

Urban Native Program

Organization's Name

Audited Financial Statements

For The Year Ended March 31, 2018

Auditor's Report

To the Board Members of _____:

We have audited the balance sheet of the Private Non-Profit as at March 31, 2018 and the statements of changes in net assets, operations and cash flows for the year then ended. These financial statements have been prepared to comply with Section ____ of the Operating Agreement dated _____ with Manitoba Housing. The financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of _____ as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting described in Note ____ to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Board Members and Manitoba Housing to comply with Section _____ of the Operating Agreement dated _____ with Manitoba Housing. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

City

Auditor's Signature

Date

(Non-Profit Corporation)
Balance Sheet
March 31, 2018
(With comparative figures for 2017)

	2018	2017
Assets		
Current Assets		
Cash & Short Term Deposits (Note 1)		
Accounts Receivable (Note 2 & Schedule C3)		
Prepaid Expenses		
Subsidy Due From MHRC (Note 3 and Schedule C)		
Total Current Assets		
Restricted Cash And Deposits		
Replacement Reserve Fund		
Capital Assets (Note 4)		
Total Assets		
Liabilities and Fund Balances		
Current Liabilities		
Accounts Payable And Accrued Liabilities (Note 2 & Schedule C2)		
Subsidy Due To Manitoba Housing (Note 3 & Schedule C)		
Current Portion Of Long-Term Debt (Note 5)		
Total Current Liabilities		
Long-Term Debt (Note 5)		
Total Liabilities		
Fund Balances		
Externally Restricted		
Replacement Reserve		
Subsidy Surplus		
Unrestricted		
Invested In Capital Assets		
Total Fund Balances		
Total Liabilities And Fund Balance		

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

Director

Director

(See Accompanying Notes)

(Non-Profit Corporation)
Statement of Operations
For the Year Ended March 31, 2018
 (With comparative figures for 2017)

Project No. No. of Units	Budget 2018	Actual 2018	Actual 2017
Revenue			
Rental Revenue			
Subsidy Revenue (PIT + Subsidy Advances)			
Other Revenue			
Less: Uncollectables			
Total Revenue			
Expenditures			
Administration (schedule 1)			
Maintenance (Schedule A3)			
Heat			
Electricity			
Water			
Allocation To RRF			
Property Taxes			
Mortgage Amortization (principal reduction)			
Mortgage Interest			
Insurance Premiums (Note 7)			
Other (Specify)			
Total Expenditures			
Operating Surplus (Deficit)			

(Non-Profit Corporation)
Statement of Fund Balances
For The Year Ended March 31, 2018
(With Comparative Figures for 2017)

REPLACEMENT RESERVE

			2018	2017
	Reserve	Interest	Total	Total
Balance, Beginning Of Year				
Allocation From Operations				
Interest Income				
Expenditures				
Balance, End Of Year				

(Non-Profit Corporation)
Statement of Cash Flows
For The Year Ended March 31, 2018
 (With Comparative Figures for 2017)

	2018	2017
Cash Flows from Operating Activities		
Net Surplus (Loss) For the Year	_____	_____
Adjustments For		
Amortization of Capital Assets	_____	_____
Allocation to Replacement Reserve Fund	_____	_____
Changes in Non-Cash Working Capital		
Accounts and Other Receivable	_____	_____
Subsidy Receivable from Manitoba Housing	_____	_____
Prepaid Expenses	_____	_____
Accounts Payable and		
Accrued Liabilities	_____	_____
Other Liabilities	_____	_____
Cash Flow from Investing Activities		
Net Change in Reserve Fund	_____	_____
Cash Flow from Financing Activities		
Principal Repayments on Long Term Debt	_____	_____
Increase in Cash Position		
Cash, Beginning of Year	_____	_____
Cash, End of Year	_____	_____
Represented by:		
Cash	_____	_____
Restricted Cash	_____	_____

(See Accompanying Notes)

(Non-Profit Corporation)
Summary of Significant Accounting Policies
For The Year Ended March 31, 2018

Entity Definition

Basis of Accounting

Operations

Replacement Reserves

Revenue and Expenditure

Capital Assets

(Non-Profit Corporation)
Note to Financial Information
For The Year Ended March 31, 2018

