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October 18, 2019

Ann-Marie Norio, Regional Clerk
Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON L2V 4T7

Dear Ms. Norio:

At their October 18, 2019 meeting, the Niagara Regional Housing Board of Directors, passed the following motion:

1. That the draft audited statement of revenues and expenses for 527 Carlton Street Project at July 31, 2019 (Appendix 1), **BE APPROVED**;
2. That staff **BE DIRECTED** to co-ordinate with the auditor to finalize the statement as presented; and
3. That this report **BE FORWARDED** to the Region's Audit Committee for information

Your assistance is requested in providing the attached report, NRH 13-2019, to the Audit Committee.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Walter Sendzik', with a long, sweeping horizontal line extending to the right.

Mayor Walter Sendzik
Chair



REPORT TO: Board of Directors of Niagara Regional Housing

SUBJECT: Approval of Draft Audited Statement of Revenues and Expenses for 527 Carlton Street Project

Recommendation

That the Niagara Regional Housing (NRH) Board of Directors **APPROVE** the following recommendations:

1. That the draft audited statement of revenues and expenses for 527 Carlton Street Project at July 31, 2019 (Appendix 1), **BE APPROVED**;
2. That staff **BE DIRECTED** to co-ordinate with the auditor to finalize the statement as presented; and
3. That this report **BE FORWARDED** to the Region's Audit Committee for information.

Key Facts

- The purpose of the report is to obtain approval of the audited statement in order to satisfy the provincial funding requirements and release the remaining 10% portion of the agreed funding.
- The audited statement is in accordance to the provisions of the Service Manager Administration Agreements for Investment in Affordable Housing for Ontario-2014 Extension (IAH-E) and Social Infrastructure Fund (SIF) between the Ministry of Municipal Affairs and Housing (MMAH) and the Region, along with the Contribution Agreements for IAH-E and SIF between the Region and NRH.
- Approval of the audited statement by the governing Board of the Agency, Board and Commission (ABC) and referral to the Audit Committee for information is in accordance with C-F-020 Financial Reporting & Forecasting policy dated July 26, 2018.

Financial Considerations

The statement of revenues & expenses for the 527 Carlton Street Project has been prepared in accordance with the financial reporting provisions of the Service Manager Administration Agreements for Investment in Affordable Housing for Ontario-2014 Extension (IAH-E) and Social Infrastructure Fund (SIF) between the Ministry of Municipal Affairs and Housing (MMAH) and the Region, along with the Contribution Agreements for IAH-E and SIF between the Region and NRH.

Provincial and federal funding in the amount of \$11,081,817 was approved for the project. Of the total funding, \$9,973,635.30 has been received to date. The remaining 10% portion of \$1,108,181.70 will be received upon submission of this audited statement.

A draft copy of the financial statement from the project start date to July 31, 2019 is attached as Appendix 1.

The Statement is prepared to assist NRH and the Region to comply with the financial reporting provisions of the funding agreements. The audit report indicates that the statement may not be suitable for another purpose.

Analysis

The audit of the 527 Carlton Street Project was completed by the Region's auditors, Deloitte. The auditors have indicated that, based on their review, nothing has come to their attention that causes them to believe that this information is not, in all material respects, in accordance with the requirements identified.

Upon approval by the NRH Board of Directors, the statement will be submitted to the MMAH in accordance with funding agreement requirements and timelines and will be referred to Audit Committee for information.

The 527 Carlton Street Project commenced as part of the approval of the 2016 Capital Budget. At July 31, 2019, the project has expenses of \$14,928,079 resulting in a current project surplus of \$842,798 which will be returned to the NRH Owned Units Reserve. The expenses at July 31, 2019 maximize the agreed funding from MMAH and thus no funds are required to be returned.

The statement is subject to minor wording changes once the statement is finalized.

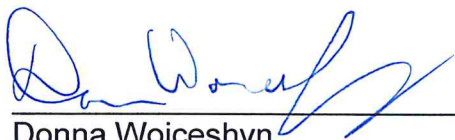
Alternatives Reviewed

The audited schedules are a funding agreement requirement and therefore no alternatives are available.

Other Pertinent Reports

N/A

Submitted by:


Donna Woiceshyn
CEO

Approved by:


Walter Sendzik
Chair

This report was prepared by Stephanie Muhic, Program Financial Specialist, in consultation with Donna Woiceshyn, CEO.

