

Annual Financial Statement Framework Frequently Asked Questions

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What is the purpose of the Financial Statement Framework?

- The Financial Statement Framework helps Non-Profit Housing Providers (Providers) align the reporting of their annual spending more closely with their approved budget.
- The framework was developed in consultation with a range of Providers and their Auditors from across the province.
- It builds on the budget framework which was designed to improve the annual operating budget review process.

Are all Providers who receive an annual subsidy from BC Housing required to use this framework?

- Yes, all Providers receiving annual subsidies from BC Housing are required to complete and submit the Financial Statement Framework to report their actual revenues and expenses, the changes in their Replacement Reserve (if applicable) and their financial position, as follows:
 - Report the revenues and expenses for each project separately, in the relevant Statement of Operations tab;
 - Report the changes in the Replacement Reserve Fund separately by project in the Replacement Reserve tab; and
 - Complete the Statement of Financial Position in the Financial Position tab, if a Statement of Financial Position is not provided with the Financial Statements.
 - All Providers are required to submit an electronic Excel copy and a pdf version of the completed Financial Statement Framework, the pdf version must be signed by the Provider's most senior accounting employee/contractor.

The Financial Statement and Financial Statement Framework letter states that “completion of the Statement of Financial Position in the framework is optional.” Does that mean it's not mandatory?

- Use of the Statement of Financial Position tab in the framework is encouraged, but not mandatory, if a Statement of Financial Position is prepared by the Auditor/External Accountants (as applicable) and submitted to BC Housing.
- Completion of the Statement of Financial Position tab is mandatory and must be signed by the Board if the Provider does not provide a Statement of Financial Position with the Unaudited Financial Statements which are signed by the Board.

Does the Financial Statement Framework form part of the Provider's Audited Financial Statements?

- The Financial Statement Framework, in its Excel format, is a separate document which does not form part of the Audited Financial Statements. However, all Providers must ensure that the reports in the Financial Statement Framework are prepared from the same accounting ledgers that were used to prepare the Audited Financial Statements. The completion and accuracy of the Financial Statement Framework is the responsibility of the Provider. No communication is required from the Provider's auditors regarding the presentation or contents of the Financial Statement Framework.

My Auditor wants our bookkeeper to populate the Financial Statement Framework first. Is that acceptable or does the Auditor need to fill it out?

- The Provider has responsibility for the completeness and accuracy of the Financial Statement Framework. It is recommended that prior to commencement of the audit, the Provider's accounting staff should populate the Financial Statement Framework Statement(s) of Operations and if applicable, the Statement of Changes in Replacement Reserve.
- If the Auditor makes adjustments to the Provider's Financial Statements, the Provider's accounting staff must ensure that the adjustments are correctly reflected in the Financial Statement Framework.

Can the order of the revenue and expense on the Financial Statement Framework be moved so it better aligns with our general ledger?

- The Financial Statement Framework was created to align with BC Housing's general ledger to improve efficiencies when reviewing financial statements from close to 600 Providers.

Do Providers need to align their General Ledger with BC Housing's?

- The framework was created to align with BC Housing's General Ledger. Providers are not required to re-align their General Ledgers with BC Housing's.

Do Providers need to include a prior year's deficit payment in the Financial Statement Framework Statement(s) of Operations for a project?

- Yes, the Provider should include the revenue related to the deficit payment when recording revenue received from BC Housing and add a comment indicating how much of the revenue reported is a prior year adjustment.

Are Providers required to send BC Housing a copy of the Auditor's management letter and Auditor's report on compliance with agreement(s)?

- All reporting requirements outlined in the Provider's Operating Agreement(s) with BC Housing remain in effect. If the Auditor's management letter and/or the Auditor's report on compliance with agreement(s) are required in the terms of the Operating Agreement, then these documents must be sent to BC Housing.