



## Chapter 5

### FINANCIAL REVIEW

## Your Financial Responsibility

Your Board is responsible for the organization's financial performance. The Board can assess how well your financial controls and systems work by checking whether:

- The Board uses actual figures from the previous year to forecast expenses and revenues this year, or actual or estimated costs, where appropriate.
- Financial records are maintained in one accessible location.
- Board members review regular financial reports on financial activities and the budget so revisions can be made if necessary.
- Annual financial statements are produced, audited and submitted on time.
- The Board seeks assistance if finances are not on track.

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Refer to the *Financial Management Guide* for information on meeting your financial responsibilities.

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## Purpose of the Financial Review

At the end of the fiscal year, you send a copy of your audited financial statements to BC Housing for review. The purpose of the financial statement review is to:

- Evaluate your organization's adherence to the financial management terms of the operating agreement.
- Ensure housing providers are able to meet financial obligations.
- Ensure the subsidy we provide is used to operate housing developments in accordance with your operating agreement.
- Ensure your organization is safeguarding assets funded by B.C. taxpayers.
- Record data for analysis and reporting to Canada and Mortgage Housing Corporation (CMHC) and the provincial government, which fund rent subsidies.



When BC Housing conducts a financial review, we assess operating *revenues* for each development to:

- Verify the subsidies and repayable assistance that were paid.
- Verify that housing providers are collecting the correct amount for resident rents and occupancy charges, and that arrears are under control.
- Determine if any subsidy adjustment is needed.

BC Housing only reviews housing provider operating *expenses* when:

- Actual operating expenses for manageable costs exceed the operating budget.
- The amount collected for rents/housing charges is incorrect.
- A provider is experiencing difficulties with cash flow management, which can cause problems with operations.

The operational review may duplicate some components of the financial review process, but also provides an opportunity to confirm the results of the financial review.

## Housing Provider Profile

BC Housing maintains a database that includes an electronic profile of each housing provider, using data from the financial and operational reviews. We include information on performance measures collected during both reviews in one database. BC Housing uses this tool to:

- Recognize housing providers who are managing developments effectively and efficiently, and require minimal or no assistance or analysis of operating costs.
- Identify housing providers most in need of support.
- Direct our support to groups that require greater assistance.

The information in this database is for internal BC Housing use only, and all information is kept strictly confidential.

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Contact our Financial Review staff at 604-433-1711 for more information on the housing provider profile.

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