

**Standard Homeward Trust responses to commonly asked questions related to
'Request for Proposals' for 'Audit Services'**

1. What are the things that worked well and things that didn't work well with the current auditor?

HTE Response: *Our current auditor has continuity on the audit team, they have been respectful and friendly with Homeward Trust's accounting team, and reasonable & flexible with their requests.*

2. What are the critical factors Homeward Trust is looking for in the new auditor?

HTE Response: *In addition to the above factors, knowledge of our business and industry would be important.*

3. When was the interim audit done last year and how big was the audit team?

HTE Response: *It was done around November and there was no field work. Homeward Trust provided the requested working papers and the auditors worked from their office for interim work on the file.*

4. When was the final audit done last year and how big was the audit team?

HTE Response: *It was done in early March with 2 weeks of field work and 1 week in their office and the subsequent wrap up. We anticipate moving it to sometime in mid to late February with improved year end procedures internally. The audit team consisted of 2 staff accountants, 1 senior and 1 manager along with the partner on the file.*

5. How many meetings do the external auditors attend annually and what were the timelines in prior year?

HTE Response: *In September the audit plan was presented to the audit and finance committee through a briefing; the auditors did not attend. In May at the audit and finance committee meeting the auditors presented the financial statements. They were also present in the Board meeting for the portion when the FS were approved.*

6. What are the critical issues and hotspots unique to Homeward Trust and its related companies?

HTE Response: *As a system planner, our biggest risk is if our funding is terminated by any level of the government.*

7. On 2016 financial statements the 'Advances to agencies' on B/S is a material amount. Why does Homeward Trust advance money to agencies and if Homeward Trust has any issues with recovering those amounts?

HTE Response: *These amounts are advances paid at the beginning of the funding year based on three months of the expected contract amount to provide much needed cash flow for the year. The advances are drawn down in the last quarter netted against claims submitted by the agencies.*

8. How do we ensure that agencies are using the money for the intended purposes?

HTE Response: *We sign contracts with each agency and do financial and operational audits on them to ensure they are using the money for the intended purposes. Also, the claims are vetted through a detailed process before they get paid. Agencies need to submit invoices for all the allowed expense and claims are processed based on the allowable and non-allowable expenses and their reasonableness before getting reviewed & approved for payment.*

9. What are the compliance requirements in addition to the annual year-end audit and what does it entail?

HTE Response: *Due to different funding and fiscal year ends, a special federal audit is required to be completed 120 days after the funding year end; the audit is done in June. It is essentially a special grant audit where only Q1 (Jan – Mar) federal entries are vetted by the auditors to report under the Homelessness Partnering Strategy (HPS) as per the contract requirements.*

10. What accounting system does Homeward Trust use currently?

HTE Response: *Homeward Trust currently uses ACCPAC but will soon be converting its accounting software to YARDI for property management companies and NAV for Homeward Trust Edmonton. The YARDI conversion is expected to be done by fall 2017 but the NAV conversion may not happen before the 2017 year end as we still are in the initial stages of implementation.*

11. Are all the business processes documented?

HTE Response: *We don't have all business processes documented but we do have continuity in staff and are in the process of improving our documentation of business processes.*

12. Some details on the 2016 financial statements – contribution receivables on HTE, any new property development plans for 1627175 Alberta Ltd. or Homeward Trust Holdings?

HTE Response: *Contributions receivable exists on HTE's balance sheet based on contracts committed for a funding year and funding being received on a quarterly basis. The balance on*

the year end FS is the money we have not yet received as per the contracts for Q4 of the funding year (Jan – Mar).

Regarding our property management companies, there isn't much development work planned for the upcoming year. 1627175 will be finalizing some renovations and the balance will be property management in 2017 and Holdings is wrapping up one capital project (Balwin) in the fall of 2017. Another development that is in the initial stages of investigation (Station Pointe) may move forward in 2018.

13. Payroll questions

- If we use 3rd party provider or do it inhouse
HTE Response: *3rd party provider*
- Who do we use as 3rd party provider?
HTE Response: *Ceridian*
- What is the process for review and who does the review
HTE Response: *It is prepared by our payroll staff member and reviewed by the CFO, who matches the numbers and change reports submitted to Ceridian with the summary payroll report for each pay period and then signs on each of those reports as a proof of her review.*

14. On page 2 of the RFP, under the section Your Response to the Request for Proposal, the eighth bullet reads "...Provide your proposed fee for the required semi-annual review work and for tax preparation". What does this semi-annual review work entail? Is it different and separate from the annual audit requested under Scope?

HTE Response: *We do not have any semi-annual review work and all the audit work would be under the scope of annual audit and special HPS funding audit (detailed above).*

15. Do all 4 of the entities have the same business processes and controls at a high level (e.g., payroll process, expenditures initiation, authorization, etc.)? Are there major differences in personnel involved in these business processes and the activities performed for each of the entities, and if so what are these differences? Is the Finance team the same for all the entities?

HTE Response: *Yes, all the business processes and controls at the high level are same for all the four companies. The finance team is the same for all entities and for 3 of the four we are located in the same office. FIND Furniture Bank is located in Lansdowne and has staff located there, but all financial transactions go through our head office.*