REVENUE

| | | |
|-----------------------------|------------------|------------------|
| Rent | \$ 1,494,230 | \$ 1,367,800 |
| Recovery of additional rent | 935,599 | 748,418 |
| Operating reimbursements | 89,571 | 102,551 |
| Interest and other revenue | 34,063 | 18,800 |
| | <u>2,553,463</u> | <u>2,237,569</u> |

OPERATING EXPENDITURES

| | | |
|-------------------------|------------------|------------------|
| Repairs and maintenance | 618,226 | 600,176 |
| Property taxes | 468,651 | 384,988 |
| Property management | 196,244 | 155,372 |
| Salaries and benefits | 89,707 | 83,256 |
| Bad debt | 47,248 | - |
| Leasing costs | 27,152 | 31,776 |
| Consulting | 23,777 | - |
| Insurance | 11,976 | 4,976 |
| Utilities | 11,226 | 18,383 |
| | <u>1,494,207</u> | <u>1,278,927</u> |

FOR THE YEAR ENDED MARCH 31

2020

2019

COMMUNITY ECONOMIC DEVELOPMENT EXPENDITURES

| | | |
|-------------------------------|----------------|----------------|
| Community grants | 196,064 | 247,500 |
| Program salaries and benefits | 100,916 | 73,606 |
| Non-market tenant investments | 97,470 | 39,423 |
| Program consulting | 5,051 | 5,742 |
| Community engagement | 13,017 | 12,941 |
| | <u>412,518</u> | <u>379,212</u> |

ADMINISTRATIVE EXPENDITURES

| | | |
|--------------------------------------|----------------|----------------|
| Amortization | 4,545 | 3,249 |
| Consulting fee | 15,152 | 17,226 |
| Insurance | 7,012 | 3,605 |
| Office and miscellaneous | 74,364 | 64,058 |
| Professional fees | 36,857 | 37,137 |
| Salaries, wages and benefits | 150,083 | 76,827 |
| | <u>288,013</u> | <u>202,102</u> |
| Excess of revenues over expenditures | \$ 358,725 | \$ 377,328 |

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

