

**Implementation Guide To:**

**Ontario Social Housing  
Annual Information Return  
(AIR)**



## How to use this Guide

This Guide provides the corporation's Board of Directors and staff with instructions and guidance to assist them with the preparation of the Annual Information Return (AIR). The Guide is divided into five sections:

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## I. Introduction

### What is the purpose of the AIR?

The AIR is a summary of the corporation's financial, operating, and statistical information for the fiscal year. The service manager uses this information for:

- verifying the corporation's subsidy entitlement
- assessing the corporation's compliance with the *Housing Services Act, 2011* (HSA) and /or its operating agreements (for federal agreements).
- forecasting and budgeting

### Who must prepare the AIR?

The AIR shall be prepared by all non-profit housing corporations including non-profit co-operative corporations transferred to a Service Manager. Service Managers may decide if Local Housing Corporations (LHCs) and Federal Unilateral corporations subject to the terms of their operating agreements, must also complete the form.

There is only one version of the AIR. The AIR does have parts that apply only to projects developed under particular programs. This Guide applies to both private and municipal non-profits and non-profit housing co-operatives that are subject to Part VII of the HSA, as well as those projects which are not subject to this part of the Act. This includes providers who formerly reported to the Canada Mortgage and Housing Corporation (CMHC).

### **When is the AIR due?**

**The AIR must be submitted, with the required auditor's reports and a copy of the corporation's audited financial statements, within five months of the corporation's year end, or within four months of the corporation's year end if required by the housing provider's operating agreement (federal agreement).**

### **Where is the AIR filed?**

All forms are filed with your Service Manager. Your Service Manager may prefer you to file your AIR electronically. Please check with your Service Manager.

### **Who should you contact for assistance?**

If you have any questions regarding the completion of the AIR, please contact your Service Manager.

## **II. Responsibilities of the Board of Directors**

The Board of Directors (Board) is the ultimate management authority responsible for the welfare of the corporation. Part of this responsibility is to ensure that the corporation fulfils the responsibilities outlined in the HSA and/or its operating agreements with the Service Manager. Some of these obligations are listed in the management representations on page two of the AIR. The Board, by having two directors sign the AIR, is confirming that the management representations it is making on page two of the AIR are correct.

For purposes of year-end reporting and the AIR, the Board is responsible for:

- preparation of the financial statements;
- preparation of the AIR, including:
  - ensuring that financial information contained in the AIR agrees with the financial statements;
  - ensuring that, to the best of its knowledge and belief, the assertions made in the Management Representation are true and correct;
  - ensuring the accuracy of all other information in the AIR;
- engaging an auditor, licensed under the *Public Accountancy Act*, to:
  - provide an auditor's report on the corporation's financial statements;
  - provide the "Accountant's Report on Applying Specified Auditing Procedures in Respect of the Annual Information Return"; and
  - provide a report (Management Letter) to the Board reporting significant internal control or operational weaknesses which came to their attention during the audit;
- remedying any serious deficiencies in internal controls or operations reported by the corporation's auditors, or as may otherwise come to the Board's attention;
- providing any other information requested by the Service Manager in connection with the review of the AIR;
- submitting the AIR, signed on behalf of the Board by two members of the Board, along with the audited financial statements, within five months of the corporation's year end.

Being responsible does not mean that the Board members must personally perform the tasks indicated, or have first-hand knowledge of the performance of the task. However, to fulfil its responsibilities, the Board must have sufficient understanding of the requirements to be reasonably confident that the proper systems are in place to ensure that the requirements are fulfilled, and undertake sufficient enquiry to be satisfied that the requirements have been fulfilled.

### **III. Accounting and Administrative Requirements**

#### **1. Accounting Policies**

The corporation, depending on its structure, must abide by the current accounting policies outlined in the CICA Handbook issued by the Canadian Institute of Chartered Accountants, except for the treatment of amortization which auditors make reference to in the notes to the financial statements.

#### **2. Financial Information**

The financial information contained in the AIR must be based on, and agree with, the corporation's audited financial statements. In some cases, the financial information will be a subset of the information in the corporation's audited financial statements (as in the case of LHCs transferred into the municipality's structure). **In order for the statements to reflect the correct amount of subsidy owing from (to) the Service Manager, the subsidy calculation in the AIR must be completed before the financial statements are finalized.**

#### **3. Program Guidelines**

In completing the AIR, reference should be made in order of authority, to:

- a) *Housing Services Act, 2011 (HSA)*
- b) Regulations under the *HSA*
- c) this Guide to the Annual Information Return

This guide is intended as an aid to completing the AIR and should not be relied upon to interpret the legislation.

#### **4. Capital Reserve Fund**

The corporation must establish and maintain a capital reserve fund as required by *Part VII of the HSA* and/or a replacement reserve fund as required by its operating agreement. The cash and investments of the capital reserve fund are restricted, and can only be used for capital expenditures.

The cash and investments in the fund are to be accounted for separately from the corporation's other cash and investments, and maintained in the financial instruments as specified in the operating agreement for federal projects. With limited exceptions, the funds for projects under *Part VII of the HSA* must be invested through the Housing Services Corporation. The cash and investments in the fund must equal the fund balance at all times.

*New accounting rules introduced by the Canadian Institute of Chartered Accountants, (CICA), require that capital reserve funds be reported at market value rather than historical cost. This change in reporting may result in the total capital reserve fund being in a negative funded position for the corporation's fiscal year. Housing providers should advise their Service Managers of the negative balance and note the variance if greater than \$1,000 in the applicable area on the continuity schedule, page A6 of the AIR.*

The amount to be contributed to the fund is defined in the corporation's operating agreements and/or in *O. Reg. 369/11 under the HSA*. Additional monies advanced by the Service Manager for capital expenditures should, with the Service Manager's approval, be contributed to the fund upon receipt.

## **5. Mortgage Escrow Account**

At interest adjustment date (the date the mortgage commences), the corporation may not have completed construction of a new project. Any construction loan funds which remained unspent at that time, including funds drawn to cover accrued expenses, were to have been transferred to a mortgage escrow account.

## **6. Non-Shelter Component Expenses**

The non-shelter component of the portfolio may consist of commercial space, a care component funded by provincial ministries or agencies, or other space or expenditures of the portfolio not related to the provision of shelter. Non-shelter space in a project will usually be identified in the construction documents and in a non-shelter agreement. Amenity space related to the provision of shelter, such as office space and laundry rooms, is considered to be part of the shelter component.

Expenses related to a non-shelter component may include both direct and indirect expenses. Any expenses relating directly to the non-shelter component must be recorded as non-shelter expenses. Any indirect expenses must be allocated between shelter and non-shelter:

- on the basis of a written agreement between the corporation and the Service Manager or other funding agencies, a lease agreement between the Non-Profit (Landlord) and the Commercial Tenant, or,
- where there is no written agreement, on the basis of relative square footage, as determined in approved construction documents.

## **7. Sector Support Cost**

If the co-operative has paid a sector support contribution to the Co-operative Housing Federation of Canada out of its mortgage loan, it is to be recorded as part of land, building, and equipment.

The portion of the mortgage amortization related to the sector support contribution is to be excluded from shelter expenses.

Sector support levies charged to members are to be excluded from occupancy charge revenue. The Sector Support Cost is not subsidized by the Service Manager.

## 8. Unit Activity

Rent Geared to Income (RGI) assistance as defined under Part V of the HSA is “financial assistance provided in respect of a household to reduce the amount the household must otherwise pay to occupy a unit”.

