

Ministry of Seniors

Consolidated Financial Statements

March 31, 2003

**MINISTRY OF SENIORS
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2003**

Auditor's Report

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AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Seniors as at March 31, 2003 and the consolidated statements of operations and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the Ministry. My responsibility is to express an opinion on these consolidated financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

The Ministry is required to follow the corporate government accounting policies and reporting practices established by Alberta Finance, including the following policy that is an exception from Canadian generally accepted accounting principles:

Management bodies

The assets, liabilities, revenues and expenses of management bodies have not been consolidated in these financial statements. Management bodies meet the definition of entities accountable to, and controlled by, the Minister, through relevant provisions of the Alberta Housing Act, requiring their consolidation in the accompanying financial statements. Had the management bodies been included in the Ministry's statements, total revenues would increase by approximately \$108,832,000 and expenses by approximately \$100,884,000. The Ministry has also not determined the effect of this omission on its assets and liabilities at March 31, 2003. However, I estimate that assets of the Ministry would increase by approximately \$16 million which represents reserve funds held by management bodies and arising from budget surpluses.

In my opinion, because of the effects of the matter discussed in the preceding paragraph, these consolidated financial statements do not present fairly the financial position of the Ministry as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Original signed by
Fred J. Dunn
FCA
Auditor General

Edmonton, Alberta
May 23, 2003

MINISTRY OF SENIORS
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003		2002
	Budget (Schedule 3)	Actual	Actual
Revenues (Schedule 1)			
Transfers from the Government of Canada	\$ 64,872	\$ 73,436	\$ 64,415
Investment income	909	1,501	1,892
Other revenue	6,576	17,771	16,696
	<u>72,357</u>	<u>92,708</u>	<u>83,003</u>
Expenses-Directly Incurred (Note 2c and Schedules 2 and 5)			
Provide financial support and information services to seniors	189,660	187,820	174,530
Support provision and management of seniors, family, and special purpose housing	88,742	107,377	118,350
Provide planning and policy development for seniors and housing	929	822	754
Ministry support services	3,106	3,138	2,947
Grants in Kind	21,712	21,552	9,123
Debt servicing costs	44,943	45,117	49,448
	<u>349,092</u>	<u>365,826</u>	<u>355,152</u>
Valuation adjustments			
Provision for (recovery of):			
Doubtful accounts	100	36	111
Vacation pay	64	97	102
Guarantees, indemnities, and mortgages	297	(149)	(433)
Capital assets	-	129	(61)
	<u>461</u>	<u>113</u>	<u>(281)</u>
	<u>349,553</u>	<u>365,939</u>	<u>354,871</u>
Gain on disposal of capital assets	<u>(12,636)</u>	<u>(7,457)</u>	<u>(46)</u>
Net operating results	<u>\$ (264,560)</u>	<u>\$ (265,774)</u>	<u>\$ (271,822)</u>

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF SENIORS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2003
(thousands of dollars)

	<u>2003</u>	<u>2002</u>
Assets		
Cash (Note 3)	\$ 35,770	\$ 19,929
Accounts receivable (Note 4)	16,430	10,902
Loans and advances (Note 5)	20,479	25,280
Deferred financing charges	1,911	2,084
Capital assets (Note 6)	<u>809,377</u>	<u>841,391</u>
	<u>\$ 883,967</u>	<u>\$ 899,586</u>
Liabilities		
Accounts payable and accrued liabilities	36,744	26,658
Allowance for losses on guarantees and indemnities (Note 7)	644	748
Advance from Alberta Finance (Note 8)	35,160	35,635
Long-term debt (Note 9)	<u>494,459</u>	<u>514,698</u>
	<u>567,007</u>	<u>577,739</u>
Net Assets		
Net assets at beginning of year	321,847	279,016
Net operating results	(265,774)	(271,822)
Net transfer from General Revenues	<u>260,887</u>	<u>314,653</u>
Net assets, end of year	<u>316,960</u>	<u>321,847</u>
	<u>\$ 883,967</u>	<u>\$ 899,586</u>

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF SENIORS
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003	2002
Operating transactions		
Net operating results	\$ (265,774)	\$ (271,822)
Non-cash items		
Amortization	23,996	24,248
Grants in kind	21,552	9,123
Amortization of deferred financing charges	173	240
Gain on disposal of capital assets	(7,457)	(46)
Valuation adjustments and other provisions	113	(281)
	(227,397)	(238,538)
(Increase) decrease in accounts receivable before provisions	(5,564)	3,033
Increase (decrease) in accounts payable and accrued liabilities before valuation adjustments	10,017	(948)
	(222,944)	(236,453)
Cash used by operating transactions		
Investing transactions		
Repayments of loans and advances	4,818	4,962
Proceeds from disposal of capital assets	73	972
Purchase of capital assets	(155)	(498)
Contributions in kind	(6,124)	(6,141)
Net transfers of capital assets	-	(380)
	(1,388)	(1,085)
Cash used by investing transactions		
Financing transactions		
Net transfer from General Revenues	260,887	314,653
Repayment of advance from Alberta Finance	(475)	(4,550)
Repayment of long-term debt	(20,239)	(61,632)
	240,173	248,471
Cash provided by financing transactions		
Net cash provided	15,841	10,933
Cash, beginning of year	19,929	8,996
Cash, end of year	\$ 35,770	\$ 19,929

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF SENIORS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

Note 1 Authority and Purpose

The Minister of Seniors (Minister) has, by the Government Organization Act and its regulations, been designated responsible for various Acts. To fulfill these responsibilities, the Minister is responsible for the organizations listed in Note 2(a). The authority under which each organization operates is also listed in Note 2(a). Together these organizations form the Ministry of Seniors (Ministry).

The purpose of the Ministry is to provide services, programs and information that contribute to the well-being and independence of seniors, Albertans in need of housing supports, and other clients of the ministry.

This is done by:

- providing financial support and information services to seniors.
- supporting the management of and enabling the provision of family, special purpose, and seniors housing.
- providing planning and policy development for housing, seniors and Alberta's aging population.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate. These consolidated financial statements are prepared in accordance with the following accounting policies that have been established by government for all ministries.

(a) Reporting Entity

The reporting entity is the Ministry of Seniors. The Government Accountability Act defines a Ministry as including the Department and any Provincial agency and Crown-controlled organization for which the Minister is responsible.

MINISTRY OF SENIORS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

**Note 2 Summary of Significant Accounting Policies and Reporting Practices
(continued)**

(a) Reporting Entity (continued)

These consolidated financial statements include the accounts of the following organizations:

<u>Organization</u>	<u>Authority</u>
Department of Seniors	Government Organization Act
Alberta Social Housing Corporation	Alberta Housing Act

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Consolidation

The accounts of the organizations listed in Note 2(a) above have been consolidated. Revenue and expense transactions, investing and financing transactions, and related asset and liability accounts between the consolidated organizations were eliminated upon consolidation.

(c) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting with the exception of interest on rural and native mortgages that are classified as non-accrual. Rural and native mortgages are classified as non-accrual when payments are 60 days in arrears. Interest on non-accrual loans is recorded on a cash basis.

Cash received for which goods or services have not been provided by year-end is recorded as unearned revenue.

MINISTRY OF SENIORS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

**Note 2 Summary of Significant Accounting Policies and Reporting Practices
(continued)**

(c) Basis of Financial Reporting (continued)

Expenses

Directly incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses also include:

- amortization of capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- debt servicing cost on long term debt.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.

Incurred by others

Services contributed by other entities in support of the Ministry's operations are disclosed in Schedule 5.

Assets

Financial assets of the Ministry are limited to cash and financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Loans and advances include mortgages that are reported at cost less provisions for losses. Cost includes amounts advanced, accrued interest, and other charges, less repayments and subsidies.

MINISTRY OF SENIORS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

**Note 2 Summary of Significant Accounting Policies and Reporting Practices
(continued)**

(c) Basis of Financial Reporting (continued)

Assets (continued)

Assets acquired by right are not included. Capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$100,000. The threshold for all other capital assets is \$15,000 in the Department of Seniors and \$5,000 in the Alberta Social Housing Corporation. All land and work in progress are capitalized at cost and not amortized. Donated capital assets are recorded at their fair value at the time of contribution.

When capital assets are gifted or sold for a nominal sum to parties external to the government reporting entity, the fair values of these capital assets less any nominal proceeds are recorded as grants in kind.

Deferred charges on debt financing are amortized over the life of the debt on a straight-line basis.

Liabilities

Liabilities include all financial claims payable/provided for by the Ministry at the fiscal year end.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Ministry and its liabilities.

MINISTRY OF SENIORS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

**Note 2 Summary of Significant Accounting Policies and Reporting Practices
(continued)**

(c) Basis of Financial Reporting (continued)

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, accounts payable and accrued liabilities and advance from Alberta Finance are estimated to approximate their carrying values. Fair values of loans and advances are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timelines or cost to estimate the fair value with sufficient reliability.