- | | 2018 | 2017 |
|--|------|------|
| 1. Cash and Short-term Deposits | | |
| 2. Accounts Receivable / Payable | | |
| 3. Subsidy Due From/To Manitoba Housing (Schedule C3) | | |
| 4. Capital Assets | | |
| 5. Long Term Debt | | |
| 6. Comparative Figures
(Certain number of the comparative amounts presented in the financial information have been restated to conform to the current year's presentation.) | | |
| 7. The insurance policy for "Project Name" covers the period dd-mm-yy to dd-mm-yy. The insurance policy covers full replacement value of the building. MHRC is listed as first payable in the event of a loss. | | |

8. Replacement Reserve Note Disclosure

Under the terms of the operating agreement with the M.H.R.C., the Replacement Reserve account is to be allocated a prescribed annual amount. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may be otherwise approved by MHRC. The funds in this account may only be used when approved by MHRC. At year end the fund was comprised of the following:

	2018	2017
Bank and term deposits	\$ xxx,xxx	\$ xxx,xxx
Due from (to) operating account	-	x,xxx
Accrued interest	<u>x,xxx</u>	<u>x,xxx</u>
 Total	 \$ xxx,xxx	 \$ xxx,xxx

9. Social Infrastructure Funding (SIF) / Economic Stimulus (ES) Note Disclosure

Under the terms of the Financial Assistance Agreement, Manitoba Housing and Renewal Corporation has provided SIF or ES funding to (name of corporation) in the amount of \$_____ as a forgivable loan. The loan is to be amortized over 10 years commencing from the (date of the final advance) at (\$xxx) per month.

Additional Notes (for information only)

- Amortize annually over 10 years to record amortization of forgivable loan and SIF / ES Asset.
- *SIF / ES Funding should not flow through the **income statement, balance sheet only.***
- A corresponding note in the financial statements should explain the nature of the funds as presented on the balance sheet. (See sample below)

SCHEDULES

Schedule of Administration Expenditures

ADMINISTRATION

Tenant Placement (51119): This includes all the costs of placement or transfer of tenants, whether done by the project or authority itself or contracted out. It includes advertising, promotional material, application processing costs, credit checks, the initial orientation income reviews, tenancy problems, collections, arrears, and eviction processes.

Tenancy Counselling/ Relations (51119): This involves counselling with respect to the tenancy itself, and not individual social services counselling. Some examples would be providing information on the obligations related to the tenancy, such as paying the rent and providing income information and training.

Community Relations (51119): This covers the costs involved in relations with tenant associations and outside groups, such as local community groups. It does not cover counselling to individuals.

Travel (51119): The cost of necessary business travel.

Training (51119): Staff training costs.

Management Fee (51122): The Management Fee is a fee charged by a property management company for their services. Typically, this includes property management advisory services, financial related activities such as bookkeeping, accounting, and budgeting.

Audit Fee (51123): Amount charged by an accredited auditing firm for the preparation of the annual audit.

Wage and Benefits (51124): Management, clerical and support staff salaries and benefits are to be included in administration. This includes management associated with maintenance. As a rule of thumb, the first layer of supervision with respect to any function can be considered as management and therefore should be charged to administration. A detailed listing of salaries, benefits and other payments made to management, clerical and support staff is required on Schedule A2.

Professional Fees (51125): Lawyers, Engineers, accountants (excluding audit costs), etc.

Office Supplies (51126): This includes the cost of paper, pens, stationery, etc.

Communication (51127): Land lines (phone & fax), cell phones, and long-distance charges.

(Non-Profit Corporation)
Schedule of Administration Expenditures
For The Year Ended March 31, 2018
 (With comparative figures for 2017)

	2018	2017
Travel (51119)		
Training (51119)		
Sundry (51119)		
Tenant Placement (51119)		
Tenancy Counselling / Relations (51119)		
Community Relations (51119)		
Management Fee (51122)		
Audit Fee (51123)		
Wage and Benefits (51124)		
Professional Fees (51125)		
Office Supplies (51126)		
Communication (51127)		
Total Administrative Expenditures		

(Non-Profit Corporation)
Schedule of Salaries and Benefits
For The Year Ended March 31, 2018
(With comparative figures for 2017)

	2018	2017
Name	_____	_____
Position Title	_____	_____
Salary	_____	_____
Benefits	_____	_____
Other (specify)	_____	_____
Name	_____	_____
Position Title	_____	_____
Salary	_____	_____
Benefits	_____	_____
Other (specify)	_____	_____
Name	_____	_____
Position Title	_____	_____
Salary	_____	_____
Benefits	_____	_____
Other (specify)	_____	_____