*Vacant units are deemed RGI or Market depending on the status of the tenant, who vacated. As such, the unit keeps the same status until re-occupied. For purposes of page A7 and B4 of the AIR, vacant units must be classified as either RGI or Market depending on the status of the tenant who vacated.*

Given that the RGI subsidy is calculated at the lower of indexed benchmark market rent or actual market rent, **market units should be classified as those units paying greater than or equal to indexed benchmark rent if the indexed benchmark rent is lower than actual market rents.** For example if the *actual market rent* for a particular unit size is \$800 and the indexed benchmark rent is \$750 than all units paying \$750 or greater, should be considered market units for purposes of page A7 of the AIR. Similarly, the revenue attributed to RGI and market units should be determined using the same rules.

## 9. Rent Geared to Income (RGI)

References to Rent Geared to Income (RGI) are applicable to *HSA Part VII* housing projects, whereas for federal unilateral projects the term to apply is Income Tested. Within the guide, these two terms are interchangeable depending on which program is being considered.

## IV. Auditor's Reports

The corporation's auditor is to provide the “Accountant’s Report on Applying Specified Auditing Procedures in Respect of the Annual Information Return”, in addition to the auditor's report on the corporation's financial statements. If the provider is a component of the Service Manager, an audited statement is not required for reporting to the Service Manager. The auditor is providing these reports to assist the Service Manager in assessing the corporation's compliance with:

- the obligations under the *HSA* and regulations, and/or
- conditions contained in its operating agreement(s), and
- the accuracy of the AIR.

The Board of Directors must ensure that the auditor prepares these reports. The auditor is not responsible for the completion of the AIR. It is the Board of Director's responsibility to ensure that the AIR is complete and accurate, even if the auditor assists in the preparation.

The report, which is to be attached to the AIR, shall be in the following form as recommended by the Institute of Chartered Accountants of Ontario:

## **ACCOUNTANT'S REPORT ON APPLYING SPECIFIED AUDITING PROCEDURES IN RESPECT OF THE ANNUAL INFORMATION RETURN**

To the Service Manager:

As specifically agreed, I have performed the auditing procedures described in Appendix A, to assist the Service Manager in assessing \_\_\_\_ (*name of corporation*)'s ("the Corporation") compliance with the *Housing Services Act, 2011 and regulations* and the information in the Annual Information Return for the year ended (*date*). This engagement to apply agreed-upon auditing procedures was performed in accordance with standards established by the Canadian Institute of Chartered Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described in Appendix A either for the purpose for which this report has been requested or for any other purpose.

The results of my procedures are documented in Appendix A. My audit of the Corporation's financial statements for the year ended (*date*) was not directed to the information in the Annual Information Return. The procedures in Appendix A do not constitute an audit of the Annual Information Return and, therefore, I express no opinion on the information in the Annual Information Return for the year ended (*date*). Had I performed additional procedures, other matters might have come to my attention that I would have reported to you.

This letter is for use solely by the Service Manager in assessing the Corporation's compliance with the *Housing Services Act, 2011 and regulations* and the information in the Annual Information Return, and is not intended to be and should not be used by anyone else or for any other purpose.

CHARTERED ACCOUNTANT  
(*City*), Canada  
(*Date*)



## Appendix “A”

SPECIFIED AUDITING PROCEDURES ON THE ANNUAL INFORMATION RETURN	RESULT OF SPECIFIED AUDITING PROCEDURES ON THE ANNUAL INFORMATION RETURN
1. Obtain the completed Annual Information return (AIR) from those delegated by the Board of Directors to complete the AIR for the year end <b>(date)</b> .	I obtained the completed Annual Information Return (AIR) from those delegated by the Board of Directors to complete the AIR for the year end <b>(date)</b> .
2. Read the management representations requested in the AIR Page A2 and the corresponding responses from the Corporation.	I read the management representations requested in the AIR Page A2 and the corresponding responses from the Corporation.
3. Ask the questions on the AIR Page A2 to those delegated by the Board of Directors to complete the AIR for the year end <b>(date)</b> and comment on any different responses.	I asked the questions on the AIR Page A2 to those delegated by the Board of Directors to complete the AIR for the year end <b>(date)</b> and found no differences in responses [ <b>or alternatively:</b> and found the following differences: <b>(list differences)</b> ].
4. Ask the questions on the AIR Page A2 to a representative of the Board of Directors and comment on any different responses.	I asked the questions on the AIR Page A2 to a representative of the Board of Directors and found no differences in responses [ <b>or alternatively:</b> and found the following differences: <b>(list differences)</b> ].
5. Agree the underlying financial records of the Corporation to the audited financial statements for the period end <b>(date)</b> .	I found no exceptions [ <b>or alternatively:</b> I found the following exceptions: <b>(list exceptions)</b> ].
6. Agree the description of the items and related amounts (Line 310 to Line 395) on Page A3 of the AIR to the underlying financial records of the Corporation.	I found no exceptions [ <b>or alternatively:</b> I found the following exceptions: <b>(list exceptions)</b> ].
7. Agree the description of the items and related amounts (Line 501 to Line 599) on Page A4 (and A4 Schedules) of the AIR to the underlying financial records of the Corporation.	I found no exceptions [ <b>or alternatively:</b> I found the following exceptions: <b>(list exceptions)</b> ].

### Appendix “A” – continued

**SPECIFIED AUDITING  
PROCEDURES ON THE ANNUAL  
INFORMATION RETURN**

**RESULT OF SPECIFIED AUDITING  
PROCEDURES ON THE ANNUAL  
INFORMATION RETURN**

8. Agree the description of the items and related amounts (Line 610 to Line 629) on Page A5 of the AIR to the underlying financial records of the Corporation.

I found no exceptions [or alternatively: I found the following exceptions: **(list exceptions)**].

9. Agree the description of the items and related amounts (Line 651 to Line 699) on Page A6 of the AIR to the underlying financial records of the Corporation.

I found no exceptions [or alternatively: I found the following exceptions: **(list exceptions)**].

10. Agree the description of the items and related amounts (Line 701 to Line 795) on Page A7 of the AIR to the underlying financial records of the Corporation.

I found no exceptions [or alternatively: I found the following exceptions: **(list exceptions)**].

11. Agree the description of the items and related amounts (Line 801 to Line 833) on Page A8 of the AIR to the underlying financial records of the Corporation.

I found no exceptions [or alternatively: I found the following exceptions: **(list exceptions)**].

12. Agree the description of the items and related amounts (Line 1501 to Line 1580) on Page B1 (and B1 Schedules) of the AIR to the underlying financial records of the Corporation.

I found no exceptions [or alternatively: I found the following exceptions: **(list exceptions)**].

13. Agree the description of the items and related amounts (Line 1610 to Line 1629) on Page B2 of the AIR to the underlying financial records of the Corporation.

I found no exceptions [or alternatively: I found the following exceptions: **(list exceptions)**].

14. Agree the description of the items and related amounts (Line 1635 to Line 1690) on Page B3 of the AIR to the underlying financial records of the Corporation.

I found no exceptions [or alternatively: I found the following exceptions: **(list exceptions)**].