Measurement Uncertainty

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. The allowance for losses on land (Note 6), recorded as \$1,690,000 is subject to measurement uncertainty. Allowance for losses on guarantees and indemnities (Note 7), recorded as \$644,000 in these financial statements, is also subject to measurement uncertainty.

Note 3 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is being managed by Alberta Finance with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. Interest is earned on the Ministry's daily cash balance at the average rate of CCITF's earnings, which varies depending on prevailing market interest rates. Due to the short-term nature of these deposits the carrying value approximates fair value.

MINISTRY OF SENIORS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

Note 4 Accounts Receivable

	2003			2002
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
	(thousands of dollars)			
Management Bodies	\$ 7,181	\$ -	\$ 7,181	\$ 9,553
Sales Receivable	10	-	10	810
Canada Mortgage and Housing Corporation	8,318	-	8,318	-
Refunds from suppliers	15	-	15	67
Accounts receivable	1,072	(166)	906	472
	\$ 16,596	\$ (166)	\$ 16,430	\$ 10,902

Accounts receivable are unsecured and non-interest bearing.

Note 5 Loans and Advances

	2003			2002
	Gross Amount	Allowance for Losses	Net Realizable Value	Net Realizable Value
	(thousands of dollars)			
Program mortgages ^(a)	\$ 20,314	\$ (23)	\$ 20,291	\$ 24,503
Mortgages held for sale	-	-	-	513
Other receivables ^(b)	188	-	188	264
	\$ 20,502	\$ (23)	\$ 20,479	\$ 25,280

^(a) These mortgages are provided under the Rural and Native Housing program with payments based on an amortization period of 25 years and five-year interest renewal terms.

^(b) Financial agreements with First Nations and individuals under the REHP program.

MINISTRY OF SENIORS
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2003

Note 7 Guarantees and Indemnities

The Ministry has outstanding guarantees that were issued by the Alberta Social Housing Corporation on the sale of certain of its mortgages whereby the Corporation will reimburse mortgagees for any losses, which may occur on default by mortgagors. Any claims for losses by the mortgagees will be reduced by the amounts realized from the sale of the underlying properties.

Guaranteed amounts, the last of which was guaranteed on March 30, 1994, are as follows:

	2003	2002
	(thousands of dollars)	
Mortgages on single family properties, guaranteed to 2015	\$ 39	\$ 186
Mortgages on multi-unit rental properties and land, guaranteed to:		
2003	-	1,973
2004	1,971	2,045
2007	7,023	31,775
2008	662	686
2009	284	330
2011	35,579	36,983
2018	935	1,244
	46,454	75,036
	\$ 46,493	\$ 75,222

Under the former mobile home loan insurance program, the Ministry through the Alberta Social Housing Corporation has agreed to indemnify losses on mobile home loans issued by financial institutions. The outstanding loans as at March 31, 2003 amount to \$3,776,000 (2002 - \$5,478,000). This program was terminated effective October 1, 1993. However the Ministry through the Alberta Social Housing Corporation has an ongoing commitment on insurance policies remaining in force.

An allowance for losses has been made on these guarantees and indemnities in the amount of \$644,000 (2002 - \$748,000).

Note 8 Advance from Alberta Finance

The advance is interest free and is repayable on demand.

Note 9 Long Term Debt

The Ministry's long-term debt and exposure to interest rate risk is summarized in the following table:

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Debentures payable:		
Canada Mortgage and Housing Corporation ^(a)	\$ 81,651	\$ 82,523
Alberta Heritage Savings Trust Fund ^(b)	100,038	104,622
Note payable to Alberta Finance ^(c)	<u>312,770</u>	<u>327,553</u>
	<u>\$ 494,459</u>	<u>\$ 514,698</u>

^(a) maturing 2023 to 2030 with a weighted average effective rate of 9.62%.

^(b) maturing June 2011 to January 2012 with a weighted average effective rate of 17.40%

^(c) maturing September 16, 2016, with an effective rate of 5.93%

The Province of Alberta guarantees the repayment of principal and interest on all borrowings.

The debentures, including interest thereon, are repayable in equal annual or semi-annual instalments, and the note payable is repayable in equal semi-annual instalments.

Approximate aggregate repayments of principal due in each of the next five years are:

	(thousands of dollars)
2003-2004	\$ 22,007
2004-2005	23,975
2005-2006	26,170
2006-2007	28,626
2007-2008	31,381
thereafter	<u>362,300</u>
	<u>\$ 494,459</u>

MINISTRY OF SENIORS
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2003

Note 9 Long Term Debt (continued)

Long-term debt has a fair value of \$115,431,000 for Canada Mortgage and Housing Corporation debentures, \$158,018,000 for Alberta Heritage Savings Trust Fund debentures and \$327,273,000 for note payable to Alberta Finance. Fair values for debt are based on the Province of Alberta's current borrowing rates, which are available to the Ministry for debt with similar terms and maturities.

Note 10 Commitments

As at March 31, 2003, the Ministry has the following commitments:

	2003	2002
	(thousands of dollars)	
Agreements ^(a)	\$ 257,628	\$ 258,724
Lease Commitments ^(b)	48,114	49,437
	\$ 305,742	\$ 308,161

^(a) The Ministry has long term agreements with non-profit organizations and providers of rent supplement units.

^(b) The Ministry leases vehicles under operating leases that expire on various dates to 2006. The Ministry leases land under various operating leases to provide social housing. The aggregate amounts payable for the unexpired terms of these leases are as follows:

	2003	2002
	(thousands of dollars)	
2002 - 2003	-	1,359
2003 - 2004	1,371	1,354
2004 - 2005	1,362	1,348
2005 - 2006	1,352	1,347
2006 - 2007	1,347	1,347
2007 - 2008	1,347	1,347
Thereafter	41,335	41,335
	\$ 48,114	\$ 49,437

MINISTRY OF SENIORS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

Note 11 Contingencies

As at March 31, 2003, the Ministry is a defendant in eight legal claims (2002 - six legal claims). The claims have a specified amount totalling \$3,352,000 (2002 – six legal claims with a specified amount of \$1,022,000). In six of eight legal claims, the Ministry has been jointly named with other entities. Two claims amounting to \$1,975,000 (2002 – two claims amounting to \$183,000) are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

MINISTRY OF SENIORS
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2003

Note 12 Rental Properties - Contributions to and Recoveries from Management Bodies

The Ministry makes contributions to management bodies that have recorded expenses in excess of revenues and recovers amounts from management bodies that have revenues in excess of recorded expenses. Management bodies do not record expenses for interest on long-term debt and amortization of managed properties. These costs are incurred and recorded by Alberta Social Housing Corporation. Management bodies are permitted to retain funds in a reserve account in accordance with Ministry guidelines. Amounts in the reserve account can be used for future operating needs, or as instructed by the Ministry.

Information on the revenues and recorded expenses of management bodies is disclosed so as to provide the reader with an understanding of the scope of the housing services being provided by the Ministry through the management bodies.

The gross revenues and expenses for the Ministry social housing projects, managed by management bodies, are as follows:

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Revenues	\$114,911	\$101,161
Expenses	<u>114,530</u>	<u>96,016</u>
Net operating results	381	5,145
Less amounts retained in the year	<u>(7,948)</u>	<u>(7,754)</u>
Net results	<u><u>\$ (7,567)</u></u>	<u><u>\$ (2,609)</u></u>

The above results are recorded on the statement of operations for the year as follows:

	<u>2003</u>	<u>2002</u>
	(thousands of dollars)	
Recoveries from management bodies	\$ 5,740	\$ 7,581
Refunds of expenses - management bodies	339	-
Grants to management bodies	<u>(13,646)</u>	<u>(10,190)</u>
Net results	<u><u>\$ (7,567)</u></u>	<u><u>\$ (2,609)</u></u>

Note 13 Program Recoveries

Cost-sharing agreements provide for a contribution by Canada Mortgage and Housing Corporation towards the capital costs, subsidies on rental properties, and mortgages and for certain administration and net operating results on approved social housing program projects.

Note 14 Defined Benefit Plans

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of \$672,000 for the year ended March 31, 2003 (2002 - \$621,000).

At December 31, 2002, the Management Employees Pension Plan reported a deficiency of \$301,968,000 (2001 - surplus \$5,338,000) and the Public Service Pension Plan reported an actuarial deficiency of \$175,528,000 (2001 - actuarial surplus \$320,487,000). At December 31, 2002, the Supplementary Retirement Plan for Public Service Managers had an actuarial surplus of \$6,472,000 (2001 - actuarial deficiency \$399,000).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2003, the Bargaining Unit Plan reported an actuarial deficiency of \$14,434,000 (2002 - \$8,646,000) and the Management, Opted Out and Excluded Plan an actuarial deficiency of \$3,053,000 (2002 - \$2,656,000). The expense for these two plans is limited to employer's annual contributions for the year.

