


# Report

Date:	August 26, 2016	
To:	Board of Directors VPCON	
From:	Veronica Fowler, CPA, CGA	
Subject:	2 <sup>nd</sup> Quarter Financial Report	

## Purpose

For review and approval

## Summary

The consolidated surplus at June 30<sup>th</sup>, 2016 is \$997,687. With the Insurance reserve and AIR potential adjustments the adjusted or revised surplus at June 30, 2016 is \$1,264,025.

	VPCHI	VPAHC	Consolidated
<b>Surplus</b>	744,028	253,659	997,687
<b>Adjustments:</b>			
Insurance Reserve	(16,250)	0	(16,250)
AIRs	(265,300)	0	(265,300)
Sale of Cheever (est.)	500,712	47,176	547,888
<b>Revised Surplus</b>	963,190	300,835	1,264,025

The Property Managers for the VPAHC portfolio will have to keep a close eye on their budget for the remainder of the year. However, with the sale of Cheever for both companies, there is no reason we cannot achieve the budgeted surplus for both VPCHI and VPAHC.

*This Second (2nd) Quarter Financial Report presents the consolidated financial position and the consolidated statement of operations of Victoria Park Community Homes Inc (VPCHI) and Victoria Park Affordable Housing Corp (VPAHC) at June 30, 2016*

**Report on Financial Position**

**Cash**

Bank balances are healthy. VPAHC bank balance is higher than required. I have come with investment recommendations for both VPCHI and VPHC.

	June 30, 2016		June 30, 2015	
	Bank	Reconciled	Bank	Reconciled
<b>VPCHI</b>	802,296	375,045	1,334,730	1,357,774
<b>VPAHC</b>	653,332	707,519	462,735	440,153

**Arrears**

At June 30, 2016 VPCHI's current month consolidated arrears performance indicator (PI) was 7.66% down from 8.15% 1<sup>st</sup> quarter result. Last year's 2nd quarter arrears were 7.47%, and the goal for 2016 is unchanged at 7%. The Prior Month and Prior Month 2 PIs are 1.73% and 0.78% therefore we achieve the Prior Month goal of 1.75% however, did not meet the Prior Month 2 goal of 0.75%.

The region of Waterloo has the highest Current Month PI and the second highest is Brantford who is also the highest PI in the Prior Month and Prior Month 2. The Village still has the lowest PIs of 1.04% which helps the overall consolidated.

Current Month	VPCHI	VPAHC
<b>Rental Arrears</b>	\$90,865	\$8,879
<b>Other</b>	\$93,429	\$6,016
<b>Total</b>	\$184,294	\$14,895
<b>PI</b>	8%	7%
<b># of Households</b>	273	29

## Investments

The market value of VPCHI's investment was \$2,777,322, and the book value is \$2,718,762. We are under-funded by 401,162 at June 30, 2016. I have included two (2) investment reports for VPCHI and one report for VPAHC to invest some of the excess cash. I hope to come back 3<sup>rd</sup> Quarter 2017 with an updated VPCHI Investment strategy which will incorporate VPAHC.

## Replacement Reserve and Capital Improvements

During the second quarter on a consolidated basis, VPCHI expensed \$195,598 on capital expenditures charged to the replacement reserve and \$70,542 on capital improvements for our 'owned' properties. The total spent on capital is \$266,140 compared to a capital budget of \$4,219,304.

June 30, 2016				
	Capital	Reserve	Total	Budget
<b>VPCHI</b>	1,112,404	277,261	1,389,645	4,149,127
<b>VPAHC</b>	127,234	0	127,234	70,600

While the budget for VPAHC appears to be over, there was the roof for 85 Bonaventure which was not budgeted for. The roof actual cost was \$83,908 and is now 100% complete. Also the consolidated Capital Budget does not breakout the Allowance, Administration Fee, Contingency and Reserve between VPCHI and VPAHC. These contingencies are included 100% with VPCHI. We will ensure future budgets will isolate these contingencies between the two corporations.

The total consolidated Replacement Reserve balance at June 30, 2016 is \$1,887,766.