## V. Completion of the Annual Information Return

### **General Notes:**

1. Calculated cells are shaded while input cells are not.
2. Information to the left of a cell indicates where the number came **from**.
3. Section A – relates to Provincial Reformed Projects (Part VII of the HSA) with the exception of page A4 which summarizes the Corporate Results of Operations
4. Section B - relates to Other Housing Programs
5. Section C is statistical information
6. Section D – are schedules used in the calculation of subsidy under the HSA

**The AIR must be submitted, with the required auditor's reports and a copy of the corporation's audited financial statements, within five months of the corporation's year end, or as required by the operating agreement (federal agreement). It consists of the following forms:**

### **PART A – PART VII HSA PROGRAM – Financial Information**

- A1 Identification
- A2 Management Representation Report
- A3 Statement of Financial Position (Corporate Balance Sheet)
- A4 Statement of Operations and Accumulated Surplus (Corporate)
- A4 A4 Schedules
- A5 Net Non-Shelter Revenue (Loss)
- A6 Capital Reserve Fund (Housing)
- A7 Unit Activity Data Report – Section 78
- A8 General Subsidy - Part VII HSA – RGI Rental Schedule
- A9 General Subsidy - Part VII HSA – General Subsidy
- A10 General Subsidy – Part VII HSA for 100% RGI providers as listed in the Schedule to O.Reg. 369/11.

### **PART B – OTHER HOUSING PROGRAMS**

- B1 Revenue and Expenses- All Programs (except Provincial Reformed)
- B1 BI Schedules
- B2 Non-Shelter –All programs except *Part VII HSA*
- B3 Unit Activity - Section 95- MNP
- B4 Subsidy Entitlement Calculation- Section 95 NHA – MNP

### **PART C - STATISTICAL INFORMATION**

- C1 Statistical Information
- C2 Targeting Plans – *Part VII HSA*.

### **PART D - SUPPORTING SUBSIDY CALCULATIONS**

- D1 General Subsidy - *Part VII HSA* - Operating Reserve

### **Part A – Financial Information**

## Page A1 - Identification

The identification section includes basic identification data, including the designated contact person. The contact person identified will be the individual to be contacted by the Service Manager if there are questions concerning the AIR.

Each housing provider must fill in corporate information including corporation name, ID number, fiscal year end, Service Manager reporting to, address and mailing address (if different), program type, number of units, contact name and position, telephone number, fax number, and email address as well as the applicable sections of the HSA.

**Each housing provider is to indicate “Y” or “N” across from the program type as well as the corresponding number of units.** The programs are defined in the HSA regulations, O.Reg. 368/11 Schedule I. Part VII housing projects must also indicate whether they are 100% RGI or not. (Schedule to O.Reg.369/11 lists 100% RGI providers.)

*(Note: If a Service Manager does not require the LHC to report using the AIR, then the LHC is not required to use this form. Also, since Rent Supplement is usually a “piggy-back” program to one of the eight programs being reported in the AIR, the units and dollars should likewise be reported with the source funding program.)*

All Part VII HSA provincial reformed housing providers will be subject to either *Part III of O.Reg. 369/11 of the HSA* (100% RGI Housing Provider) or *Part II of O.Reg.369/11* (Regular Housing Provider). The 100% RGI box has been defaulted to ‘No’; 100% RGI Housing Providers will need to click on this box and change the defaulted ‘No’ to a ‘Yes’ by clicking the appropriate area in the drop down box.

The form must be signed and dated by two Board members, as noted at the bottom of the page. (Financial Statements must also be signed by two board members)

## Page A2 - Management Representation Report

The corporation's operating agreements and/or the *HSA* and its regulations include obligations which the corporation must fulfil. It is the responsibility of the Board to ensure that the corporation meets these obligations. Some of the conditions of the *HSA* are not required of providers funded under federal programs. If any of the questions in this section do not apply, please check the “NA” box.

In the Management Representation Report, the Board is reporting to the service manager regarding the corporation's compliance with some key conditions of its operating agreements and/or the *HSA and its regulations*. To ensure that the corporation has complied with all conditions of the *HSA and its regulations*, the Board should refer to that legislation.

## Page A3 - Statement of Financial Position (Balance Sheet)

This schedule provides information about the corporation's assets, liabilities, and surplus at year end, highlighting selected items from the corporation's audited balance sheet. All information must agree with the provider's annual audited financial statements.

Below is a description of the contents of each line of the statement. *(Only input dollars; no cents)*

### Assets

- 310 Cash and investments held in Capital or Replacement Reserve Fund (Restricted Assets)  
(Input the breakdown of Capital Reserve Assets in the area to the right of the  
Balance Sheet)
- 312 General cash and investments (other than in Capital Reserve Fund)
- 320 Subsidies receivable including from Service Manager
- 321 Accounts Receivable - tenants- rents receivable  
(Input breakdown of Accounts Receivable information in the area to the right of the  
Balance Sheet)
- 322 Accounts Receivable – other (ie receivables from non-shelter operations)
- 325 Capital assets (e.g., Land, Buildings, Equipment included in the projects final capital  
costs) - Shelter
- 327 Capital assets (e.g., Land, Buildings, Equipment included in the projects final capital  
costs) - Non-shelter
- 328 Sector support. If the non-profit housing co-operative has paid a sector support  
contribution to the Co-operative Housing Federation of Canada out of its mortgage loan,  
it is to be recorded here. Sector support costs are not subsidized by Service Managers.
- 329 Other Programs (describe)
- 330 Total of lines 325, 327, and 329, representing total capital assets
- 334 Accumulated amortization on capital assets.
- 335 Net of line 330 minus line 334 which represents net capital assets.  
(should equal Mortgage loans payable – line 368)
- 350 Any other assets not specifically set out above (e.g., prepaid expenses)
- 355 Total of lines 310, 312, 320, 335, and 350, which must be equal to total assets of the  
corporation

### Liabilities and Surplus

- 360 Subsidies which have been overpaid by the Service Manager
- 368 Mortgage loans payable (if applicable) secured by capital assets in line 330
- 370 Other loans (e.g., bank loans for working capital)
- 375 Other liabilities (e.g., trade accounts payable)
- 380 Surplus contributed from any source (e.g., owner, or donated by charitable organization)
- 384 Capital Reserve Fund (housing) from line 690
- 386 Reserve funds from all other sources
- 390 This represents the provider's accumulated surplus, which is generally the same as the  
amount in line 599.

(Input breakdown of Accumulated Surplus/Deficit details in the area to the right of the Balance Sheet)

395 Total of lines 360, 368, 370, 375, 380, 384, 386, and 390, which must be equal to total liabilities and surplus of the corporation.

*Note: As a method of checking that the financial statements are in balance, “Total Assets” should be equal to “Total Liabilities and Surplus”. The warning message ‘ERROR’ will appear in line 395 if ‘total assets’ do not equal ‘total liabilities and surplus’.*

## **Page A4 - Statement of Operations and Accumulated Surplus (Corporate)**

### **1. Statement of Operations (Revenue and Expenses - s. 78 HSA)**

*Revenue and expenses for the Provincial Reformed Projects should be entered here. All other program revenue and expense information should be entered on page B1.*