Note 15 Subsequent Events

Pursuant to an Order in Council (OC123/2003) approved on March 27, 2003 the responsibility for the Office of the Public Guardian and the Shelters for Homeless Adults program was transferred from the Ministry of Human Resources and Employment to the Ministry of Seniors effective April 1, 2003.

Note 16 Comparative Figures

Certain 2002 figures have been reclassified to conform to 2003 presentation.

Note 17 Approval of Consolidated Financial Statements

The consolidated financial statements were approved by the Senior Financial Officer and the Deputy Minister of Seniors.

MINISTRY OF SENIORS
REVENUES
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003		2002
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Transfers from the Government of Canada			
Recoveries from Canada Mortgage and Housing Corporation (Note 13)	\$ 64,872	\$ 73,436	\$ 64,415
Investment income			
Interest	909	1,501	1,892
Other revenue			
Recoveries from management bodies	5,720	5,740	7,581
Recoveries from non profit programs	-	13	119
Contributions in kind	-	6,124	5,126
Refunds of expenses	135	1,455	1,765
Miscellaneous	121	3,767	1,249
Rental Properties	600	672	476
Transfer of capital assets from Department of Infrastructure	-	-	380
	<u>6,576</u>	<u>17,771</u>	<u>16,696</u>
	<u>\$ 72,357</u>	<u>\$ 92,708</u>	<u>\$ 83,003</u>

MINISTRY OF SENIORS
EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003		2002
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Expenses			
Salaries, wages and employee benefits	\$ 13,383	\$ 13,053	\$ 12,028
Supplies and services	7,801	8,418	7,402
Supplies and services from support service arrangements with related parties ^(a)	274	274	400
Grants	259,307	275,729	262,875
Debt servicing costs	44,943	45,117	49,448
Other	64	68	67
Amortization of capital assets	<u>24,149</u>	<u>23,996</u>	<u>24,248</u>
Total expenses before recoveries	349,921	366,655	356,468
Less: Recovery from support service arrangements with related parties ^(b)	<u>(829)</u>	<u>(829)</u>	<u>(1,316)</u>
	<u>\$ 349,092</u>	<u>\$ 365,826</u>	<u>\$ 355,152</u>
Valuation adjustments			
Provision for (recovery of) losses on:			
Doubtful accounts	\$ 100	\$ 36	\$ 111
Vacation pay	64	97	102
Guarantees, indemnities, and mortgages	297	(149)	(433)
Capital assets	<u>-</u>	<u>129</u>	<u>(61)</u>
	<u>\$ 461</u>	<u>\$ 113</u>	<u>\$ (281)</u>

(a) The Ministry receives financial and administrative services from the Ministry of Community Development.

(b) The Ministry provides information technology services to the Ministry of Community Development. Costs incurred by the Ministry for these services are recovered from the Ministry of Community Development.

MINISTRY OF SENIORS
BUDGET
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2002-03		
	Estimates	Authorized Supplementary ^(a)	Authorized Budget
Revenues			
Transfers from the Government of Canada	\$ 64,872	\$ -	\$ 64,872
Investment Income	909	-	909
Other revenue	6,576	-	6,576
	<u>72,357</u>	<u>-</u>	<u>72,357</u>
Expenses			
Provide financial support and information services to seniors	189,660	-	189,660
Support provision and management of seniors, family and special purpose housing	88,742	17,000	105,742
Provide planning and policy development for seniors and housing	929	-	929
Ministry support services	3,106	-	3,106
Grants in Kind	21,712	-	21,712
Debt servicing costs	44,943	-	44,943
	<u>349,092</u>	<u>17,000</u>	<u>366,092</u>
Valuation adjustments			
Provision for (recovery of) losses on:			
Doubtful accounts	100	-	100
Vacation pay	64	-	64
Guarantees, indemnities, and mortgages	297	-	297
Capital assets	-	-	-
	<u>461</u>	<u>-</u>	<u>461</u>
	<u>349,553</u>	<u>17,000</u>	<u>366,553</u>
Gain on disposal of fixed assets	(12,636)	-	(12,636)
Net operating results	<u>\$(264,560)</u>	<u>\$ (17,000)</u>	<u>\$(281,560)</u>
Capital investment	<u>\$ 60</u>	<u>\$ -</u>	<u>\$ 60</u>

^(a) Supplementary estimates were approved on March 10, 2003.

MINISTRY OF SENIORS
RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry receives services under contracts managed by the Ministry of Government Services (ACSC). Any commitments under these contracts are reported by the Ministry of Government Services (ACSC). The Ministry had the following transactions with related parties recorded in the financial statements at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2003	2002
Expenses - Directly Incurred		
Other services	\$ 2,672	\$ 2,365
Debt servicing costs	37,200	41,438
	<u>\$ 39,872</u>	<u>\$ 43,803</u>
Capital Assets Transferred ^(a)	<u>\$ -</u>	<u>\$ 380</u>
Deferred financing charges: Alberta Finance	<u>\$ 1,911</u>	<u>\$ 2,084</u>
Accounts payable to Alberta Finance ^(b)	\$ 348,692	\$ 363,986
Accounts payable to Alberta Heritage Savings Trust Fund ^(b)	107,809	112,746
	<u>\$ 456,501</u>	<u>\$ 476,732</u>

The above transactions do not include support service arrangement transactions disclosed in Schedule 2

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed on Schedule 5.

	Other Entities	
	2003	2002
Expenses - Incurred by others		
Accommodation	\$ 1,473	\$ 405
Legal services	198	224
	<u>\$ 1,671</u>	<u>\$ 629</u>

(a) During the year there was a transfer of land from the Department of Sustainable Resource Development at zero cost.

(b) Debt and accrued interest on debt.

MINISTRY OF SENIORS
ALLOCATED COSTS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

Program	2003										2002
	Expenses ⁽¹⁾	Debt Servicing Costs ⁽¹⁾	Grants in Kind ⁽¹⁾	Accommodation costs	Legal services	Recoveries	Losses/ Recoveries	Vacation Pay	Doubtful Accounts	Total Expenses	
Provide financial support and information services to seniors	\$ 187,820	\$ -	\$ -	\$ 892	\$ 31	\$ -	\$ (20)	\$ 29		\$ 188,752	\$ 174,973
Support provision and management of seniors, family and special purpose housing	107,377	45,117	21,552	562	151	(20)	71	7		174,817	176,803
Provide planning and policy development for seniors and housing	822	-	-	4	-	-	3	-		829	761
Ministry support services	3,138	-	-	15	16	-	43	-		3,212	2,963
	\$ 299,157	\$ 45,117	\$ 21,552	\$ 1,473	\$ 198	\$ (20)	\$ 97	\$ 36		\$ 367,610	\$ 355,500

⁽¹⁾ Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

Department of Seniors

Financial Statements

March 31, 2003

**DEPARTMENT OF SENIORS
FINANCIAL STATEMENTS
MARCH 31, 2003**

Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Changes in Financial Position

Notes to the Financial Statements

Schedule 1 Revenues

Schedule 2 Expenses - Directly Incurred Detailed by Object

Schedule 3 Budget

Schedule 4 Comparison of Expenses - Directly Incurred and Capital Investments by
Element to Authorized Budget

Schedule 5 Salary and Benefits Disclosure

Schedule 6 Related Party Transactions

Schedule 7 Allocated Cost



AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the statement of financial position of the Department of Seniors as at March 31, 2003 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Department's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 my opinion, these financial statements present fairly the financial position of the Department as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Original signed by
Fred J. Dunn
FCA
Auditor General

Edmonton, Alberta
May 23, 2003

DEPARTMENT OF SENIORS
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003		2002
	Budget (Schedule 3)	Actual	Actual
Revenues (Schedule 1)			
Transfers from the Government of Canada	\$ 9,800	\$ 18,794	\$ 10,689
Other revenue	5,855	7,207	7,906
	<u>15,655</u>	<u>26,001</u>	<u>18,595</u>
Expenses-Directly Incurred (Note 2b and Schedule 7) Voted (Schedules 2 and 4)			
Seniors services	189,660	187,820	174,530
Housing services	81,899	100,373	160,708
Ministry support services	4,035	3,960	3,701
	<u>275,594</u>	<u>292,153</u>	<u>338,939</u>
Statutory			
Valuation adjustments			
Provision for doubtful accounts	100	29	110
Provision for vacation pay	64	97	102
	<u>164</u>	<u>126</u>	<u>212</u>
	<u>275,758</u>	<u>292,279</u>	<u>339,151</u>
Loss on disposal of assets	<u>-</u>	<u>42</u>	<u>-</u>
Net operating results	<u><u>\$ (260,103)</u></u>	<u><u>\$ (266,320)</u></u>	<u><u>\$ (320,556)</u></u>

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF SENIORS
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2003
(thousands of dollars)