(Non-Profit Corporation)
Schedule of Repairs and Maintenance Expenditures
For The Year Ended March 31, 2018
 (With comparative figures for 2017)

	2018	2017
Building - Exterior (52111)		
Building - Interior (52112)		
Make Ready Costs (52113)		
Heating (52121)		
Ventilation (52131)		
Plumbing (52141)		
Appliance Repairs (52151)		
Electrical (52161)		
Elevator (52171)		
Fire Protection (52181)		
Painting - Exterior (52211)		
Painting - Interior, Public Areas (52212)		
Painting - Tenant Areas (52213)		
Janitorial - Labour (52221)		
Janitorial – Accommodation Benefit (52221)		
Janitorial - Material (52222)		
Grounds - General (52231)		
Grounds - Snow Removal (52232)		
Equipment (52241)		
Waste Removal (52251)		
Security (52281)		
Sundry (52291)		
GST Paid (52292)		
GST Rebate (52292)		
Pest Control – General (52321)		
Pest Control – Beg Bugs (52322)		
Total Repairs And Maintenance Expenditures		

(Non-Profit Corporation)
Schedule of Sundry Expenditures
For The Year Ended March 31, 2018
(With comparative figures for 2017)

	2018	2017
Water Softener Salt		
Washer/dryer Rental		
Window Washing		
Carpet Cleaning		
Floor mat rental		
Other (Explain)		
Other (Explain)		
Other (Explain)		
Other (Explain)		
Total Sundry Expenditures		

Auditor's Report on Compliance with Agreement

To **(Project's Name)**

I have audited **(Project's Name)** compliance as at **(Date)** with the criteria established by Schedule B1 which is a more comprehensive description of what is required by the Operating Agreement dated, 20... with **(Project's Name)**. Compliance with the criteria established by the provisions of the agreement is the responsibility of the management of **(Project's Name)**. My responsibility is to express an opinion on the Group's compliance based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether **(Project's Name)** complied with the criteria established by the provisions of the agreement referred to above. Such an audit includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with the agreement, and where applicable, assessing the accounting principles used and significant estimates made by management.

In my opinion, as at **(Date)**, **(Project's Name)** is in compliance, in all material respects, with the criteria established by the Operating Agreement and described in Schedule B1.

Date

Auditor's Signature

Income Testing & Source Documentation

Income Testing

- If the auditor during testing of the tenant files discovers that income testing procedures are not being applied consistently or calculations are being done incorrectly, additional files must be reviewed.
- The number of files reviewed must be indicated in the audit. This could be used as an indicator if Manitoba Housing decided to do a more in-depth review of the files.

Auditor's Report on Compliance

The Auditor's Report on Compliance is essentially confirming that the auditor on a test basis has:

- Obtained evidence of income (at a minimum a certified copy of the income tax assessment for all non-exempt occupants) for all files reviewed.
- Reviewed the rent-geared-to-income calculation to determine if the calculations are being done consistently and correctly.
- Verified that rental charges are being adjusted appropriately according to the project's operating agreement.

Manitoba Education Property Tax Credit Calculation (MEPTC)

Is *no longer included* as part of income.

Source Documentation

- Each file should contain an up-to-date **tenant profile**. This is a listing of all individuals occupying the unit including dependants, and should include their names and ages.
- Proof of income must include a **certified copy of the income tax assessment** for the most recent year for all household members that are not exempt. Along with proof of their current source of income.

Proof of **current source of income** would include but not be limited to:

- Written confirmation from employer indicating salary and recent pay stubs
- Written confirmation from Employment Insurance and cheque stubs
- Written confirmation from Employment Income Assistance and cheque stubs
- Written confirmation from funding providers in the case of Student Loans, Pensions, or other sources of funding along with cheque stubs
- Copy of court order to indicate amount of alimony or child support being received.

SCHEDULE C

Where MHRC pays the principal, interest, and property taxes (PIT) on behalf of the Group the subsidy revenue should equal the expenses reported for PIT.

