

SECTION 9

Financial Statements of

GREATER SADBURY HOUSING CORPORATION

Year ended December 31, 2005

AUDITORS' REPORT TO THE BOARD OF DIRECTORS


We have audited the balance sheet of the **Greater Sudbury Housing Corporation** as at December 31, 2005 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.

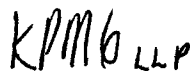
In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2005 and the results of its operations for the year then ended in accordance with accounting principles as disclosed in note 1 to the financial statements.

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, SUDBURY - NIPISSING LLP
Chartered Accountants



KPMG LLP
Chartered Accountants



FREELANDT CALDWELL REILLY LLP
Chartered Accountants

Sudbury, Canada
March 22, 2006

GREATER SUDBURY HOUSING CORPORATION

Balance Sheet

December 31, 2005, with comparative figures for 2004

	2005	2004
Assets		
Current assets:		
Cash	\$ 1,047,164	\$ 602,954
Tenant accounts receivable	72,704	44,862
Other accounts receivable	264,567	282,970
Prepaid expenses	141,469	119,335
	<u>\$ 1,525,904</u>	<u>\$ 1,050,121</u>

Liabilities, Share Capital and Fund Balance

Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,020,191	\$ 838,205
Accrued payroll and employee benefits	126,739	98,104
Prepaid rents	78,129	87,549
Due to Service Manager (note 3)	250,844	26,262
	<u>1,475,903</u>	<u>1,050,120</u>
Share capital:		
Authorized:		
Unlimited common shares		
Issued:		
100 common shares	1	1
Fund balance:		
Capital reserve	50,000	-
Commitments (note 5)		
	<u>\$ 1,525,904</u>	<u>\$ 1,050,121</u>

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, 2005, with comparative figures for 2004

	2005 Budget (Unaudited)	2005 Actual	2004 Actual
Revenue:			
Rental	\$ 6,417,400	\$ 6,435,152	\$ 6,274,425
City of Greater Sudbury - Local Housing Subsidy	8,618,702	8,618,702	8,227,991
Rent supplement administration fee	78,200	78,200	78,200
Strong Communities Grant	13,000	404,514	112,311
Ministry of Municipal Affairs and Housing - Strong Communities Grant	-	-	286,027
Non-rental	65,000	106,845	145,462
Interest	25,000	30,111	30,955
Non-profit management fees	9,600	46,755	9,600
	15,226,902	15,720,279	15,164,971
Expenses:			
Capital	2,318,313	2,304,350	2,309,931
Rent supplement program	2,484,609	2,761,143	2,584,505
Municipal taxes	1,977,080	1,978,547	1,883,808
Utilities	3,318,000	3,099,398	3,169,364
Salaries and benefits	2,570,700	2,408,409	2,339,951
Property maintenance and operations	1,905,000	2,252,338	2,088,500
Administration	373,700	394,240	354,865
Transportation and communication	94,500	114,736	105,938
Bad debts	180,000	103,830	183,867
Community development programs	5,000	2,444	5,669
	15,226,902	15,419,435	15,026,398
Excess of revenue over expenses			
before the undernoted	-	300,844	138,573
Subsidy refundable	-	250,844	138,573
Excess of revenue over expenses	-	50,000	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	\$ 50,000	\$ -

See accompanying notes to financial statements.

GREATER SUDBURY HOUSING CORPORATION

Notes to Financial Statements

Year ended December 31, 2005

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 5 (a)).
- (ii) Capital assets purchased and betterments which extend the estimated life of an asset 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.
- (iii) Inventory of parts and supplies are charged to operations in the year the expenditure is incurred.

(b) Revenue and expenses recognition:

Revenue and expenses are accounted for on the accrual basis which recognizes 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 periods specified. Actual results could differ from those estimates.

GREATER SUDBURY HOUSING CORPORATION

Notes to Financial Statements

Year ended December 31, 2005

2. Land and buildings:

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 the Greater Sudbury Housing Corporation are as follows:

Street Address	Other Name	Units
Cabot/Burton/Hearne	Cabot Park	88
3553 Montpelier, 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, 2005

3. Due to Service Manager:

	2005	2004
The balance consists of:		
Surplus repayable		
- Capital program	\$ 24,283	69
- Rent supplement program	64,252	138,504
- Operations	162,309	-
Strong Communities Grant receivable	-	(112,311)
	\$ 250,844	26,262

4. Budget figures:

The budget figures included in the statement of operations and fund balance are included for comparative purposes only. These figures are unaudited.

5. 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, 2005 totals \$243,751 (2004 - \$217,151).

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 \$22,272 to \$53,547 (2004 - \$23,115 to \$51,631).

6. Statement of cash flows:

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

7. Fair value of financial instruments:

The carrying value of cash, tenant accounts receivable, other accounts receivable and accounts payable and accrued liabilities and due to Service Manager approximate their fair value due to the relatively short periods to maturity of these items.

8. Comparative figures:

Certain 2004 comparative figures have been restated to conform with the presentation adopted in 2005.

GREATER SUDBURY HOUSING CORPORATION

Schedule of Operations

Year ended December 31, 2005

	Operating		Capital		Rent supplement program		Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenue:								
Rental								
City of Greater Sudbury - Local Housing Subsidy	\$ 6,417,400	6,435,152	-	-	-	-	6,417,400	6,435,152
- Rent supplement administration fee	3,815,780	3,815,780	2,318,313	2,318,313	2,484,609	2,484,609	8,618,702	8,618,702
- Strong Communities Grant	78,200	78,200	-	-	-	-	78,200	78,200
Non-rental	13,000	13,728	-	-	-	390,786	13,000	404,514
Interest	65,000	96,525	-	10,320	-	-	65,000	106,845
Non-profit management fees	25,000	30,111	-	-	-	-	25,000	30,111
	9,600	46,755	-	-	-	-	9,600	46,755
	10,423,980	10,516,251	2,318,313	2,328,633	2,484,609	2,875,395	15,226,902	15,720,279
Expenses:								
Capital								
Rent supplement program	-	-	2,318,313	2,304,350	-	-	2,318,313	2,304,350
Municipal taxes	-	-	-	-	2,484,609	2,761,143	2,484,609	2,761,143
Utilities	1,977,080	1,978,547	-	-	-	-	1,977,080	1,978,547
Salaries and benefits	3,318,000	3,099,398	-	-	-	-	3,318,000	3,099,398
Property maintenance and operations	2,570,700	2,408,409	-	-	-	-	2,570,700	2,408,409
Administration	1,905,000	2,252,338	-	-	-	-	1,905,000	2,252,338
Transportation and communication	373,700	394,240	-	-	-	-	373,700	394,240
Bad debts	94,500	114,736	-	-	-	-	94,500	114,736
Community development programs	180,000	103,830	-	-	-	-	180,000	103,830
	5,000	2,444	-	-	-	-	5,000	2,444
	10,423,980	10,353,942	2,318,313	2,304,350	2,484,609	2,761,143	15,226,902	15,419,435
Excess of revenue over expenses before the undernoted								
	-	162,309	-	24,283	-	114,252	-	300,844
Subsidy refundable								
	-	(162,309)	-	(24,283)	-	(64,252)	-	(250,844)
Excess of revenue over expenses	\$	-	-	-	-	50,000	-	50,000