#### Shelter Occupancy revenue

- 501 Rent - geared-to-income units (total RGI rents charged).
- 502 Market units – total market rent charged (include Strong Communities Rent Supplement Revenue and classify those units as market)
- 504 Subtotal of RGI and Market Revenue, lines 501 and 502
- 505 Vacancy loss on market units only
- 510 Subtotal of occupancy revenue, determined by subtracting line 505 from line 504
- 521 Investment Income – interest and capital gains from bank accounts and/or income on investments not held in capital reserve accounts (shelter only)
- 522 Non-rental revenue (parking, laundry, etc.) This includes all revenue, excluding rents, and investment income, directly attributable to, and earned from the assets of the shelter component. It does not include revenue from non-housing programs or activities, gifts, donations, fundraising revenue and bequests or net non-shelter revenue which is to be recorded on lines 575, 576 or 577.
- 525 Net Subsidy Entitlement for the Year – Includes Mortgage subsidy, RGI subsidy, Property Tax subsidy, plus any additional subsidies less surplus repayment or other reductions. Either line 789 or 819 depending on whether the Group is General Subsidy (*O.Reg. 369/11 Part II*) or is 100% RGI (*O.Reg. 369/11 Part III*).
- 530 Total Revenue- sum of lines 510 to 525, which represents total revenue from operations

#### **Shelter Expenses** (See Appendix A for further assistance)

- 541 Maintenance and Administration - Enter detailed expenses on **Page A4 Schedule-** maintenance salaries, wages, benefits, materials and services relating to building operations and administration (Total maintenance and administration is equal to line 541)
- 542 Utilities include the costs of electricity, gas, oil, water and sewage – Enter detailed expenses on **Page A4 Schedule** (Total utilities are equal to line 542)

- 543 Insurance – all insurance policies (excluding vehicle)
- 544 Bad debts – rent charged to tenants that is no longer collectible
- 547 Capital reserve allocation amount from final benchmark
- 548 Subtotal Operating Expenses lines 541, 542, 543, 544, 547
- 549 Property taxes – current year expense
- 550 Total mortgage payments, including interest and principal, but excluding the portion of the mortgage associated with sector support contributions or non-shelter.
- 565 Total Shelter expenses - lines 548, 549, 550, which represent the total shelter associated expenditures
- 570 Net Income (Loss) Line 530 minus line 565, which represents net income (loss) of the housing shelter operations portion of the corporation’s business for HSA projects for the year
- 575 Gifts and donations received by the provider
- 576 Non-shelter revenue (net). Net income (loss) from programs funded by the Ministry of Community and Social Services (MCSS) or Ministry of Health and Long Term Care (MOHLTC) and/or commercial space in the housing project. This line used to record the net financial result from these operations. This amount comes from line 629, column 3.
- 577 Net sector support revenue is the net excess or deficiency of sector support levies charged, less amortization of the portion of the mortgage loan related to the Sector Support Cost.
- 578 Non-Shelter Net Income (Loss) – subtotal of lines 575, 576, 577
- 580 Net Income (loss)-Provincial Reformed -Lines 570 plus 578.

**2. Net Income (Loss) – Other Programs (from Schedule B1)**

- 581 Section 95 (federal) MNP - from line 1580
- 582 Section 95 (federal) PNP - from line 1580
- 583 Section 26/27 (federal) - from line 1580
- 584 Limited Dividend - from line 1580
- 585 Public Housing - from line 1580
- 586 Pre-85- Urban native - from line 1580
- 587 Post-85 Urban native - from line 1580
- 589 Consolidated Net Income (Loss) - Lines 580 to 587

**3. Corporate Statement of Accumulated Surplus (Deficit)**

- 590 Balance in accumulated surplus at the beginning of the year. Same as line 599 from the previous year. (The Provincial Reformed programs governed by the *HSA* must segregate accumulated shelter and non-shelter surplus for the purpose of calculating the Operating Reserve on Page D1.
- 591 Net income for the year comes from line 570 for Provincial Reformed Shelter, line 578 for Provincial Reformed Non-Shelter and lines 581 through 587 for Other Programs.
- 592 This line may report adjustments to Accumulated Surplus.
- 599 This is the sum of lines 590 to 592.

## **Page A5 - Non-Shelter Income (Loss)- s.78 HSA**

This schedule provides information regarding the revenue and expenses for the corporation's non-shelter component. The method to be used to allocate expenses to the non-shelter component is explained in the Accounting and Administrative Requirements section of this Guide.

This form has three columns as follows:

- 01 Care
- 02 Commercial & Other
- 03 Total

### **Non-Shelter Revenue**

- 610 Commercial rent income
- 611 Grants from Ministry of Health and Long Term Care
- 612 Grants from Ministry of Community and Social Services
- 613 Other revenue (please describe nature of revenue)
- 614 Other revenue (please describe nature of revenue)
- 615 Total of lines 610, 611, 612, 613 and 614, which represents total non-shelter revenue.

### **Non-Shelter Expenses**

#### **Operating costs**

- 620 Maintenance salaries, wages and benefits
- 622 Maintenance materials and services
- 622 Utilities
- 623 Administration
- 624 Other
- 625 Subtotal Non-Shelter Operating Expenses 620, 622, 623, and 624, which represent total non-shelter operating expenses
- 626 Municipal taxes
- 627 Mortgage payments (non-shelter portion of principal and interest)
- 628 Total of lines 625, 626 and 627, which represents total non-shelter expenses
- 629 Line 615 minus line 628, which represents net non-shelter revenue (loss)

## **Page A6 - Capital Reserve Fund (Housing)**

Capital Reserve reporting should be broken out by Housing Program. i.e. *Part VII HSA, Section 95*, etc. (columns can be added to break out additional programs if desired)

- 651 Balance of capital reserve fund at the beginning of the year. Amount from previous year's approved AIR, line 690.



## Revenue

- 652 Transfers from operations (line 547 or 1547 by program)
- 654 Income earned on capital reserve fund investments held during the year
- 655 All other adjustments or one-time funding applicable to the capital reserve during the year
- 660 Total of lines 651, 652, 654, and 655, which represents total revenue of capital reserve fund

## Expenses

- 671 Expenditures from capital reserve fund. List by category or by item (elevators, stoves etc.) (See Appendix B for assistance)
- to
- 683
  
- 685 Total of lines 671 to 683, which represent total expenses of capital reserve fund
- 690 Line 660 minus 685, which represent balance of capital reserve fund at end of year
- 695 Cash and investments held in capital reserve fund (from page A3, line 310)
- 699 Line 690 minus 695. If there is a difference greater than \$1,000, an explanation is required along with the corporation's plan to bring the fund into balance

## Page A7 – Unit Activity Report – Part VII HSA Mixed RGI (O.Reg. 369/11 Part II)

*Note: In the unit type column, two sets of apartment and town home data have been provided for ease of use. However, housing providers may wish to change or consolidate this data to reflect the unit configuration in their respective portfolio.*

This page applies to housing providers governed by *Part VII of the HSA*. Units occupied and vacant for each month are reported for rent-geared-to-income and market units by bedroom size. The total columns are used to calculate RGI and market revenue on Page A8. Strong Communities Rent Supplement units should be shown here as market units. (see Accounting and Administration Requirements – Section 9 for RGI definition.)

## Page A8 – Rents/Housing Charges - Part VII HSA - RGI Rental Schedule

- Column Project name or address
- Column 1 Type of unit - 1 bedroom apartment, 3 bedroom townhouse, etc. (Populated from A7)
- Column 2 Total units, populated from total column in A7, used as a check field to ensure all units have been accounted for.
- Column 3 Previous year total indexed benchmark market rents/ housing charges, from previous year.
- Column 4 Current year market rent index, from SHnotification or your approved subsidy estimate.

