

Sponsor Managed 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 | | |
| 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) | | |
| Total Current Liabilities | | |
| Total Liabilities | | |
| Fund Balances | | |
| 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. | Budget | Actual | Actual |
|---------------------------------------|---------------|---------------|---------------|
| No. of Units | 2018 | 2018 | 2017 |
| Revenue | | | |
| Rental Revenue | | | |
| Subsidy Revenue (Subsidy Advances) | | | |
| Other Revenue | | | |
| Less: Uncollectables | | | |
| Total Revenue | | | |
| Expenditures | | | |
| Administration (schedule 1) | | | |
| Maintenance (Schedule A3) | | | |
| Heat | | | |
| Electricity | | | |
| Water | | | |
| Other (Specify) | | | |
| Operating Surplus (Deficit) | | | |

(Name of Sponsor Group)
Statement of Cash Flows
For the Year Ended March 31, 2018
 (With comparative figures for March 31, 2017)

| | 2018 | 2017 |
|---|------|------|
| Cash Flows From Operating Activities | - | - |
| Net Operating Surplus or (Deficit) | - | - |
| Adjustments | - | - |
| Changes In Non-Cash Working Capital | | |
| Accounts Receivable | - | - |
| Other Receivables | - | - |
| Prepaid Expenses | - | - |
| Receivable from Manitoba Housing | - | - |
| Accounts Payable & Accrued Liabilities | - | - |
| Other Liabilities | - | - |
| Payable to Manitoba Housing | - | - |
| | - | - |
| Increase/(Decrease) In Cash Position | | |
| Cash, Beginning of Year | - | - |
| | - | - |
| Cash, End of Year | - | - |

(See Accompanying Notes)

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

Entity Definition

Basis of Accounting

Operations

Revenue and Expenditure

(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 / Payables | | |
| 3. Subsidy Due From/To Manitoba Housing (Schedule C3) | | |
| 4. Comparative Figures (Certain number of the comparative amounts presented in the financial information have been restated to conform to the current year's presentation.) | | |

SCHEDULES

SCHEDULE A

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.

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.

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.

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

Insurance Premiums (55312) – Board liability insurance.

Utilities

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

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

Schedule of Repairs and Maintenance Expenditures

Repairs & Maintenance

Building - Exterior (52111)

- Building Maintenance and Labour.
- Materials - lumber, eaves troughing, flashing, bricks, railings, doorframes, 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.