Appendices

Appendix 1 Draft Audited Statement of Revenues and Expenses – 527 Carlton Street

Statement of revenues and expenses

The Regional Municipality of Niagara
Niagara Regional Housing – 527 Carlton Street Project

July 31, 2019

The Regional Municipality of Niagara

Niagara Regional Housing – 527 Carlton Street Project

July 31, 2019

Table of contents

Independent Auditor's Report	1-2
Statement of revenues and expenses.....	3
Notes to the statement of revenues and expenses.....	4



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Independent Auditor's Report

To the Ministry of Municipal Affairs and Housing and the Regional Municipality of Niagara

Opinion

We have audited the Niagara Regional Housing – 527 Carlton Street Project statement of revenues and expenses of the Regional Municipality of Niagara (the "Region") from the project start date to July 31, 2019, including a summary of significant accounting policies (collectively referred to as the "Statement").

In our opinion, the accompanying Statement of the Region from the project start date to July 31, 2019 is prepared, in all material respects, in accordance with the financial reporting provisions of the Service Manager Administration Agreements for Investment in Affordable Housing for Ontario (2014 Extension) – Rental Housing Component Year 3 and Year 4 dated September 29, 2014 ("IAH-E") and 2016 Social Infrastructure Fund – Rental Housing Component Year 1 ("SIF") dated August 16, 2016, between the Ministry of Municipal Affairs and Housing (the "Ministry") and the Region, along with the Contribution Agreements for IAH-E dated February 9, 2017 and April 1, 2017 and SIF dated February 9, 2017, between the Region and Niagara Regional Housing (the "Financial Reporting Framework").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Statement* section of our report. We are independent of the Region in accordance with the ethical requirements that are relevant to our audit of the Statement in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the Statement, which describes the basis of accounting. The Statement is prepared to assist the Region to comply with the financial reporting provisions of the above noted agreements. As a result, the Statement may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Statement

Management is responsible for the preparation of the Statement in accordance with the Financial Reporting Framework, and for such internal control as management determines is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Region's financial reporting process.

Auditor's Responsibilities for the Audit of the Statement

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Region's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The image shows a handwritten signature in cursive script that reads "Deloitte LLP".

Chartered Professional Accountants
Licensed Public Accountants
October 18, 2019

The Regional Municipality of Niagara
Niagara Regional Housing - 527 Carlton Street Project
Statement of revenues and expenses
Project start date to July 31, 2019

	Budget	Actual
	\$	\$
Revenues		
Niagara Regional Housing reserves	4,689,060	3,846,262
Federal/Provincial funding:		
SIF Year 1 funding	2,387,817	2,387,817
IAH-E Year 3 funding	5,806,000	5,806,000
IAH-E Year 4 funding	2,888,000	2,888,000
	15,770,877	14,928,079
Expenses		
Construction:	12,021,312	7,883,953
Sprinklers	-	117,500
Mechanical	-	2,312,995
Electrical	-	1,080,000
Landcaping, paving, outdoor amenities	20,000	958,236
Land	1,050,000	1,068,153
Design	363,500	469,096
Site remediation and soil stabilization	312,000	289,332
Other	123,392	225,184
Non-recoverable HST	248,360	213,345
Kitchen appliances	127,500	120,884
Environmental and geotechnical	60,000	78,091
Legal	2,000	34,610
Property tax	-	26,895
Furnishings and equipment	20,000	22,265
Land registration and land transfer tax	-	14,743
Topographic surveying	8,675	9,744
Audit	3,000	3,053
Contingency	1,411,138	-
	15,770,877	14,928,079
Net revenues over expenses	-	-

The accompanying notes to the financial statement are an integral part of this financial statement.

The Regional Municipality of Niagara

Niagara Regional Housing – 527 Carlton Street Project

Notes to the statement of revenues and expenses

July 31, 2019

1. Significant accounting policies

The Statement is prepared for the Regional Municipality of Niagara (the "Region") and the Ministry of Municipal Affairs and Housing (the "Ministry") in accordance with the financial reporting provisions of the Service Manager Administration Agreements for IAH-E and SIF, between the Ministry and the Region, along with the Contribution Agreements for IAH-E and SIF, between the Region and Niagara Regional Housing. It is prepared in accordance with Canadian public sector accounting standards, except that it does not provide for employee future benefits and does not capitalize and amortize tangible capital assets.

Significant accounting policies are as follows:

Revenues and expenses

Revenues and expenses are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measureable, expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal liability to pay.

Tangible capital assets

This historical cost and accumulated depreciation of tangible capital assets are not recorded. Tangible capital assets acquired are reported as an expenditure and amortization is not recorded on the Statement.

2. Budget data

The budget data presented in the Statement is based on the budget data submitted to the Regional Municipality of Niagara.