	2003	2002
Assets		
Cash	\$ 8,247	\$ -
Accounts receivable (Note 3)	17,282	11,090
Due from Alberta Social Housing Corporation	9,165	16,165
Capital assets (Note 4)	663	928
	\$ 35,357	\$ 28,183
 Liabilities		
Accounts payable and accrued liabilities	\$ 25,531	\$ 12,924
 Net assets		
Net assets at beginning of year	15,259	21,162
Net operating results	(266,320)	(320,556)
Net transfer from General Revenues	260,887	314,653
Net assets at end of year	9,826	15,259
	\$ 35,357	\$ 28,183

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF SENIORS
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	<u>2003</u>	<u>2002</u>
Operating transactions		
Net operating results	\$ (266,320)	\$ (320,556)
Non-cash items		
Amortization	322	359
Valuation adjustments	126	212
Loss on disposal of assets	42	-
	<u>(265,830)</u>	<u>(319,985)</u>
Increase in accounts receivable before valuation adjustments	(6,221)	(10,237)
Decrease in due from Alberta Social Housing Corporation	7,000	10,353
Increase in accounts payable and accrued liabilities before valuation adjustments	<u>12,510</u>	<u>4,935</u>
Cash used by operating transactions	<u>(252,541)</u>	<u>(314,934)</u>
Investing transactions		
Purchases of capital assets (Schedule 4)	(99)	(403)
Proceeds from disposal of capital assets	-	267
Net transfers of capital assets	<u>-</u>	<u>(249)</u>
Cash used by investing transactions	<u>(99)</u>	<u>(385)</u>
Financing transactions		
Net transfer from General Revenues	<u>260,887</u>	<u>314,653</u>
Net cash provided (used)	8,247	(666)
Cash at beginning of year	<u>-</u>	<u>666</u>
Cash at end of year	<u>\$ 8,247</u>	<u>\$ -</u>

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF SENIORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

Note 1 Authority and Purpose

The Department of Seniors operates under the authority of the Government Organization Act, Chapter G-10 Revised Statutes of Alberta 2000.

The purpose of the Department is to provide services, programs and information that contribute to the well-being and independence of seniors, Albertans in need of housing supports, and other clients of the ministry.

This is done by:

- providing financial support and information services to seniors.
- supporting the management of and enabling the provision of family, special purpose, and seniors housing.
- providing planning and policy development for housing, seniors and Alberta's aging population.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(a) Reporting Entity

The reporting entity is the Department of Seniors, which is part of the Ministry of Seniors and for which the Minister of Seniors is accountable. The other entity reporting to the Minister is the Alberta Social Housing Corporation. The Corporation's activities are not included in these financial statements. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

DEPARTMENT OF SENIORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

**Note 2 Summary of Significant Accounting Policies and Reporting Practices
(continued)**

(a) Reporting Entity (continued)

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year-end is recorded as unearned revenue.

Expenses

Directly incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses also include:

- amortization of capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

DEPARTMENT OF SENIORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

**Note 2 Summary of Significant Accounting Policies and Reporting Practices
(continued)**

(b) Basis of Financial Reporting (continued)

Expenses (continued)

Incurred by others

Services contributed by other entities in support of the Department's operations are disclosed in Schedule 7.

Assets

Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included. Capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$100,000 and the threshold for all other capital assets is \$15,000. All land is capitalized.

Donated capital assets are recorded at their fair value at the time of contribution.

When capital assets are gifted or sold for a nominal sum to parties external to the government reporting entity, the fair values of these capital assets less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities represent all financial claims payable by the Department at the fiscal year end.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Department and its liabilities.

DEPARTMENT OF SENIORS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2003

**Note 2 Summary of Significant Accounting Policies and Reporting Practices
 (continued)**

(b) Basis of Financial Reporting (continued)

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable and accounts payable and accrued liabilities are estimated to approximate their carrying values.

Note 3 Accounts Receivable

	2003			2002
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
	(thousands of dollars)			
Management Bodies	\$ 7,140	\$ -	\$ 7,140	\$ 9,440
Canada Mortgage and Housing Corporation	9,390	-	9,390	1,176
Other receivables	825	(73)	752	474
	\$ 17,355	\$ (73)	\$ 17,282	\$ 11,090

Accounts receivable are unsecured and non-interest bearing.

DEPARTMENT OF SENIORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

Note 4 Capital Assets

	Estimated Useful Life (years)	2003			2002
		Cost	Accumulated Amortization (thousands of dollars)	Net Book Value	Net Book Value
Computer hardware and software	5	\$ 2,702	\$ (2,096)	\$ 606	\$ 868
Equipment	10	74	(17)	57	60
		<u>\$ 2,776</u>	<u>\$ (2,113)</u>	<u>\$ 663</u>	<u>\$ 928</u>

Note 5 Commitments

As at March 31, 2003, the Department has the following commitments:

	2003	2002
	(thousands of dollars)	
Agreements ^(a)	\$ 257,628	\$ 258,724
Long-term leases ^(b)	44	20
	<u>\$ 257,672</u>	<u>\$ 258,744</u>

(a) The Department has long-term agreements with non-profit organizations and providers of rent supplement units.

(b) The Department leases vehicles under operating leases that expire on various dates to 2006. The aggregate amounts payable for the unexpired terms of these leases are as follows:

	2003	2002
	(thousands of dollars)	
2002 - 2003	\$ -	\$ 12
2003 - 2004	24	7
2004 - 2005	15	1
2005 - 2006	5	-
	<u>\$ 44</u>	<u>\$ 20</u>

DEPARTMENT OF SENIORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

Note 6 Defined Benefit Plans

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of \$672,000 for the year ended March 31, 2003 (2002 - \$621,000).

At December 31, 2002, the Management Employees Pension Plan reported a deficiency of \$301,968,000 (2001 - surplus \$5,338,000) and the Public Service Pension Plan reported an actuarial deficiency of \$175,528,000 (2001 - actuarial surplus \$320,487,000). At December 31, 2002, the Supplementary Retirement Plan for Public Service Managers had an actuarial surplus of \$6,472,000 (2001 - actuarial deficiency \$399,000).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2003, the Bargaining Unit Plan reported an actuarial deficiency of \$14,434,000 (2002 - \$8,646,000) and the Management, Opted Out and Excluded Plan an actuarial deficiency of \$3,053,000 (2002 - \$2,656,000). The expense for these two plans is limited to employer's annual contributions for the year.

Note 7 Rental Properties - Contributions to and Recoveries from Management Bodies

The Department makes contributions to management bodies that have recorded expenses in excess of revenues and recovers amounts from management bodies that have revenues in excess of recorded expenses. Management bodies do not record expenses for interest on long-term debt and amortization of managed properties. These costs are incurred and recorded by Alberta Social Housing Corporation. Management bodies are permitted to retain funds in a reserve account in accordance with Ministry guidelines. Amounts in the reserve account can be used for future operating needs, or as instructed by the Ministry.

Information on the revenues and recorded expenses of management bodies is disclosed so as to provide the reader with an understanding of the scope of the housing services being provided by the Department through the management bodies.

DEPARTMENT OF SENIORS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2003

Note 7 Rental Properties - Contributions to and Recoveries from Management Bodies (continued)

The gross revenues and expenses for the social housing projects, managed by management bodies, are as follows:

	2003	2002
	(thousands of dollars)	
Revenues	\$ 114,911	\$ 101,161
Expenses	114,530	96,016
Net operating results	381	5,145
Less amounts retained in the year	7,948	7,754
Net results	\$ (7,567)	\$ (2,609)

The above results are recorded on the statement of operations for the year as follows:

	2003	2002
	(thousands of dollars)	
Recoveries from management bodies	\$ 5,740	\$ 7,581
Refunds of expenses - management bodies	339	-
Grants to management bodies	(13,646)	(10,190)
Net results	\$ (7,567)	\$ (2,609)

Note 8 Subsequent Events

Pursuant to an Order in Council (OC123/2003) approved on March 27, 2003 the responsibility for the Office of the Public Guardian and the Shelters for Homeless Adults program was transferred from the Ministry of Human Resources and Employment to the Ministry of Seniors effective April 1, 2003.

Note 9 Comparative Figures

Certain 2002 figures have been reclassified to conform to 2003 presentation.

Note 10 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

DEPARTMENT OF SENIORS
REVENUES
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003		2002
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Transfers from the Government of Canada Recoveries from Canada Mortgage and Housing Corporation	\$ 9,800	\$ 18,794	\$ 10,689
Other revenue			
Recoveries from management bodies	5,720	5,740	7,581
Refunds of expenses	135	1,454	206
Recoveries from non-profit programs	-	13	119
	<u>5,855</u>	<u>7,207</u>	<u>7,906</u>
	<u>\$ 15,655</u>	<u>\$ 26,001</u>	<u>\$ 18,595</u>

DEPARTMENT OF SENIORS
EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003		2002
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Voted			
Salaries, wages and employee benefits	\$ 13,383	\$ 13,053	\$ 12,028
Supplies and services	5,561	6,278	5,289
Supplies and services from support service arrangements with related parties ^(a)	274	274	400
Grants	256,810	272,987	322,112
Other	64	68	67
Amortization of capital assets	331	322	359
	<u>276,423</u>	<u>292,982</u>	<u>340,255</u>
Less: Recovery from Support Service arrangements with Related Parties ^(b)	<u>(829)</u>	<u>(829)</u>	<u>(1,316)</u>
	<u>\$ 275,594</u>	<u>\$ 292,153</u>	<u>\$ 338,939</u>
Statutory			
Valuation adjustments			
Provision for doubtful accounts	\$ 100	\$ 29	\$ 110
Provision for vacation pay	64	97	102
	<u>\$ 164</u>	<u>\$ 126</u>	<u>\$ 212</u>

^(a) The Department receives financial and administrative services from the Department of Community Development.

