

SECTION 8

Financial Statements of

GREATER SUDBURY HOUSING CORPORATION

Year ended December 31, 2003

AUDITORS' REPORT TO THE BOARD OF DIRECTORS

We have audited the balance sheet of the **Greater Sudbury Housing Corporation** as at December 31, 2003 and the statement of operations and fund balance for the year then ended. These financial statements have been prepared to comply with the accounting principles as specified by the Municipal Service Manager, City of Greater Sudbury. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2003 and the results of its operations for the year then ended in accordance with accounting principles as disclosed in note 1 to the financial statements.

These financial statements, which have not been, and were not intended to be prepared in accordance with Canadian generally accepted accounting principles are solely for the information and use of the Directors of the Greater Sudbury Housing Corporation and the City of Greater Sudbury, to comply with accounting principles as specified by the City of Greater Sudbury. The statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.


Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in the Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



COLLINS BARROW-MAHEU NOISEUX LLP
Chartered Accountants



FREELANDT CALDWELL REILLY LLP
Chartered Accountants



KPMG LLP
Chartered Accountants

Sudbury, Canada
March 3, 2003

GREATER SUDBURY HOUSING CORPORATION

Balance Sheet

December 31, 2003, with comparative figures for 2002


	2003	2002
Assets		
Current assets:		
Cash	\$ 1,381,341	\$ 634,705
Tenant accounts receivable	73,919	65,835
Other accounts receivable	154,080	152,744
Inventory, at cost	169,242	268,185
Prepaid expenses	-	49,689
	\$ 1,778,582	\$ 1,171,158

Liabilities, Share Capital and Fund Balance

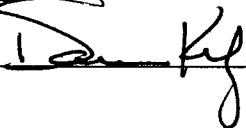
Current liabilities:		
Accounts payable and accrued liabilities	\$ 867,790	\$ 903,195
Accrued payroll and employee benefits	78,668	128,972
Prepaid rents	78,873	95,806
Due to Service Manager	753,250	43,184
	1,778,581	1,171,157
Share capital:		
Authorized:		
Unlimited common shares		
Issued:		
100 common shares	1	1
Fund balance	-	-
Commitments (note 4)		
	\$ 1,778,582	\$ 1,171,158

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

GREATER SUDBURY HOUSING CORPORATION

Statement of Operations and Fund Balance

Year ended December 31, 2003, with comparative figures for 2002

	2003 Budget (Unaudited)	2003 Actual	2002 Actual
Revenue:			
Rental	\$ 6,260,000	\$ 6,388,083	\$ 6,260,904
City of Greater Sudbury - local housing subsidy	8,150,409	8,150,409	7,719,712
Ministry of Municipal Affairs and Housing - grant	6,300	397,848	388,205
Non-rental	61,000	96,268	61,702
Interest	20,000	37,360	20,617
Non-profit management fees	—	11,500	—
	<u>14,497,709</u>	<u>15,081,468</u>	<u>14,451,140</u>
Expenses:			
Capital	2,190,000	2,181,687	2,243,326
Rent supplement program	2,562,809	2,682,708	2,637,052
Municipal taxes	2,266,000	1,807,243	2,268,804
Utilities	3,050,000	3,289,561	3,003,141
Salaries and benefits	2,232,400	2,146,850	1,989,168
Property maintenance and operations	1,604,700	1,625,814	1,694,913
Administration	390,500	431,815	399,813
Transportation and communication	94,500	93,250	106,503
Bad debts	180,000	143,806	140,176
Community development programs	5,000	3,684	3,260
Administration (recovery)	(78,200)	(78,200)	(78,200)
	<u>14,497,709</u>	<u>14,328,218</u>	<u>14,407,956</u>
Excess of revenue over expenses before the undernoted			
	—	753,250	43,184
Subsidies refundable:			
Current	—	753,250	43,184
Prior	—	—	113,807
	—	753,250	156,991
Excess (deficiency) of revenue over expenses			
	—	—	(113,807)
Fund balance, beginning of year			
	—	—	113,807
Fund balance, end of year			
	\$ —	\$ —	\$ —

See accompanying notes to financial statements.

GREATER SUDBURY HOUSING CORPORATION

Notes to Financial Statements

Year ended December 31, 2003

Greater Sudbury Housing Corporation (the "Corporation") was incorporated under the Ontario Business Corporations Act on December 14, 2000. Its principal activity is the provision of socially-assisted housing.

The Corporation is a non-profit organization under the Income Tax Act and is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

1. Significant accounting policies:

(a) Basis of accounting:

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the policies as determined by its Service Manager, City of Greater Sudbury. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because:

- (i) The Corporation has obligations for certain employee benefits which will require funding in future years and which are not accrued in the accounts (see note 4 (a)).
- (ii) Capital assets purchased and betterments which extend the estimated life of an assets are charged to operations in the year the expenditure is incurred rather than being capitalized on the balance sheet and amortized over their estimated useful lives.

(b) Revenue and expenses recognition:

Revenue and expenses is accounted for on the accrual basis which recognized transactions as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal liability to pay.

(c) Subsidy refundable:

The operating subsidy is recognized based on the approved fiscal allocation by the Service Manager. Subsidies may be recovered by the Service Manager based on an annual reconciliation performed subsequent to year end. These recoveries are reported in the year of recovery.