Column 5	Current year indexed market rent (column 3 times column 4).
Column 6	Current actual market rent per month, enter the actual average rent charged for each unit size. The amount may be one figure if rents are increased for all tenants at the beginning of the fiscal year or a blended rate if increases are implemented on the tenant's anniversary date.
Column 7	Current RGI unit months field is populated from the total column in page A7.
Column 8	Actual market rents/ housing charges for RGI units (column 6 times column 7)
Column 9	Indexed benchmark market rents/ housing charges RGI units (column 5 times column 7)
Column 10	Current rental income for RGI units from line 501.

## Subsidy Calculations

### Page A9 - General Subsidy - Part VII HSA (Part II of O.Reg. 369/11)

#### 1. Operating Subsidy

- 701 **Total indexed benchmark market operating costs** (shelter component only) which come from the approved subsidy estimate. Benchmark operating costs are inflated annually by the Service Manager at the beginning of the housing provider's fiscal year to properly calculate annual subsidy requirements and should be provided to the housing provider in either a budget format or a notice of indexed benchmarked operating costs.
- 703 **Mortgage principal and interest payment** (shelter component only) as taken from line 550.
- 705 **Total indexed benchmark revenue** comes from the approved subsidy estimate. Benchmark market rents/ housing charges are inflated annually by the Service Manager at the beginning of the housing provider's fiscal year to properly calculate annual subsidy requirements and should be provided in either a budget format or as a notice of indexed benchmark revenue. Benchmark non rental revenue, which is part of the indexed benchmark revenue calculation, is inflated by a factor of 1 or the same amount as the previous year unless a benchmark change request has been approved by the Minister.
- 709 **Operating Subsidy** is line 701 plus line 703 minus line 705.

#### II. RGI Subsidy

- 713 Indexed benchmark market rents/ housing charges for RGI units from A8, column 9.
- 714 Actual Market rents/ housing charges for RGI units from A8, column 8.
- 715 Represents the lesser of line 713 and 714.
- 718 Actual rental income from RGI units from A8, column 10.
- 719 RGI subsidy is line 715 minus line 718.

### **III. Surplus Repayment**

- 741 Shelter occupancy revenue, which is the total rent received from rent-geared-to-income and market units, less vacancy loss, in projects governed by Part VII of the HSA. (line 510)
- 742 Investment Income (line 521) and non-rental revenue (522).
- 743 Net subsidy entitlement for the year, lines 709 and 719 from above and line 549.
- 744 Subtotal of lines 741, 742 and 743.
- 750 Total of operating costs, which are all the operating costs for the shelter component of projects governed by Part VII of the HSA. (line 565).
- 751 Net income/loss – provincial reformed projects, shelter component only, line 744 minus line 750.
- 755 Operating reserve allowance, which comes from line 3085 or 3095, Page D1.
- 759 Surplus/deficit, line 751 minus line 755.
- 760 50% of line 759, which represents surplus repayable
- 764 If the Service Manager decides to have the provider return less than 50% of the surplus, the dollar amount the Service Manager is allowing the provider to keep beyond the mandated 50% is inserted here.
- 769 Net surplus repayable (if zero or greater), is inserted here.

### **IV. Subsidy for the Year**

*This section determines the total amount of subsidy the provider is entitled to receive for the year for its projects governed by Part VII of the HSA.*

- 771 Operating subsidy from line 709 above.
- 772 RGI subsidy from line 719 above.
- 773 Actual property taxes for the year for projects governed by Part VII of HSA (line 549).
- 774 Any additional subsidy that may be provided by a Service Manager
- 779 Total of lines 771 to 774
- 782 Surplus repayment (line 769 above).
- 783 Subsidy reduction under section 80 (4) which a Service Manager may charge if a housing provider is late in returning its AIR.
- 785 Total of lines 782 and 783.
- 789 Line 779 less line 785, representing Net Subsidy Entitlement for the year.

### **V. Current Year Settlement**

*This resolves any underpayment or overpayment of subsidy as a result of the reconciliation above.*

- 791 This is the amount in line 789 – net subsidy for the year.
- 792 This is the amount of subsidy paid as determined by the **housing provider's approved annual subsidy estimate** prior to the beginning of the fiscal year.

795 Line 791 less line 792, which represents the current year settlement. If the amount is negative, the housing provider owes the Service Manager the amount on line 795. If the amount is positive then the housing provider is due to receive money from the Service Manager.

## **Page A10 - General Subsidy - Part VII SHA - 100% RGI (Part III of O.Reg.369/11)**

### **I. Subsidy for the year**

801 Benchmark operating costs for projects subject to Part III of O.Reg. 369/11 as taken from SM approved subsidy estimate. Benchmark operating costs are inflated annually by the Service Manager at budget time to properly calculate annual subsidy requirements.

806 Property taxes for these projects (line 549).

807 Mortgage principal and interest for these projects (line 550)

809 Subtotal of lines 801, 806, and 807

811 Actual RGI rent revenue during the year for these same projects (line 501)

812 Non-Rental Revenue (including interest) (line 521 and line 522)

813 Surplus repayment as calculated below - from line 829 below

814 Reduction in subsidy by Service Manager

816 Subtotal of lines 811 to 814

817 Any additional subsidy that may be provided by a Service Manager

819 Line 809 minus line 816, plus line 817 which represent Net Subsidy Entitlement for the year for projects subject to Part III of O.Reg. 369/11.

### **II. Surplus repayment**

821 Indexed benchmark operating costs, from line 801 above

822 Actual operating costs for projects subject to Part III of O.Reg. 369/11 (line 548)

823 Operating reserve allowance which comes from line 3107 or 3112

825 Subtotal of lines 822 and 823

826 Line 821 minus line 825, which represents surplus

827 50% of line 826, which represents surplus repayable to the Service Manager

828 If the Service Manager decides to have the provider return less than 50% of the surplus, the dollar amount the service manager is allowing the provider to keep beyond the mandated 50% is inserted here

829 Line 827 minus line 828, which represents the surplus repayment. This goes to line 813 above. (zero or greater)

### **III. Current year settlement**

831 This is the amount in line 819 – Net Subsidy for the year

832 This is the amount of subsidy paid as determined by the **housing provider's approved annual subsidy estimate** prior to the beginning of the fiscal year or as adjusted during the fiscal year.

833 Line 831 less line 832, which represents the current year settlement. If the amount is

negative, the housing provider owes the service manager the amount on line 833. If the amount is positive, the housing provider is due this money from the Service Manager.

## **PART B – OTHER SOCIAL HOUSING PROGRAMS**

### **Page B1 – Revenue and Expenses - All Programs except Part VII HSA**

*This page captures the revenue and expenses for all Programs listed on Identification Page A1 (except Part VII HSA). The subsidy entitlement for the MNP program is computed on Page B3 while all the remaining programs have various funding obligations. Line 1571- Subsidy settlement payable to Group (repayable to Service Manager) may or may not be applicable depending on the program.*

- 1501 Rent from RGI households
- 1502 Rent from market rent households
- 1504 Subtotal of lines 1501 and 1502
- 1505 Actual vacancy loss on market units
- 1510 Line 1504 minus line 1505
- 1521 Income from investments (not capital reserves) and/or bank accounts.
- 1522 Income from all other sources. This includes all revenue, excluding rents, directly attributable to and earned from the assets of the shelter component, such as laundry and parking. It does not include revenue from non-housing programs or activities, gifts, donations, fundraising revenue and bequests, or net non-shelter revenue, which is to be, recorded either on lines 1575 or 1576.
- 1523 Rent Supplement (i.e. OCHAP, CHSP, AHP, etc.) funding from Service Manager.
- 1525 Federal 2% Writedown subsidy provided by the service manager during the fiscal year as dictated under the specific operating agreements. (These are actual subsidies paid (plus accrued) before the final settlement on line 1571)
- 1526 Municipal Non-Profit Subsidy provided by the Service Manager during the fiscal year as dictated under the specific operating agreement.
- 1527 Other Subsidy
- 1530 The total of lines 1510, 1521, 1522, 1523, 1525, 1526 and 1527, representing Total Revenue