## Insurance Reserve

At December 31, 2015 a significant entry was done to fund up the insurance reserve at year end. In 2015 the entry was a \$263,235 swing in the overall results for VPCHI. During the year it is difficult to predict how much the insurance company will cover expenditures due to

the higher deductible of \$50,000. During 2016 I will report on the insurance reserve balance and the potential adjustment for the portfolio required for year end.

	June 30, 2016		June 30, 2015	
	Balance	Potential Expense	Balance	Potential Expense
VPCHI	133,750	16,250	103,044	46,956
VPAHC	20,000	0	0	0

*Report on Statement of Operations*

Operating Revenues:

Total rent charged to tenants was \$7,073,480 (2015 - \$7,141,147). Parking income and net laundry revenue was \$87,287 (2015 - \$83,822).

The Solar PV's at VPCHI generated revenue of \$5,607 at June 30, 2016 (2015 - \$4,919) from Brantford Power compared to budget of \$5,000.

(in 1,000)	June 30, 2016		June 30, 2015	
	Actual	Budget	Actual	Budget
<b>VPCHI</b>				
Rental Revenue	7,073	7,007	7,141	7,122
Parking & Laundry	84	81	83	80
Total Revenue	10,871	10,714	10,907	10,733
<b>VPAHC</b>				
Rental Revenue	781	874	503	559
Total Revenue	890	874	561	559

All revenues appear to be reasonable compared to budget. The variance between Rental Revenue actual and budget for VPAHC is primarily from Rent Supplement Assistance received from the City of Hamilton. When we compared total revenues for we have a positive variance for VPAHC.



		Total Expense	YTD Budget	Variance \$	Variance %	Annual Budget
<b>vp47</b>	Mill Creek Terrace	121,884	104,893	16,992	16	210,787
<b>af18</b>	Mountain View Village	94,521	82,818	11,703	14	164,185
<b>af19</b>	West Park Village	82,331	70,949	11,382	16	140,023
<b>vp44</b>	39 Paulander Drive	126,208	115,307	10,902	9	229,119
<b>vp38</b>	Pinewood Gardens	116,374	109,165	7,210	7	218,326

*VPCHI*

The top three negative variances for Maintenance Expenses for VPCHI are:

Maintenance Expenses	Current Year	Negative Variance	Prior Year	Negative Variance to CY
<b>Security Expense</b>	\$48,854	\$32,334	\$59,871	(\$11,017)
<b>Janitorial, Cleaning</b>	\$106,632	\$6,102	\$105,873	\$760
<b>HST, Net</b>	\$124,096	\$13,538	\$105,188	\$18,908

All properties, with the exception of vp45 are over on Security Expense with the Village representing 25% of the negative variance. There are some properties did not have a budget and have expensed Carbon Monoxide detectors that were required in all units, as a result of end of life.

Janitorial, Cleaning is over budget primarily by three properties. 831 Queenston Road has the highest negative variance. I have confirmed that these expenses relate to sewer back-ups and not insurance claims. Allowance will be made in the 2017 Capital Budget to correct these issues.

HST, net expense is also over budget by \$13,538 this is primarily due to properties out of their operating agreements who no longer receive rebates.

On the Administration side, Professional Fees are over budget by \$33,831. Some of the overage is due to appraisals done on several properties, BCAs and Energy Audits. LMR



	June 30, 2016		June 30, 2015	
	Actual	Budget	Actual	Budget
<b>VPCHI</b>	60,361	90,060	82,344	106,828
<b>VPAHC</b>	11,123	11,945	16,250	8,393

Please see Bad Debt report for details of the write off by property.

### Vacancy Loss

On a consolidated basis the vacancy loss at June 30, 2016 is \$66,343 (2015 - \$134,940). Included in this amount an estimated \$34,832 (2016 - \$68,042) HSA subsidized vacancies. A portion if not all of the \$34,832 is receivable at year end. If we subtract this amount from the above total vacancies, VPCHI's vacancy loss at June 30, 2016 is an estimated \$42,784 under budget. We have seen a dramatic drop in vacancies over the prior year.

	June 30, 2016		June 30, 2015	
	Actual	Budget	Actual	Budget
<b>VPCHI</b>	102,635	193,466	259,668	267,620
<b>VPAHC</b>	12,244	13,887	7,391	11,225

At June 30, 2016 the only non-income producing units are at the Cheever site.



## Projection to Year End

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