^(b) The Department provides information technology services to the Department of Community Development. Costs incurred by the Department for these services are recovered from the Department of Community Development.

DEPARTMENT OF SENIORS
BUDGET
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2002-03		
	Estimates	Authorized Supplementary ^(a)	Authorized Budget
Revenues			
Transfers from the Government of Canada	\$ 9,800	\$ -	\$ 9,800
Other revenue	5,855	-	5,855
	<u>15,655</u>	<u>-</u>	<u>15,655</u>
Expenses - Directly Incurred			
Voted Expenses			
Ministry support services	4,035	-	4,035
Seniors services	189,660	-	189,660
Housing services	81,899	17,000	98,899
	<u>275,594</u>	<u>17,000</u>	<u>292,594</u>
Statutory Expenses			
Valuation adjustments			
Provision for doubtful accounts	100	-	100
Provision for vacation pay	64	-	64
	<u>164</u>	<u>-</u>	<u>164</u>
	<u>275,758</u>	<u>17,000</u>	<u>292,758</u>
Loss on disposal of assets	-	-	-
Net operating results	<u>\$ (260,103)</u>	<u>\$ (17,000)</u>	<u>\$ (277,103)</u>
Capital Investment	<u>\$ 60</u>	<u>\$ -</u>	<u>\$ 60</u>

(a) Supplementary estimates were approved on March 10, 2003.

DEPARTMENT OF SENIORS
COMPARISON OF EXPENSES
DIRECTLY INCURRED AND CAPITAL INVESTMENTS
BY ELEMENT TO AUTHORIZED BUDGET
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2002-03				
	Authorized Supple- mentary ^(a) Estimates	-	Authorized Budget	Actuals ^(b)	Unexpended (Over - Expended)
Voted Expenses and Capital Investment					
MINISTRY SUPPORT SERVICES					
1.0.1 Minister's Office	\$ 331	\$ -	\$ 331	\$ 329	\$ 2
1.0.2 Deputy Minister's Office	337	-	337	335	2
1.0.3 Communications	270	-	270	269	1
1.0.4 Strategic Corporate Services	541	-	541	538	3
1.0.5 Finance and Administration - Operating Expense	1,627	-	1,627	1,667	(40)
1.0.6 Strategic Planning and Policy	929	-	929	822	107
	4,035	-	4,035	3,960	75
SENIORS SERVICES					
2.1 Management and Operations					
2.1.1 Program Support	237	-	237	208	29
2.1.2 Alberta Seniors Benefit Program Delivery					
- Operating Expense	5,025	-	5,025	5,274	(249)
- Capital Investment	60	-	60	99	(39)
2.1.3 Seniors Advisory Council	248	-	248	240	8
2.1.4 Client and Information Services	1,612	-	1,612	1,926	(314)
2.1.5 Special Needs Assistance Program Delivery	1,053	-	1,053	1,062	(9)
Total Sub-Program	8,235	-	8,235	8,809	(574)
2.2 Income Support for Seniors					
2.2.1 Alberta Seniors Benefit	154,133	-	154,133	155,062	(929)
2.2.2 Seniors Special Project Grants	252	-	252	398	(146)
2.2.3 Special Needs Assistance Grants	27,100	-	27,100	23,650	3,450
Total Sub-Program	181,485	-	181,485	179,110	2,375
	189,720	-	189,720	187,919	1,801

DEPARTMENT OF SENIORS
COMPARISON OF EXPENSES
DIRECTLY INCURRED AND CAPITAL INVESTMENTS
BY ELEMENT TO AUTHORIZED BUDGET
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2002-03					
	Authorized		Unexpended		(Over - Expended)	
	Estimates	Supple- mentary ^(a)	Authorized Budget	Actuals ^(b)		
Voted Expenses and Capital Investment (continued)						
HOUSING SERVICES						
3.1 Management and Operations						
3.1.1	Program Support	2,424	-	2,424	2,421	3
3.1.2	Housing Innovation and Policy	1,182	-	1,182	1,170	12
3.1.3	Major Housing Initiatives and Program Delivery	2,968	-	2,968	2,961	7
	Total Sub-program	6,574	-	6,574	6,552	22
3.2 Seniors Housing Operating Grants						
3.2.1	Lodge Assistance Grants	14,557	-	14,557	14,416	141
3.2.2	Support to Seniors Housing Providers	1,150	-	1,150	2,266	(1,116)
	Total Sub-program	15,707	-	15,707	16,682	(975)
3.3 Social Housing Operating Grants						
3.3.1	Support to Community Housing Providers	13,951	-	13,951	14,158	(207)
3.3.2	Rent Supplement	15,017	-	15,017	15,041	(24)
	Total Sub-program	28,968	-	28,968	29,199	(231)
3.4 Housing Development Capital Grants						
3.4.1	Seniors Supportive Housing Incentive Grants	1,000	-	1,000	2,255	(1,255)
3.4.2	Home Adaptation Program Grants	1,270	-	1,270	919	351
3.4.3	Affordable Housing Agreement	-	17,000	17,000	17,000	-
	Total Sub-program	2,270	17,000	19,270	20,174	(904)
3.5 Other Housing Services Grants						
3.5.1	Special Needs Housing Grants	4,730	-	4,730	4,676	54
3.5.2	Homelessness Initiatives	3,000	-	3,000	3,140	(140)
3.5.3	Other Housing Grants	410	-	410	410	-
3.5.4	Assistance to Alberta Social Housing Corporation	20,240	-	20,240	19,540	700
	Total Sub-program	28,380	-	28,380	27,766	614
		81,899	17,000	98,899	100,373	(1,474)
	Total Voted Expenses	\$ 275,654	\$ 17,000	\$ 292,654	\$ 292,252	\$ 402

DEPARTMENT OF SENIORS
COMPARISON OF EXPENSES
DIRECTLY INCURRED AND CAPITAL INVESTMENTS
BY ELEMENT TO AUTHORIZED BUDGET
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2002-03				
	Authorized Estimates	Authorized Supple- mentary ^(a)	Authorized Budget	Actuals ^(b)	Unexpended (Over - Expended)
Voted Expenses and Capital Investment (continued)					
Program operating expense	\$ 275,594	\$ 17,000	\$ 292,594	\$ 292,153	\$ 441
Program capital investment	60	-	60	99	(39)
Total Voted Expenses	<u>\$ 275,654</u>	<u>\$ 17,000</u>	<u>\$ 292,654</u>	<u>\$ 292,252</u>	<u>\$ 402</u>
Statutory Expenses					
Valuation Adjustments and Other Provisions	\$ 164	\$ -	\$ 164	\$ 126	\$ 38

^(a) Supplementary estimate was approved on March 10, 2003.

^(b) Includes achievement bonus amounting to \$236

DEPARTMENT OF SENIORS
SALARY AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2003

	2003			2002
	Salary ⁽¹⁾	Benefits and Allowances ⁽²⁾	Total	Total
Senior officials:				
Deputy Minister ^{(3) (4)}	\$ 176,573	\$ 34,571	\$ 211,144	\$ 203,266
Executives:				
Assistant Deputy Minister, Housing Services ^{(4) (5)}	122,364	72,238	194,602	156,340
Assistant Deputy Minister, Seniors Services ^{(4) (5)}	127,605	28,177	155,782	132,103
Executive Director, Strategic Corporate Services	117,201	24,939	142,140	127,755
Executive Director, Strategic Planning and Policy ⁽⁶⁾	96,343	24,043	120,386	117,985

Prepared in accordance with Treasury Board Directive 12/98.

Total salary and benefits relating to a position are disclosed.

- (1) Salary includes regular base pay, bonuses, overtime and lump sum payments.
- (2) Benefits and allowances include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition fees.
- (3) Automobile provided, no dollar amount included in benefits and allowances figures.
- (4) Benefits and allowances include vacation payments for the Deputy Minister \$10,181, for the Assistant Deputy Minister, Housing Services \$39,467, and for the Assistant Deputy Minister, Seniors Services \$4,337.
- (5) The position was occupied by two individuals during the year.
- (6) The position was occupied for ten months during the year.

DEPARTMENT OF SENIORS
RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Department receives services under contracts managed by the Ministry of Government Services (ACSC). Any commitments under these contracts are reported by the Ministry of Government Services (ACSC).