### **Shelter Expenses (see Appendix A for further assistance)**

- 1541 Maintenance and Administration - Enter detailed expenses on **Page B1 Schedules**- maintenance salaries, wages, benefits, materials and services relating to building operations and administration (Total maintenance and administration is equal to line 1541)
- 1542 Utilities includes the costs of electricity, gas, oil, water and sewage – Enter detailed expenses on **Page B1 Schedules** (Total utilities are equal to line 1542)
- 1543 Insurance – all insurance policies (excluding vehicle)
- 1544 Bad Debts – rent charged to tenants that is no longer collectible

- 1545 Other operating expenses
- 1547 Capital reserve contribution - current year allocation transferred to the Capital Reserve
- 1548 Subtotal Operating Expenses lines 1541, 1542, 1543, 1544, 1547
- 1549 Property taxes – current year expense
- 1550 Total mortgage payments, including interest and principal, but excluding the non-shelter portion of the mortgage
- 1551 Other shelter expenses
- 1565 Total Shelter Expenses - lines 1548 to 1561
- 1570 Net Shelter Income or (Loss) for the program calculated by subtracting line 1565 from line 1530
- 1571 Subsidy settlement- payable to the Group or (repayable to the Service Manager)  
For the MNP program (column 581) **line 1690 from Page B4** is automatically linked.
- 1572 Shelter Surplus (Deficit) after settlement - line 1570 plus 1571
- 1575 Gifts and donations received by the provider
- 1576 Non-Shelter Surplus (Deficit) (net). The net revenue (loss) related to any non-housing related program or activity that the provider may carry out. This cell is automatically linked to Page B2 Line 1629. This line is used to record the net financial result from these operations.
- 1580 Program Net Income (Loss)-Line 1572, plus lines 1575 and 1576

### **Page B2- NON-SHELTER- All Programs except Part VII HSA**

All revenues and expenses relating to the non-shelter component for all programs, **except the Provincial Reformed Program**, are to be reported on this schedule.  
The method to be used to allocate expenses to the non-shelter component is explained in the Accounting and Administrative Requirements section of this Guide.

### **Non-Shelter Revenue**

- 1610 Commercial rent income
- 1611 Grants from Ministry of Health and Long Term Care
- 1612 Grants from Ministry of Community and Social Services
- 1613 Other revenue (please describe nature of revenue)
- 1614 Other revenue (please describe nature of revenue)
- 1615 Total of lines 1610, 1611, 1612, 1613 and 1614, which represents total non-shelter revenue.

### **Non-Shelter Expenses Operating costs**

- 1620 Maintenance salaries, wages and benefits
- 1621 Maintenance materials and services
- 1622 Utilities
- 1623 Administration
- 1624 Other

- 1625 Subtotal Non-Shelter Operating Expenses 1620, 1621, 1622, 1623, and 1624, which represents total non-shelter operating expenses
- 1626 Municipal taxes
- 1627 Mortgage payments (principal and interest)
- 1628 Total of lines 1625, 1626 and 1627, which represents total non-shelter expenses
- 1629 Line 1615 minus line 1628, which represents non-shelter surplus (deficit) net

### **Page B3 – Unit Activity – Municipal Non-Profit Housing Program**

- Column Unit type – enter description, 1 bedroom apartment, 3 bedroom townhouse, etc.
- Column Months - enter the total number of RGI units occupied and vacant for each month and by unit type for market units.

### **Page B4 – Subsidy Entitlement Calculation - Section 95 NHA – MNP**

#### **Operating costs**

- 1635 Previous year's budgeted operating costs associated with municipal non-profit projects governed by section 95 of the NHA (line 1640 of the previous years approved estimate).
- 1636 Inflation factor from MMAH SHnotifications to be inserted in lines 1636 and 1651.
- 1640 Budgeted operating costs. Line 1635 times line 1636
- 1641 Actual operating costs for the year associated with municipal non-profit projects governed by section 95 of the NHA (line 1548 minus line 1547)

#### **Allowable costs**

- 1645 The lesser of budgeted operating costs (line 1640) or actual operating costs (line 1641)
- 1646 Actual municipal taxes associated with municipal non-profit projects governed by section 95 of the NHA (line 1549)
- 1647 Actual mortgage payments associated with municipal non-profit projects governed by section 95 of the NHA (line 1550)
- 1648 Required capital reserve contribution associated with municipal non-profit projects governed by section 95 of the NHA (line 1547)
- 1650 Total allowable expenses- sum of lines 1645 to 1649

#### **Revenue**

- 1651 A rent inflation factor provided by the Service Manager (rent increase guideline amount)
- 1652 Total number of market units associated with municipal non-profit projects governed by section 95 of the NHA (from B3 unit activity) (Prior Year Minimum market rents/ housing charges are taken from last year's AIR, column D)
- 1653 The minimum annual market rent for all market units associated with municipal non-profit projects governed by section 95 of the NHA. This is column A multiplied by column C, and then the sum taken for all unit types

- 1654 This is the amount of vacancy loss as per the approved estimate
- 1655 Net minimum annual market revenue - line 1653 minus 1654
- 1656 Market rent revenue -actual rent received from all market rent units associated with municipal non-profit projects governed by section 95 of the NHA. Line 1502 (market rent) minus line 1505 (vacancy loss).
- 1660 Adjusted market revenue - greater of line 1656 and 1655
- 1661 Geared-to-income rent - actual rent received from all households receiving RGI subsidy. (line 1501)
- 1662 Non-Rental revenue –Income from all non-rental sources (including interest) associated with municipal non-profit projects governed by section 95 of the NHA. This includes all revenue, excluding rents/ housing charges, directly attributable to, and earned from the assets of the shelter component, such as laundry and parking. It does not include revenue from non-housing programs or activities, gifts, donations, fundraising revenue and bequests, or net non-shelter revenue, which are to be recorded on line 1575 and Schedule B1.
- 1665 Adjusted Total Revenue - total of lines 1660, 1661 and 1662
- 1680 Subsidy Entitlement - lines 1650 minus 1665.
- 1685 Subsidy Paid - budgeted subsidy paid under the MNP (Section 95 NHA) program – including the maximum federal assistance
- 1690 Settlement - payable to the Group (repayable to the Service Manager)

## Part C – Statistical Information

### Page C1 - Statistical Information

The form has 9 columns, each column represents a program. The unit of measurement is termed “household” or housing unit. The columns are set up and numbered as follows:

<u>Column #</u>	<u>Program Name</u>
01	Public Housing
02	Rent Supplement
03	Limited Dividend
04	Section 26 & Section 27
05	Section 95 PNP
06	Section 95 MNP
06	Provincial Reformed Programs
07	Pre - 1986 Urban Native
08	Post - 1985 Urban Native

#### **I. Households assisted by program type**

##### RGI households with income at or below the HILs (Housing Income Limits)

- 2101 The number of targeted households assisted by each program as at the end of the year. A targeted household is a household receiving RGI assistance with an income below the



local household income limit (HIL) for the size of unit it occupies.