DUE TO MHRC / OWED THE GROUP

PIT Subsidy Reconciliation	A	B		C
	Subsidy Reported	Expense Reported		Variance
Principal	Subsidy = expense			A - B = 0
Interest	Subsidy = expense			A - B = 0
Property Tax	Subsidy = expense			A - B = 0
PIT Subsidy Subtotal				Should be \$0
Annual Operating Surplus (from table below)			A.1	
Annual Operating Deficit (from table below)			A.1	
Total Due to MHRC (Owed to the Group)				

SCHEDULE C1

ANNUAL SUBSIDY ANALYSIS	Due to MHRC (Owed to the Group)
Beginning Balance April 1st	
Annual Operating Surplus	
Less: Subsidy Remitted	
Annual Operating Deficit	
Ending Balance March 31st	A.1

SCHEDULE C2

Detailed Analysis of Accounts Payable and Accrued Liabilities

PROJECT NO.	ACCT. NO.	DESCRIPTION OF PAYABLE	AMOUNT PAYABLE

(If more -- use separate sheet)

SCHEDULE C3

Detailed List of Accounts Receivable

PROJECT NO.	ACCT. NO.	DESCRIPTION OF RECEIVABLE	AMOUNT DUE

(If more -- use separate sheet)

Addendum Number 1

Account Descriptions

Balance Sheet

Assets

Cash and Short-Term Deposits: Includes petty cash, unrestricted cash in bank and short-term deposits.

Accounts Receivable: Includes uncollected rents for occupancy and parking spaces. Any allowance for uncollected rents should be disclosed separately.

Other Receivables: Includes accrued Manitoba Housing subsidy and bank interest.

Prepaid Expenses: Includes prepaid taxes, insurance and contract fees.

Land and Building: Usually as stated in statement of final capital costs net of capital grants and donations. Land and Building are combined since both are usually financed by long-term debt and depreciated by an amount equal to the annual reduction in the principal balance. Major repairs/replacements are funded through the replacement reserve account. Donated property should be recorded at fair value when fair value can be reasonably estimated.

Furniture and Equipment: Usually as stated in the statement of final capital costs net of capital grants. Donated furniture and equipment should be recorded at fair value when fair value can be reasonably estimated.

Accumulated Amortization: Total principal repaid as at statement date.

Other Assets: Includes monies held in trust.

Liabilities

Accounts Payable and Accrued Liabilities: Includes accrued expenses (interest, taxes, insurance) and unpaid bills.

Other Liabilities: Includes prepaid rents, security deposits, key deposits, monies held in trust, etc.

Current Portion of Long-Term Debt: Principal portion of mortgage payments due during the next period.

Statement of Operations

Revenue

Revenue - Rent (41112): All revenues generated as a result of charging rents, including all amenities.

Revenue - Sundry (41819): All monies received other than rental revenue (i.e. coin operated laundry equipment, interest earned on unrestricted cash and deposits, grants/subsidies from agencies other than Manitoba Housing).

Uncollectables (41911): Total tenant receivables that have been designated uncollectible and approved for write-off by the Board and Manitoba Housing.

MHRC Subsidy: Includes amortization (principal reduction) / interest, property taxes, and any operating subsidy required by the Group and approved by Manitoba Housing.

Expenditures

Amortization & Interest (55211) – For MHRC's purposes principal reduction equals amortization. The annual mortgage payment is comprised of two parts amortization and interest.

Insurance Premiums (55312) – The following is a listing of some of the premiums that can be included in this expense category.

Fire insurance, Public & Board liability insurance, boiler and heating plant insurance, rental loss insurance, and any other types normally carried in a housing project.

Utilities

This Includes any utility charges paid directly by the housing project.

- Heat - Gas (52511)
- Heat - Oil (52512)
- Hydro (52521)
- Water & Sewer (52531)

Replacement Reserve (52811)

- All purchases require approval from MHRC prior to acquisition unless an approved Replacement Reserve plan is in place.
- Allocations to the Replacement Reserve Fund should reflect the actual annual transfer to the fund.
- Replacement Reserves were established to cover the following expenditures:
 - a) **Replacements:** Items having a shorter life span than the building.
 - b) **Modernization:** This involves the "upgrading" of the items to a more efficient model or standard that will save money.
 - c) **Improvements:** Necessary and cost-effective structural changes which increases the economic life of the project.

Property Taxes (55111)

Schedule of Repairs and Maintenance Expenditures

Repairs & Maintenance

Building - Exterior (52111)

- Building Maintenance and Labour.
- Materials - lumber, eaves troughing, flashing, bricks, railings, door frames, windows, screens, steps, stoops, chimneys, roof repair or replacement, etc.
- Supplies - nails, consumable items.

