

PROGRAM GUIDELINES POST 85 PORTFOLIO 2017 – 2018 FISCAL YEAR

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1.0 INTRODUCTION:

The purpose of distributing public funding to the Non-Profit (NP) Housing Sector is to ensure that safe affordable housing is made available to low to moderate income individuals and families. The Project Operating Agreement (POA) defines the terms and conditions to ensure each project continues to qualify for ongoing funding. Each NP Board member should fully understand their responsibilities and obligations identified in the POA.

The Operating Budget is usually approved sometime in the 2nd quarter between June and August each year. Until the approved Operating Budget for the current year is received, last year's budget should be used.

It is important the Board and/or the Management do not pay, incur, enter into, contract or become liable for expenditures in excess of the approved annual Operating Budget without prior, written approval from MHRC.

1.1 ELIGIBILITY and IMMIGRATION STATUS:

With the recent influx of New Canadians entering the country, we have a number of requests for current information on how to address the various applicants who are looking for affordable housing. We have included the February 3, 2017 circular as a refresher of eligibility criterium for provincial subsidy within our rental housing programs.

1.2 REPORTING SUMMARY:

The Board is required to report with accuracy and within the timelines identified by MHRC. The timelines are tight so it is very important to find staff and an auditor that will be able to produce the required reports within these tight timeframes. The primary reporting requirements identified in the Operating Agreement are summarized below, the Board may be required to provide additional reports not specifically identified in the Reporting Guidelines.

Audited Financial Statements (AFS)

- For fully funded projects the AFS should be received in MHRC's offices by no later than May 15TH on an annual basis. The Audit should be conducted by a Chartered Public Accountant (CPA). The Audit should include the following:
 - A Separate Operating Subsidy Schedule for Due to / Due from MHRC
 - Report On Compliance (RGI Calculation / Proof of Income)
 - Confirmation Of Replacement Reserve Balance
 - A Separate Replacement Reserve Schedule
 - Auditor's Management Letter (Report on Internal Control Structure)
 - Confirmation of Insurance / Fire Safety Plan

Revenue and Expense Statement (R&E) / Year End Projection Report

- Starting in the 2017-18 fiscal year R&E reporting will be reduced to twice a year. The R&E statement provides a projection to fiscal year end. The first year end projection report is due no later than **December 1st** based on actual results between April 1st and the end of November. The second year end projection report is due **April 20th** and is an estimate based on actual results between April 1st and March 31st.
- The R&E Statement contains a column on the far right of the report called "Projections to Year End" this is your best estimate on what actual costs will be for the entire year and it is very important that this information is provided on a timely basis.

Adjusted Trail Balance

- The Adjusted Trail Balance statement is a *very important* report also due **April 20th**. This allows our Finance Branch to recreate your Balance Sheet which is a requirement of MHRC's Auditors.

Waiting List / Vacancies /Arrears /Turnovers (WVAT) Report

- The WVAT Report identifies the number of approved applications on hand /wait list, vacancy loss, current and vacated tenant arrears, and the number of turnovers year-to-date. Fully funded projects will no longer need to provide this report on a quarterly basis as the WVAT Report is being combined with the Annual Project Data Report (APDR).

Annual Project Data Report (APDR) / WVAT Report

- The APDR is a very important report and is a requirement of the POA. The APDR provides important information required by both MHRC and Canada Mortgage & Housing Corporation. Starting in the 2017-18 fiscal year the APDR and WVAT Reports will be combined reducing reporting requirements for all fully funded projects. The APDR should be received by MHRC no later than March 31th.

1.3 BUDGET ADJUSTMENTS - UNCONTROLLABLE EXPENDITURES:

It is an obligation of each Board to work within the approved operating budget. Public funding is limited. Every effort must be made to work within the existing approved operating budget.

If the Board determines that the expenditure cannot be funded through the approved operating budget the Board should contact their primary contact to discuss options. MHRC will only consider circumstances that meet its guidelines for uncontrollable expenditures and will advise the Board if additional funds will be approved.

Emergency repairs that may jeopardize the health or safety of the tenants or potentially result in further damages to the housing project may require immediate attention. Under these circumstances the Board or Manager may proceed without the Primary Contact's approval if they are unreachable. Whether you received prior written approval or not you must inform your Primary Contact in writing of the details of the emergency expenditure.

The Budget Adjustment Request Form has been discontinued.

Please note that Manitoba Housing may not recognize the following expenditures:

- 1) Unapproved Operating Expenditures incurred by the Board that exceed the approved operating budget
- 2) If a group exceeds their maintenance budget MHRC may request GL accounts to confirm that capital items are not being funded through the maintenance budget. If MHRC discovers that capital items are being funded through the maintenance budget an adjustment will be required.

1.4 REPLACEMENT RESERVE ACCOUNT:

Replacement Reserve (RR) Funds are to be used for capital repairs or replacements only. Please consult the RR Guide included as part of the Audit Package. The annual allocation to the RR is determined through consultation between MHRC and each NP Board. Provincial funding constraints must be considered when approving increases to the annual allocation.

Boards should develop a Capital Plan for each housing project to reduce unexpected expenditures and to better plan for the future. This plan should be updated every 3 years. Another benefit to creating a Capital Plan is it will assist the Board in making a stronger case to MHRC to increase the annual RR allocation. NP Boards must obtain MHRC's approval before accessing the RR with the exception of an emergency capital item or when the Group has a pre-approved Capital Plan.

1.5 OPERATING SURPLUSES:

Operating Surpluses greater than one month's operating expenses should be sent to MHRC on a quarterly basis (make the cheque payable to MHRC). Surpluses submitted to MHRC go towards funding the mortgage and property taxes.