All Non-RGI households and those RGI households with incomes above the HILs (non-targeted)

- 2105 The number of non-targeted households assisted by this program as at the end of the year.  
2106 Vacant units at year end  
2107 Total households by Housing Program

**II. Household types assisted and average gross incomes**

Families

*(Families include households with more than one member where at least one member is below 60. Do not include households where one or more individuals are receiving support services.)*

RGI households with incomes at or below the HILs

- 2111 Total number of family households surveyed  
2113 Average annual gross household income surveyed (in dollars) of households with incomes at or below the HILs receiving rent-geared-to-income assistance

All Non-RGI households and those RGI households with incomes above the HILs (non-targeted)

- 2115 Total number of non-targeted households surveyed

Seniors

*(Seniors are households where all members are 60 or older.)*

RGI households with incomes at or below the HILs

- 2121 Total number of targeted senior households surveyed  
2123 Average annual gross household income surveyed (in dollars) of households with incomes at or below the HILs receiving rent-geared-to-income assistance

All Non-RGI households and those RGI households with incomes above the HILs (non-targeted)

- 2125 Total number of non-targeted households surveyed

Non-elderly singles

*(Households which have only one member, are younger than 60, and are not receiving support services)*

RGI households with incomes at or below the HILs

- 2131 Total number of targeted households surveyed  
2133 Average annual gross household income surveyed (in dollars)

All Non-RGI households and those RGI households with incomes above the HILs (non-targeted)

- 2135 Total number of non-targeted households surveyed

Special Needs

*(Special needs households are those in which support or care services are being provided. These services include on-site medical or nursing care, counselling on a regular basis, on-site support services due to physical, social, or emotional condition or disability.)*

RGI households with incomes at or below the HILs

- 2141 Total number of targeted households surveyed  
2143 Average annual gross household income surveyed in dollars

All Non-RGI households and those RGI households with incomes above the HILs (non-targeted)

2145 Total number of non-targeted households surveyed

**III. Additional Requirements**

This program requires additional information identifying “Actual units at year end” in the following categories:

- 2151 Households whose household income is at or below the local HIL established in O. Reg. 370/11 under the HSA. This amount comes from line 2101.
- 2152 Number of high need households. (See the definition in the HSA.) The criteria for high need households can be found in O. Reg. 370/11.
- 2153 Units modified to provide physical accessibility
- 2154 Households requiring support services

**Page C2 - Targeting Plans**

The information on this schedule is required to allow the Service Manager to assess the corporation's compliance with the targets under section 77 of the HSA in the operating agreements. Only providers under Part VII of the HSA are required to fill in this page. The schedule has two sections:

- I.) Minimum RGI Unit Requirements
- II.) Move-outs and Vacancies

**I. Minimum RGI Unit Requirements**

For projects under Part VII of the HSA, or with rent supplement agreements, the corporation is required to ensure that a specific number of the units in each project are occupied by RGI households as outlined in the corporation's *section 77* target for those projects. The corporation shall enter the required number of RGI household occupied units and the actual number of units occupied by RGI households at the corporation's year end.

**II. Move-outs and Vacancies**

The move-outs and vacancies information should be recorded for all projects under *Part VII of the HSA*. Record the number of tenant move-outs during the year for geared-to-income, market and special needs units.

Record the total number of vacant unit months for RGI, market and special needs units.

Record the total number of vacant units at year end for RGI, market and special needs units.

Record the number of special needs units which were filled with households which did not require the modifications or the services associated with those units.

**Part D - Supporting Subsidy Calculations**

*Note: Only providers with projects under Part VII of the HSA complete page D1.*

## Page D1 - General Subsidy - Part VII HSA - Operating Reserve

This page applies to housing providers governed by Part VII of the HSA . This page is used to determine how much of the current year surplus, if any, is to be shared with the Service Manager.

**If the provider has achieved \$300 per unit in its accumulated surplus account at the beginning of any previous fiscal year since the termination of its operating agreement, the provider is not allowed to use the operating reserve allowance from that point forward.**

- Line 3000 Click cell to activate drop down box for Yes/No option. Enter Yes if at the beginning of any fiscal year since the termination of the provider's operating agreement(s), the provider has had an accumulated surplus of \$300 per unit or greater. Otherwise enter No. **If Yes is entered, no further lines need to be filled in.**
- Line 3002 Only include Accumulated Shelter Surplus (Deficit) for *Part VII HSA* projects. This number will not necessarily equal the beginning accumulated surplus per the audited financial statements. (Confirm with your Service Manager)
- Line 3025 This is the total number of units relating to *Part VII HSA* Projects and is populated from page A1.
- Line 3030 This is the allowable operating reserve per unit. It is set at \$300 per unit in *O. Reg. 369/11*.
- Line 3035 This determines the total allowable operating reserve, which is \$300 times all the units. It is calculated by multiplying line 3025 times line 3030.

*The following section, from line 3040 to line 3095, does not relate to 100% RGI portfolios. By answering "Yes" on Identification page A1, lines 3040 to 3095, are automatically calculated from the information on page A9.*

- Line 3040 Accumulated Surplus, beginning of year, from line 3002.
- Line 3045 Net Shelter Income, from line 751 on page A9.
- Line 3060 Subtotal of Accumulated Surplus. Line 3040 plus 3045.
- Line 3070 Operating Reserve Eligibility Determinant - The amount used to determine if the provider is eligible for an operating reserve allowance, which would mean that not all of the current year's surplus would have to be shared with the Service Manager. If the provider has ever achieved a combined surplus of \$300 per unit or greater, all the current year's surplus would be shared with the Service Manager, even if this calculation shows that the provider is eligible. The amount in this line is determined by taking line 3035 and subtracting from it line 3060.

*The following three lines only apply if the amount in line 3070 is zero or a negative amount.*

- Line 3075 Total allowable operating reserve, from line 3035
- Line 3080 Accumulated surplus at the beginning of the fiscal year, from line 3040
- Line 3085 Operating Reserve Allowance - line 3075 minus line 3080 (transferred to line 755)

on page A9)

*The following three lines only apply if the amount in line 3070 is a positive amount.*

- Line 3090 Total allowable operating reserve from line 3070
- Line 3091 Accumulated surplus at the beginning of the fiscal year from line 3040.
- Line 3095 Operating Reserve Allowance - line 3090 minus line 3091. If the amount is a negative amount, it is not considered. A positive amount is transferred to line 755 on page A9.

The following sections (line 3100 to line 3112) apply only to Providers listed in the Schedule to O. Reg. 369/11 (100% RGI providers). *By answering “Yes” on Identification page A1, to 100% RGI, lines 3100 to 3112, are automatically calculated from the information on page A10.*

- Line 3100 Accumulated Surplus, beginning of year , from line 3002
- Line 3101 Benchmark Operating Costs, from line 801 on page A10.
- Line 3102 Actual operating costs, from line 822 on page A10.
- Line 3103 Difference - line 3101 minus line 3102.
  
- Line 3104 Operating Reserve Eligibility Determinant – line 3035 minus (line 3002+line 3103) The amount is used to determine if the provider is eligible for an operating reserve allowance, which would mean that not all of the current year’s surplus would have to be shared with the Service Manager. If the provider has ever achieved a combined surplus of \$300 per unit or greater, all the current year’s surplus would be shared with the Service Manager.

*The following three lines are completed if the amount in line 3104 is zero or a negative amount.*

- Line 3105 Total allowable operating reserve, from line 3035
- Line 3106 Accumulated surplus at the beginning of the year, from line 3002
- Line 3107 Operating reserve allowance, line 3105 minus line 3106. The amount in this line is transferred to line 823 on page A10.