The Department had the following transactions with related parties recorded in the financial statements at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2003	2002	2003	2002
Expenses - Directly Incurred				
Grants	\$ 19,540	\$ 69,272	\$ -	\$ -
Other services	-	-	2,147	1,844
	<u>\$ 19,540</u>	<u>\$ 69,272</u>	<u>\$ 2,147</u>	<u>\$ 1,844</u>
Capital assets transferred	<u>\$ -</u>	<u>\$ (267)</u>	<u>\$ -</u>	<u>\$ 249</u>
Accounts receivable from	<u>\$ 9,165</u>	<u>\$ 16,165</u>	<u>\$ -</u>	<u>\$ -</u>

The above transactions do not include support service arrangement transactions disclosed in Schedule 2.

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 7.

	Entities in the Ministry		Other Entities	
	2003	2002	2003	2002
Recoveries				
Services provided	<u>\$ 1,344</u>	<u>\$ 861</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses - Incurred by others				
Accommodation	\$ -	\$ -	\$ 1,387	\$ 387
Legal services	-	-	176	181
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,563</u>	<u>\$ 568</u>

DEPARTMENT OF SENIORS
ALLOCATED COSTS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

Program	2003										2002	
	Expenses ⁽¹⁾	Expenses - Incurred by others			Valuation Adjustments			Total	Expenses	Total	Expenses	
		Services Provided	Accommodation Costs	Legal Services	Vacation Pay	Doubtful Accounts	Expenses					
Seniors Services	\$ 187,820	\$ -	\$ 892	\$ 31	\$ (17)	\$ 29	\$ 188,755	\$ 174,973				
Housing Services	100,373	(1,044)	476	129	71	-	\$ 100,005	160,180				
Ministry Support Services	3,960	(300)	19	16	43	-	\$ 3,738	3,705				
	\$ 292,153	\$ (1,344)	\$ 1,387	\$ 176	\$ 97	\$ 29	\$ 292,498	\$ 338,858				

⁽¹⁾ Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

Alberta Social Housing Corporation

Financial Statements

March 31, 2003

**ALBERTA SOCIAL HOUSING CORPORATION
FINANCIAL STATEMENTS
MARCH 31, 2003**

Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Changes in Financial Position

Notes to the Financial Statements

Schedule 1 Revenues

Schedule 2 Expenses - Directly Incurred Detailed by Object

Schedule 3 Budget

Schedule 4 Related Party Transactions

Schedule 5 Allocated Costs



AUDITOR'S REPORT

To the Minister of Seniors

I have audited the statement of financial position of the Alberta Social Housing Corporation as at March 31, 2003 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Original signed by
Fred J. Dunn
FCA
Auditor General

Edmonton, Alberta
May 23, 2003

ALBERTA SOCIAL HOUSING CORPORATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003		2002
	<u>Budget</u> (Schedule 3)	<u>Actual</u>	<u>Actual</u>
Revenues (Schedule 1)			
Seniors housing programs	\$ 25,618	\$ 31,004	\$ 31,190
Special purpose programs	31,029	31,927	32,892
Other asset administration	55	3,776	1,092
Transfers from Department of Seniors	20,240	19,540	69,272
	<u>76,942</u>	<u>86,247</u>	<u>134,446</u>
Expenses - Directly incurred (Note 2b, Schedules 2 and 5)			
Seniors housing programs	16,049	16,395	16,482
Special purpose programs	10,674	9,704	10,863
Other asset administration	360	445	335
Grants in kind	21,712	21,552	9,123
Debt servicing costs	44,943	45,117	49,448
	<u>93,738</u>	<u>93,213</u>	<u>86,251</u>
Valuation adjustments			
Provision for (recovery of) losses on:			
Capital assets	-	129	(61)
Guarantees, indemnities and mortgages	297	(149)	(433)
Doubtful accounts	-	7	1
	<u>297</u>	<u>(13)</u>	<u>(493)</u>
	<u>94,035</u>	<u>93,200</u>	<u>85,758</u>
Gain on disposal of capital assets	<u>(12,636)</u>	<u>(7,499)</u>	<u>(46)</u>
Net operating results	<u>\$ (4,457)</u>	<u>\$ 546</u>	<u>\$ 48,734</u>

The accompanying notes and schedules are part of these financial statements.

ALBERTA SOCIAL HOUSING CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2003
(thousands of dollars)

	2003	2002
Assets		
Cash (Note 3)	\$ 27,523	\$ 19,929
Accounts receivable (Note 4)	219	987
Loans and advances (Note 5)	20,479	25,280
Deferred financing charges	1,911	2,084
Capital assets (Note 6)	808,714	840,463
	\$ 858,846	\$ 888,743
 Liabilities		
Accrued interest payable	10,405	10,812
Accounts payable and accrued liabilities	1,879	4,097
Due to Department of Seniors	9,165	16,165
Allowance for losses on guarantees and indemnities (Note 7)	644	748
Advance from Alberta Finance (Note 8)	35,160	35,635
Long-term debt (Note 9)	494,459	514,698
	551,712	582,155
 Equity		
At beginning of year	\$ 306,588	\$ 257,854
Net operating results	546	48,734
At end of year	307,134	306,588
	\$ 858,846	\$ 888,743

The accompanying notes and schedules are part of these financial statements.

ALBERTA SOCIAL HOUSING CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003	2002
Operating transactions		
Net operating results	\$ 546	\$ 48,734
Non-cash items		
Amortization of capital assets (Schedule 2)	23,674	23,889
Amortization of deferred financing charges	173	240
Grants in kind	21,552	9,123
Valuation adjustments	(13)	(493)
Gain on disposal of capital assets	(7,499)	(46)
	38,433	81,447
Decrease in accounts receivable before valuation adjustments	761	12,395
Decrease in accrued interest payable	(407)	(972)
Decrease in accounts payable and accrued liabilities before valuation adjustments	(2,190)	(4,036)
Decrease in due to Department of Seniors	(7,000)	(10,353)
	29,597	78,481
Cash provided by operating transactions		
Investing transactions		
Repayments of loans and advances	4,818	4,962
Proceeds from disposal of capital assets	73	972
Purchase of capital assets	(56)	(362)
Transfer of assets from Department of Infrastructure (Schedule 1)	-	(380)
Contributions in kind (Schedule 1)	(6,124)	(5,892)
	(1,289)	(700)
Cash used by investing activities		
Financing transactions		
Repayment of advance from Alberta Finance	(475)	(4,550)
Repayment of long term debt	(20,239)	(61,632)
	(20,714)	(66,182)
Cash used by financing activities		
Net cash provided	7,594	11,599
Cash at beginning of year	19,929	8,330
Cash at end of year	\$ 27,523	\$ 19,929

The accompanying notes and schedules are part of these financial statements.

ALBERTA SOCIAL HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

Note 1 Authority and Purpose

The Alberta Social Housing Corporation (the “Corporation”) operates under the authority of the Alberta Housing Act, Chapter A-25, Revised Statutes of Alberta 2000.

The Corporation’s primary purpose is to facilitate the provision of affordable housing options, through housing providers, to low-income families and individuals, seniors, and those with special needs. The Corporation owns and administers the Crown’s portfolio of housing assets and manages provincial debts and agreements associated with those assets. This includes administering the sale of provincially owned properties no longer efficient or effective for social housing programs.

The Corporation also oversees the provincial commitments and entitlements remaining from discontinued business activities such as mortgages and loan guarantees, and directly operates and acts as the landlord for a small portion of units classified as “rural housing”.

The Corporation is a crown agent of the Government of Alberta and as such has a tax exempt status.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(a) Reporting Entity

The reporting entity is the Alberta Social Housing Corporation, which is part of the Ministry of Seniors and for which the Minister of Seniors is accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry’s operations for which the Minister is accountable.

ALBERTA SOCIAL HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

**Note 2 Summary of Significant Accounting Policies and Reporting Practices
(continued)**

(b) Basis of Financial Reporting

Revenues

All revenues are recorded on the accrual method of accounting with the exception of interest on Rural and Native mortgages that are classified as non-accrual. Rural and Native mortgages are classified as non-accrual when payments are 60 days in arrears. Interest on non-accrual loans is recorded on a cash basis.

Internal Government transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Expenses

Directly incurred

Directly incurred expenses are those costs the Corporation has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses also include:

- amortization of capital assets.
- debt servicing costs.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to guarantees and indemnities.

Incurred by others

Services contributed by other entities in support of the Corporation's operations are disclosed in schedule 5.

ALBERTA SOCIAL HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

**Note 2 Summary of Significant Accounting Policies and Reporting Practices
(continued)**

(b) Basis of Financial Reporting (continued)

Assets

Cash and accounts receivable

Financial assets of the Corporation are limited to cash and financial claims such as advances to and receivables from other organizations and other individuals.

Loans and advances

Loan and advances include mortgages that are reported at cost less provisions for losses. Cost includes amounts advanced, accrued interest, and other charges, less repayments and subsidies.