(d) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

GREATER SUDBURY HOUSING CORPORATION

Notes to Financial Statements

Year ended December 31, 2003

2. Incorporation and commencement of operations:

Bill 128 (the Social Housing Reform Act, 2000) provided for the formation of local housing corporations to be organized under the provisions of the Ontario Business Corporations Act with a municipal service manager as the sole shareholder. The Greater Sudbury Housing Corporation was incorporated under the Ontario Business Corporations Act on December 14, 2000. The Corporation was deemed upon incorporation to have issued 100 common shares in its capital stock to its service manager, the City of Greater Sudbury.

Pursuant to a Transfer Order made under the Social Housing Reform Act, all assets, liabilities, rights and obligations with respect to the provincially-operated local housing authority were transferred from the Ontario Housing Corporation to the Greater Sudbury Housing Corporation, effective January 1, 2001. The transfer included all social housing units, including land and buildings but did not include the associated debentures.

The land and buildings transferred to this Greater Sudbury Housing Corporation are as follows:

Street Address	Other Name	Units
Cabot/Burton/Hearne	Cabot Park	88
3553 Montpellier, Chelmsford	The Rosemont	41
1950 LaSalle Boulevard	Place Hurtubise	106
744 Bruce Street	Ryan Heights	150
1960 "B" Paris Street	401 Rumball Terrace	204
1960 "A" Paris Street	201 Rumball Terrace	101
1052 Belfry Street	Eddie Lapierre Building	101
1920 Paris Street	The Towers	101
27 Hanna Street, Capreol	Dennie Court	20
Catherine and Maplewood Streets, Garson		3
720 Bruce Avenue	The Balmoral	251
Charette Street, Chelmsford		8
O'Neil Drive, Garson		6
241 Second Avenue North	Birkdale Village	70
1778 LaSalle Boulevard	Keewatin Court	30
1200 Attlee Avenue	McCormack Court	76
159 Louis Street	Fournier Gardens	127
Charlotte and Gaudette Streets, Chelmsford		20
166 Louis Street		50
1528 Kennedy Street		20
155 Lapointe Street, Hanmer	Place Royale	27
35 Spruce Street, Garson	Spruce Villa	24
240 "B" Street, Lively		26
242 Colonial Court	Colonial Court	12
St. Onge Street, Chelmsford		6
1655 & 1676 Havenbrook Drive		12
715 Burton Avenue		20
491 Camelot Drive	Carmichael Village	42
Scattered Units		63
Scattered Units		43
		1,848

GREATER SUDBURY HOUSING CORPORATION

Notes to Financial Statements

Year ended December 31, 2003

3. Budget figures:

The budget figures included in the statement of revenue, expenditure and surplus are included for comparative purposes only. These figures are unaudited.

4. Commitments:

(a) The Corporation provides certain employee benefits which will require funding in future years and which are not accrued. The total unaccrued vacation and severance pay at December 31, 2003 totals \$192,715 (2002 - \$202,777).

Upon dissolution of the provincially-operated local housing authority to the new Greater Sudbury Housing Corporation, provincial funding was received by the City of Greater Sudbury as Service Manager, to assist with funding the contingent liability for future costs with respect to former provincial employees' statutory entitlements accrued to the date of transfer.

(b) The Corporation has entered into various contracts for services with monthly costs totalling \$48,211 (2002 - \$39,525).

5. Statement of cash flows:

A statement of cash flows has not been presented as it would not provide any additional meaningful information.

6. Fair value of financial instruments:

The fair values of cash, tenant accounts receivable, other accounts receivable and accounts payable and accrued liabilities and due to service manager approximate their carrying values due to the short period to maturity.

GREATER SUDBURY HOUSING CORPORATION

Schedule of Operations

Year ended December 31, 2003

	Operating		Capital		Rent supplement program		Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenue:								
Rental	\$ 6,260,000	6,388,083					6,260,000	6,388,083
City of Greater Sudbury - housing subsidy	3,397,600	3,397,600	2,190,000	2,190,000	2,562,809	2,562,809	8,150,409	8,150,409
Ministry of Municipal Affairs and Housing - grant	6,300	13,455			384,393		6,300	397,848
Non-rental	61,000	96,268					61,000	96,268
Interest	20,000	37,360					20,000	37,360
Non-profit management fees		11,500					-	11,500
	9,744,900	9,944,266	2,190,000	2,190,000	2,562,809	2,947,202	14,497,709	15,081,468
Expenses:								
Capital			2,190,000	2,181,687			2,190,000	2,181,687
Rent supplement program					2,562,809	2,682,708	2,562,809	2,682,708
Municipal taxes	2,266,000	1,807,243					2,266,000	1,807,243
Utilities	3,050,000	3,289,561					3,050,000	3,289,561
Salaries and benefits	2,232,400	2,146,850					2,232,400	2,146,850
Property maintenance and operations	1,604,700	1,625,814					1,604,700	1,625,814
Administration	390,500	431,815					390,500	431,815
Transportation and communication	94,500	93,250					94,500	93,250
Bad debts	180,000	143,806					180,000	143,806
Community development programs	5,000	3,684					5,000	3,684
Administration (recovery)	(78,200)	(78,200)					(78,200)	(78,200)
	9,744,900	9,463,823	2,190,000	2,181,687	2,562,809	2,682,708	14,497,709	14,328,218
Excess of revenue over expenses before the undernoted		480,443		8,313		264,494		753,250
Current year subsidy refundable		(480,443)		(8,313)		(264,494)		(753,250)
Excess of revenue over expenses		-		-		-		-