*The following three lines are completed if the amount in line 3104 is a positive amount.*

- Line 3110 Benchmark operating costs, from line 3101
- Line 3111 Actual operating costs, from line 3102
- Line 3112 Operating reserve allowance, line 3110 minus line 3111. The amount in this line is transferred to line 823 on page A10.

## **APPENDIX A SHELTER EXPENSES**

*The following list is provided as a guide for categorizing shelter expenses. It is not an exhaustive listing of possible expenses but an illustration of the types of expenses to be included in each grouping. Note that HST expense should be reported with the related cost while recoveries would offset that same cost. Service Managers may have already provided housing providers with their own list of items to be included in each expense category. If in doubt, please check with your Service Manager on the recording of expense items.*

## **Line 541 and 1541- MAINTENANCE AND ADMINISTRATION**

### Maintenance salaries, wages and benefits (labour costs)

Salaries, wages and benefits: personnel costs for repairs and maintenance functions, including living or accommodations allowances

### Building and equipment (maintenance)

#### Building repair

-Concrete, asphalt, masonry, railings (balcony railings, privacy screens), floor repairs and refinishing, locking systems, roof repairs, roof anchor inspections, walls and ceilings

#### Equipment repairs

-Appliances, garage doors, laundry equipment, signs, television, and vehicle maintenance (including insurance)

#### Contract Services

-Carpet and drapery cleaning, duct cleaning, garage cleaning, janitorial services, pest control, window washing

#### Purchases of:

-Fasteners, screws, tape, clamps, garbage bags, first aid kits, hardware, drywall, masonry materials, health and safety clothing and equipment, janitorial cleaning materials and equipment, keys and locks, light bulbs, lumber and carpenter's materials, small tools

#### Energy conservation

#### Elevators

-contract inspection and maintenance, dedicated telephone line charges and monitoring, licenses and fees, repairs

## **APPENDIX A**

## Continued

### Electrical Systems

-Inspections and testing, including thermo graphic scanning; repairs and maintenance of automatic door closers, electrical heating, emergency lighting, exterior lights, fixtures, generators, interior lighting, parking ramp heaters and wiring supplies of batteries, fuses, cover plates, light fixtures, outlets, switches, timers and photocells.

### Heating, air conditioning, ventilation and plumbing (systems service and repairs) (including service contracts)

-Fan coils, filter replacement, chillers, incremental units, motors and controls, piping and air circulation systems, boilers, exhaust systems, heat pumps, humidifiers, zone valves, pumps, furnace cleaning, domestic hot water heaters, circulation pumps, valves, drains, fixtures and fittings, piping insulation, duct insulation, fan belts, motors and controls, heat exchangers, pressure regulators, septic and sprinkler systems, water treatment equipment (**if well-water testing was benchmarked here then the cost should be reported here – check with your Service Manager**)

### Grounds (equipment purchases and repairs and services) including:

-Edgers, hedge trimmers, lawn mowers, small tools, shovels, rakes, trimmers, snow blowers, tractors (repairs only) watering devices, catch basin cleaning, garden and lawn care including planting, weeding, soil enhancement, cutting, resodding, aerating, thatching, fertilizing, herbicide and pesticide treatment, tree pruning, removal, replacement and treatment. Also included is the maintenance of fences, flags and flag poles, playground and recreation equipment, fuel for equipment, salt, sand, top soil, plants and plant care products. Snow removal and grounds contracts are reported here.

### Painting (labour and material costs)

-Cyclical painting of units, common areas, building exterior, including move-out and touch-up painting including, brushes, rollers, caulking, cleaning materials, paint, protective sheeting

### Waste Removal

-Contract costs for waste removal, dumping fees, cartage costs, rental or purchase of bulk lift containers as well as repairs to bulk lift containers, garbage bins and shuts, garbage compactors

### Security

-Contracts for security guards, purchase of fire extinguishers and fire protection systems, camera and intercom system repairs, smoke and heat detectors as well as security tenants and on-call committees

### Other

-Equipment rentals, incremental unit rentals and water heater rentals, etc, etc, etc.

## APPENDIX A

## Continued

### Administration

#### Salaries, wages and benefits

-all shelter payroll costs other than those for repairs and maintenance

#### Management fees

-charged by external management companies for management services

#### Materials and Services

-Communication costs such as answering service, pager rental, newsletter production, advertising for vacancies, personnel or tenders, telephone line charges and telephone equipment rentals. Computer equipment leases, computer software and supplies, bank charges and interest as well as periodicals, publications

-Office and general costs such as postage, printing, stationery, supplies, office supplies, office rent and meeting room rental, equipment rental, corporate memberships, courier and delivery

-Professional services such as audit fees, consulting fees, legal fees, collection fees, accounting and bookkeeping fees

-Staff training and education

#### Other

-Administration costs such as car allowances, travel expenses, conference fees, ONPHA/CHF Canada dues and fees, Board of Directors and tenant/member education

### **Line 542 and 1542- UTILITIES**

Electricity, heating fuel and natural gas consumed for heating as well as water and sewage charges. **(if well-water testing was benchmarked here (under water) then the cost should be reported here as well – check with your Service Manager)**

### **Line 543 and 1543- INSURANCE**

All insurance policies, including fidelity bonding (exclude vehicle insurance)

### **Line 544 and 1544– BAD DEBTS**

Rents charged to tenants which are no longer considered collectible

### **Line 545 and 1547– Capital Reserve - from Benchmark**

### **Line 549 and 1549– Property taxes – (levied by Municipality)**

**Line 550 and 1550– Mortgage principal and interest**  
(excluding sector and non-shelter portion)

## **APPENDIX B**

## CAPITAL EXPENDITURES

This appendix has been developed to provide some guidance to corporations when determining which expenditures should be charged to the Capital Reserve Fund and which are operating costs. The following is not a definitive or comprehensive listing but an illustration of the treatment of the various types of expenditures. In general, eligible expenses are construction, renovation and substantial repairs.

### **Appliances**

Purchases of major appliances (such as refrigerators and stoves) are capital expenditures

### **Building Components\***

The replacement or upgrades of major building components are capital expenditures. Some examples are as follows:

- complete bathroom upgrade such as the replacement of all fixtures and installation of new tile
- major elevator upgrade
- flooring and carpet replacement
- furnace replacement
- roof replacement due to long term deterioration
- windows replacement

*\*Regular maintenance items, which are required at fairly short term intervals, due to normal wear and tear, are operating costs which include: caulking, elevator repairs, painting, faucet replacement, rectifying deficiencies from move-outs and annual inspections.*

### **Furniture**

Purchases of furniture for common areas are capital expenditures

### **Grounds\*\***

Construction of walkways, fencing and significant site upgrades such as re-grading or construction of retaining walls are capital expenses.

*\*\*Re-sodding parts of the grounds, planting or removing trees, shrubs or flowerbeds, repairing fences, pruning trees and other general grounds maintenance items are operating costs.*

### **Office Equipment**

Purchases of office equipment (such as computers and photocopiers) are capital expenditures.

### **Paving/asphalt**

Paving of driveways and parking lot areas, or other jobs that involve upgrading, laying stone and reconstruction work are capital expenditures.

Repairs to asphalt to restore it to efficient operating conditions are operating costs.

### **Vehicles and other equipment**

Purchases of vehicles, mowers or other large equipment are capital expenditures.