Capital assets

Assets acquired by right are not included. Buildings, contents and leasehold improvements of the Corporation are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing capital assets is \$5,000. All land and work in progress are capitalized at cost and not amortized.

Donated capital assets are recorded at their fair value at the time of contribution.

When capital assets are gifted or sold for a nominal sum to parties external to the government reporting entity, the fair values of these physical assets less any nominal proceeds are recorded as grants in kind.

Deferred charges

Deferred financing charges on debt financing are amortized over the life of the debt on a straight-line basis.

ALBERTA SOCIAL HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

**Note 2 Summary of Significant Accounting Policies and Reporting Practices
(continued)**

(b) Basis of Financial Reporting (continued)

Liabilities

Liabilities represent all financial claims payable/provided for by the Corporation at fiscal year end.

Equity

Equity represents the difference between the carrying value of assets held by the Corporation and its liabilities.

Measurement Uncertainty

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. The allowance for losses on land (Note 6), recorded as \$1,690,000 is subject to measurement uncertainty. Allowance for losses on guarantees and indemnities (Note 7), recorded as \$644,000 in these financial statements, is also subject to measurement uncertainty.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, accrued interest payable, accounts payable and accrued liabilities, due to Department of Seniors and advance from Alberta Finance are estimated to approximate their carrying values. Fair values of loans and advances are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timelines or cost to estimate the fair value with sufficient reliability.

ALBERTA SOCIAL HOUSING CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2003

Note 3 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is being managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. Interest is earned on the Corporation's daily cash balance at the average rate of CCITF's earnings, which varies depending on prevailing market interest rates. Due to the short-term nature of these deposits the carrying value approximates fair value.

Note 4 Accounts Receivable

	2003			2002
Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value	
(thousands of dollars)				
Accounts Receivable	\$ 302	\$ (93)	\$ 209	\$ 177
Sales Receivable	10	-	10	810
	\$ 312	\$ (93)	\$ 219	\$ 987

Accounts receivable are unsecured and non-interest bearing.

ALBERTA SOCIAL HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

Note 5 Loans and Advances

	2003			2002	
	Accrual	Non- Accrual	Allowance for losses	Net Realizable Value	Net Realizable Value
	(thousands of dollars)				
Rural and Native ^(a)	\$ 18,912	\$ 1,402	\$ (23)	\$ 20,291	\$ 24,503
Mortgages held for sale	-	-	-	-	513
Other receivables ^(b)	188	-	-	188	264
	\$ 19,100	\$ 1,402	\$ (23)	\$ 20,479	\$ 25,280

^(a) These mortgages are provided under the Rural and Native Housing program with payments based on an amortization period of 25 years and five-year interest renewal terms.

^(b) Financial agreements with First Nations and individuals under the REHP program.

Note 6 Capital Assets

	Estimated Useful Life (years)	2003			2002	
		Cost	Accumulated Amortization	Allowance for Losses	Net Book Value	Net Book Value
(thousands of dollars)						
<u>Seniors Housing^(a)</u>						
Self contained units	50	\$ 673,224	\$ (243,967)	\$ -	\$ 429,257	\$ 440,232
Lodges	50	164,634	(45,954)	-	118,680	126,724
<u>Special Purpose Housing^(a)</u>						
Community housing	40 to 50	368,148	(139,145)	-	229,003	240,286
Rural and native units	20 to 25	18,852	(8,170)	-	10,682	11,376
Special needs housing	50	12,225	(3,601)	-	8,624	8,879
Rural mobile homes	10	1,306	(989)	-	317	550
		1,238,389	(441,826)	-	796,563	828,047
Land		13,841	-	(1,690)	12,151	12,416
Total		\$ 1,252,230	\$ (441,826)	\$ (1,690)	\$ 808,714	\$ 840,463

^(a) Rental properties, primarily managed by non-profit management bodies and agencies.

ALBERTA SOCIAL HOUSING CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2003

Note 7 Guarantees and Indemnities

The Corporation has outstanding guarantees that were issued on the sale of certain of its mortgages whereby the Corporation will reimburse mortgagees for any losses that may occur on default by mortgagors. Any claims for losses by the mortgagees will be reduced by the amounts realized from the sale of the underlying properties.

Guaranteed amounts, the last of which was guaranteed on March 30, 1994, are as follows:

	2003	2002
	(thousands of dollars)	
Mortgages, on single family properties, guaranteed to 2015	\$ 39	\$ 186
Mortgages, on multi-unit rental properties and land, guaranteed to:		
2003	-	1,973
2004	1,971	2,045
2007	7,023	31,775
2008	662	686
2009	284	330
2011	35,579	36,983
2018	935	1,244
	46,454	75,036
	\$ 46,493	\$ 75,222

Under the former mobile home loan insurance program, the Corporation has agreed to indemnify losses on mobile home loans issued by financial institutions. The outstanding loans as at March 31, 2003 amount to \$3,776,000 (2002 - \$5,478,000). This program was terminated effective October 1, 1993. However, the Corporation has an ongoing commitment on the insurance policies remaining in force.

An allowance for losses has been made on these guarantees and indemnities in the amount of \$644,000 (2002 - \$748,000).

ALBERTA SOCIAL HOUSING CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2003

Note 8 Advance from Alberta Finance

The advance is interest free and is repayable on demand.

Note 9 Long-Term Debt

The Corporation's long-term debt and exposure to interest rate risk is summarized as follows:

	2003	2002
	(thousands of dollars)	
Debentures payable:		
Canada Mortgage and Housing Corporation ^(a)	\$ 81,651	\$ 82,523
Alberta Heritage Savings Trust Fund ^(b)	100,038	104,622
Note payable to Alberta Finance ^(c)	312,770	327,553
	\$ 494,459	\$ 514,698

- (a) maturing 2023 to 2030, with a weighted average effective rate of 9.62%.
- (b) maturing June 2011 to January 2012 with a weighted average effective rate of 17.40%.
- (c) maturing September 16, 2016, with an effective rate of 5.93%.

The Province of Alberta guarantees the repayment of principal and interest on all borrowings.

The debentures, including interest thereon, are repayable in equal annual or semi-annual instalments and the note payable is repayable in equal semi-annual instalments.

Approximate aggregate repayments of principal in each of the next five years are:

	(thousands of dollars)	
2003-2004	\$	22,007
2004-2005		23,975
2005-2006		26,170
2006-2007		28,626
2007-2008		31,381
thereafter		362,300
Total	\$	494,459

ALBERTA SOCIAL HOUSING CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2003

Note 9 Long-Term Debt (continued)

Long-term debt has a fair value of \$115,431,000 for Canada Mortgage and Housing Corporation debentures, \$158,018,000 for Alberta Heritage Savings and Trust Fund debentures and \$327,273,000 for note payable to Alberta Finance. Fair values for debt are based on the Province of Alberta's current borrowing rates, which are available to the Corporation for debt with similar terms and maturities.

Note 10 Program Recoveries

Cost-sharing agreements provide for a contribution by Canada Mortgage and Housing Corporation towards the capital costs, subsidies on rental properties, and mortgages that are recorded by the Corporation and for certain administration and net operating results on approved social housing program projects that are recorded by the Department of Seniors.

Note 11 Salary and Benefits

The Corporation has no salary or benefits to disclose under Treasury Board Directive 12/98 because:

- (a) The Corporation has no employees. Staff of the Department of Seniors administer the Corporation. Disclosure of information on their salaries and benefits is included in the financial statements of the Department of Seniors.
- (b) The Corporation did not pay honoraria to its Board members.

Note 12 Commitments

The Corporation leases land under various leases for the purpose of providing social housing. The aggregate amounts payable for the unexpired terms of these leases are:

	2003	2002
	(thousands of dollars)	
2002 - 2003	\$ -	\$ 1,347
2003 - 2004	1,347	1,347
2004 - 2005	1,347	1,347
2005 - 2006	1,347	1,347
2006 - 2007	1,347	1,347
2007 - 2008	1,347	1,347
thereafter	41,335	41,335
	\$ 48,070	\$ 49,417

ALBERTA SOCIAL HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

Note 13 Contingencies

At March 31, 2003 the Corporation is a defendant in eight legal claims (2002 - six legal claims). These claims have specified amounts totaling \$3,352,000 (2002 - six claims with a specified amount of \$1,022,000). In six of eight legal claims the Corporation has been jointly named with other entities. Two claims amounting to \$1,975,000 (2002 - two claims amounting to \$183,000) are covered by the Alberta Risk Management fund.

The resulting loss, if any, from these claims cannot be determined.

Note 14 Comparative Figures

Certain 2002 figures have been reclassified to conform to 2003 presentation.

Note 15 Approval of Financial Statements

The financial statements have been approved by the Senior Financial Officer of the Department of Seniors and the President of Alberta Social Housing Corporation.