Building - Interior (52112)

- Building Maintenance and Labour.
- Remodelling, repairs to floors, walls, ceilings, kitchens, bathrooms, basements, storage rooms, tenant recreation rooms and recreation areas, public areas such as laundry rooms, etc.

Heating - Maintenance (52121)

- Repairs and replacements.
- Chimney and equipment cleaning (boiler tubes, tanks).
- Lubrication - (fans, motors, etc.).
- Insulation and coding on piping and valves.
- Corrosion proofing of systems.
- Burners and controls - service, repairs and replacement.
- Minor furnace repairs, service and replacement.
- Service contracts.

Ventilation - Maintenance (52131)

- Repairs and replacements.
- Exhaust equipment service, repairs, replacement (minor).
- Lubrication - (fans, motors, etc.).
- Insulation and coding on piping and valves.
- Corrosion proofing of systems.
- Burners and controls - service, repairs and replacement.
- Service contracts.

Plumbing - Maintenance (52141)

- Repairs and replacements.
- Drains, catch basins, traps, stacks, cleaning and service.
- Repair or servicing hot water tanks, cleaning.
- Septic pools, plumbing equipment – service and repairs.
- Insulation and coding on piping and valves.
- Corrosion proofing of systems.
- Wells.
- Service contracts.

Appliance Repairs (52151)

- Service and repairs.
- Refrigerators - electric/gas.
- Stoves - electric/gas.
- Dryers - electric/gas.
- Washers - services and repairs.

Electrical Systems - Maintenance (52161)

- Repair and replacement (switchgear, motors, controls, transformers).
- Repairs and replacement (lights, fixtures, wiring, bulbs, sockets, switches, etc.).
- Repair and replacement (emergency generators, batteries, etc.).
- Rental of Cherry Picker for parking lot light service.
- Service contracts.

Elevators (52171)

- Repairs.
- Inspection and licence fees.
- Elevator telephone.
- Service contracts.

Repairs And Maintenance

Fire Protection (52181)

- Service contracts.
- Fire alarms, smoke and heat detectors.
- Fire-fighting hoses, extinguishers, sprinklers, smoke alarms.

Painting - Exterior (52211)

- Contracts; material and labour.

Painting - Interior, Public Areas (52212)

- Contracts; material and labour.

Painting - Tenant Areas (52213)

- Contracts; material and labour.

Janitorial - Labour (52221)

- This includes labour relating to janitorial work and would also include the salaries of employees or the labour costs of this service if it is contracted out.
- If a housing unit is provided to the janitor or caretaker at a reduced rate or rent-free, then the cost of this reduction should be included as an expense here, with the gross rent included as revenue.

Janitorial – Material (52222)

- Cleaning supplies and materials.
- Brushes, mops, pails, and other consumable items.
- It would also include the material costs of this service if it is contracted out.

Grounds - General (52231)

- Labour and materials for the upkeep of the grounds and landscaping.
- Parking lot repairs, underground garages (patching, paving).
- Sidewalks, curbs, striping.
- Salt, sand, etc.
- Catch basin, drainage (flushing, pumping, repairs).
- Fencing, repairs and maintenance.
- Playground areas, paving, equipment repairs.

Grounds - Snow Removal (52232)

- Snow removal contracts or hiring an outside firm to do snow removal, on a need basis.

Equipment (52241)

- Small equipment that is needed for maintenance, janitorial or grounds-keeping purposes. Examples would be lawnmowers, snow blower, floor polishers, and vacuums.
- Repair and replacement of this equipment.
- Also included would be the cost of vehicles, such as trucks, that would be used for maintenance etc.

Waste Removal (52251)

- The cost of waste removal and any recycling and waste reduction programs are covered, whether undertaken by the municipality or by private companies. Where this is done by the former, such costs will normally be included in the property taxes.
- Repairs to equipment (Packers, incinerators, chutes).
- Dumping charges.

Security (52281)

- Security costs include guards (either employees or from a security agency), "hardware" costs or security equipment such as locks, cameras, and other equipment.

Sundry (52291)

- Miscellaneous items not found in any other category, including Social and Recreational Facilities. Social and Recreational facilities includes the costs of operating social and recreational facilities such as community meeting space or playground equipment. It does not include the costs of any staffing or associated programs, such as summer youth programs or seniors programs, which must be covered from other sources.

GST Paid (52292)

- The amount of GST paid to suppliers for goods and services.

GST Rebate (52292)

- The amount of GST that has been received.