ALBERTA SOCIAL HOUSING CORPORATION
REVENUES
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003		2002
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Internal Government Transfers			
Transfer from Department of Seniors	\$ 20,240	\$19,540	\$ 69,272
Transfers from the Government of Canada			
Recoveries from Canada Mortgage and Housing Corporation (Note 10)	55,072	54,642	53,726
Investment income			
Bank and Other	200	820	936
Mortgages	709	681	956
	<u>909</u>	<u>1,501</u>	<u>1,892</u>
Other revenue			
Miscellaneous	121	3,767	1,249
Contributions in kind	-	6,124	5,892
Transfers from Department of Infrastructure	-	-	380
Rental Properties	600	672	476
Refunds of expenses	-	1	1,559
	<u>721</u>	<u>10,564</u>	<u>9,556</u>
	<u>\$ 76,942</u>	<u>\$ 86,247</u>	<u>\$ 134,446</u>

ALBERTA SOCIAL HOUSING CORPORATION
 EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
 FOR THE YEAR ENDED MARCH 31, 2003
 (thousands of dollars)

	2003		2002
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Expenses			
Debt servicing costs	\$ 44,943	\$ 45,117	\$ 49,448
Amortization of capital assets	23,818	23,674	23,889
Grants	22,737	22,282	10,801
Supplies and services	<u>2,240</u>	<u>2,140</u>	<u>2,113</u>
	<u>\$ 93,738</u>	<u>\$ 93,213</u>	<u>\$ 86,251</u>
Valuation adjustments			
Provision for (recovery of) losses on:			
Capital assets	\$ -	\$ 129	\$ (61)
Guarantees, indemnities and mortgages	297	(149)	(433)
Doubtful accounts	<u>-</u>	<u>7</u>	<u>1</u>
	<u>\$ 297</u>	<u>\$ (13)</u>	<u>\$ (493)</u>

ALBERTA SOCIAL HOUSING CORPORATION
BUDGET
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2002-03		
	Estimates	Treasury Board Approvals	Authorized Budget
Revenues			
Internal Government transfer	\$ 20,240	\$ -	\$ 20,240
Transfers from the Government of Canada	55,072	-	55,072
Investment Income	909	-	909
Other revenue	721	-	721
	<u>76,942</u>	<u>-</u>	<u>76,942</u>
Expenses			
Seniors housing programs	16,049	-	16,049
Special purpose programs	10,674	-	10,674
Other asset administration	360	-	360
Grants in kind	21,712	-	21,712
Debt servicing costs	44,943	-	44,943
	<u>93,738</u>	<u>-</u>	<u>93,738</u>
Valuation adjustments			
Provision for (recovery of) losses on:			
Capital assets	-	-	-
Guarantees, indemnities, and mortgages	297	-	297
Doubtful accounts	-	-	-
	<u>297</u>	<u>-</u>	<u>297</u>
Total expenses	<u>94,035</u>	<u>-</u>	<u>94,035</u>
Gain on disposal of capital assets	<u>(12,636)</u>	<u>-</u>	<u>(12,636)</u>
Net operating results	<u>\$ (4,457)</u>	<u>\$ -</u>	<u>\$ (4,457)</u>
Capital investment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ALBERTA SOCIAL HOUSING CORPORATION
RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

Schedule 4

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements.

The Corporation paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Corporation had the following transactions with related parties recorded in the financial statements at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2003	2002	2003	2002
Revenues				
Transfers from the Department of Seniors	\$ 19,540	\$ 69,272	\$ -	\$ -
Expenses - directly incurred				
Other services	\$ -	\$ -	\$ 525	\$ 521
Debt servicing costs	-	-	37,200	41,438
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,725</u>	<u>\$ 41,959</u>
Capital assets transferred ⁽¹⁾	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 380</u>
Deferred financing charges:				
Alberta Finance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,911</u>	<u>\$ 2,084</u>
Accounts payable to:				
Alberta Finance ⁽²⁾	\$ -	\$ -	\$ 348,692	\$ 363,986
Alberta Heritage Trust Fund ⁽²⁾	-	-	107,809	112,746
Department of Seniors	9,165	16,165	-	-
	<u>\$ 9,165</u>	<u>\$ 16,165</u>	<u>\$ 456,501</u>	<u>\$ 476,732</u>

The Corporation also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 5.

	Entities in the Ministry		Other Entities	
	2003	2002	2003	2002
Expenses - incurred by others				
Salaries and wages	\$ 985	\$ 535	\$ -	\$ -
Supplies and services	262	225	-	-
Accommodation	-	-	86	18
Legal services	-	-	22	43
Other services	97	101	-	-
	<u>\$ 1,344</u>	<u>\$ 861</u>	<u>\$ 108</u>	<u>\$ 61</u>

⁽¹⁾ During the year there was a transfer of land from the Department of Sustainable Resource Development at zero cost.

⁽²⁾ Debt and accrued interest on debt

ALBERTA SOCIAL HOUSING CORPORATION
ALLOCATED COSTS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

Program	2003					2002		
	Expenses - Directly Incurred	Expenses-Incurred by Others			Valuation Adjustments		Total	
	Program Expenses ⁽¹⁾	Debt Servicing Costs ⁽¹⁾	Grants in Kind ⁽¹⁾	Other Services	Accommodation Costs	Legal Services	Losses on/ (Recoveries) Accounts	Expenses
Seniors housing programs	\$ 16,395	\$ 27,241	\$ 8,534	\$ 753	\$ 48	\$ 12	\$ -	\$ 56,163
Special purpose programs	9,704	17,876	10,110	544	35	9	(21)	38,264
Other asset administration	445	-	2,908	47	3	1	1	392
	\$ 26,544	\$ 45,117	\$ 21,552	\$ 1,344	\$ 86	\$ 22	\$ (20)	\$ 94,652
								\$ 86,680

⁽¹⁾ Expenses - directly incurred as per Statement of Operations excluding valuation adjustments.

Alphabetical List Of Entities' Financial Statements In Ministry 2002-03 Annual Reports

Entities included in the consolidated government reporting entity

<i>Ministry, Department, Fund or Agency</i>	<i>Ministry Annual Report</i>
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission, The	Finance
Alberta Heritage Foundation for Medical Research Endowment Fund	Revenue
Alberta Heritage Savings Trust Fund	Revenue
Alberta Heritage Scholarship Fund	Revenue
Alberta Heritage Science and Engineering Research Endowment Fund	Revenue
Alberta Historical Resources Foundation, The	Community Development
Alberta Insurance Council	Finance
Alberta Municipal Financing Corporation	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Revenue
Alberta School Foundation Fund	Learning
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Revenue
Alberta Social Housing Corporation	Seniors
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Services Inc.	Finance
Child and Family Services Authorities:	Children's Services
Awasak Child and Family Services Authority	
Calgary Rocky View Child and Family Services Authority	
Child and Family Services Authority Region 13	
Child and Family Services Authority Region 14	
Diamond Willow Child and Family Services Authority	
Hearthstone Child and Family Services Authority	
Keystone Child and Family Services Authority	
Ma' Mowe Capital Region Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
Neeگان Awas'sak Child and Family Services Authority	
Ribstone Child and Family Services Authority	
Sakaigun Asky Child and Family Services Authority	
Sakaw-Askuy Child and Family Services Authority	
Silver Birch Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Sun Country Child and Family Services Authority	
West Yellowhead Child and Family Services Authority	
Windsong Child and Family Services Authority	
Credit Union Deposit Guarantee Corporation	Finance
Crop Reinsurance Fund of Alberta	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Energy	Energy
Department of Finance	Finance

Entities included in the consolidated government reporting entity

<i>Ministry, Department, Fund or Agency</i>	<i>Ministry Annual Report</i>
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Learning	Learning
Department of Revenue	Revenue
Department of Seniors	Seniors
Department of Solicitor General	Solicitor General
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation, The	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCORE Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Aboriginal Affairs and Northern Development ¹	Aboriginal Affairs and Northern Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development ¹	Economic Development
Ministry of Energy	Energy
Ministry of Environment ¹	Environment
Ministry of Finance	Finance
Ministry of Executive Council ¹	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services ¹	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment ¹	Human Resources and Employment
Ministry of Infrastructure ¹	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations ¹	International and Intergovernmental Relations
Ministry of Justice ¹	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs ¹	Municipal Affairs
Ministry of Revenue	Revenue
Ministry of Seniors	Seniors
Ministry of Solicitor General	Solicitor General
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Transportation ¹	Transportation
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Community Boards:	Community Development
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Michener Centre Facility Board ²	
Northeast Region Community Board	
Northwest Region Community Board	
Provincial Board	
South Region Community Board	

¹ Ministry includes only the department so separate department financial statements are not necessary.

² Dissolved July 23, 2002

Entities included in the consolidated government reporting entity

<i>Ministry, Department, Fund or Agency</i>	<i>Ministry Annual Report</i>
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General
Wild Rose Foundation, The	Community Development

Entities not included in the consolidated government reporting entity

<i>Fund or Agency</i>	<i>Ministry Annual Report</i>
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan - Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan - Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account, The	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Provincial Judges and Masters in Chambers	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Human Resources and Employment

