



Freedom To Create. Spirit To Achieve.

Housing and Urban Affairs

Annual Report

2008-2009

Government of Alberta ■

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Alphabetical Listing of Government Entities' Financial Statements Ministry 2008 -09 Annual Reports

Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 Ministries.

The annual report of the Government of Alberta released June 30, 2009 contains Ministers' accountability statements, the consolidated financial statements of the Province and *The Measuring Up* report, which compares actual performance results to desired results set out in the government's business plan.

This annual report of the Ministry of Housing and Urban Affairs contains the Minister's accountability statement, the audited consolidated financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- **the financial statements of entities making up the Ministry including the Department of Housing and Urban Affairs and the Alberta Social Housing Corporation for which the Minister is responsible.**
- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report.**

Minister's Accountability Statement

The Ministry's annual report for the year ended March 31, 2009, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 24, 2009 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Original signed by:

Yvonne Fritz
Minister of Housing and Urban Affairs

Message from the Minister



On March 16, 2009, Alberta made history by becoming the first province in Canada to commit to a 10-year plan to end homelessness. This, and several other milestone achievements, has made Alberta a national leader in addressing the issues of homelessness and providing access to affordable housing for low- to moderate-income Albertans.

Alberta's 10-year plan is creating homes for the homeless

The provincial plan to end homelessness is based on a Housing First model – where people are provided with permanent homes followed by the supports and services they need to remain successfully housed.

Alberta's plan is working and making a difference. Over the next three years, Alberta will create 2,700 housing units for the homeless. In 2009 - 10 permanent housing with outreach supports and services will be provided for 1,000 homeless individuals. This Ministry will continue to partner with community organizations by investing \$32 million to address the underlying causes of homelessness. When the plan is fully implemented, people falling into homelessness will be housed within 21 days.

Affordable housing supports future economic growth

Housing and Urban Affairs is on track to significantly increase the availability of affordable housing by delivering 11,000 affordable housing units by 2012.

This year, government delivered supports to Albertans in need of housing assistance by providing \$315 million in capital grants and \$248 million in operational program support. Over the past two years, Alberta has supported the creation of 6,065 new affordable housing units.

The Alberta Social Housing Corporation owns and supports 26,000 units of social housing in over 1,100 developments located throughout Alberta. These units are operated by provincially established housing management bodies that employ 2,500 Albertans and have annual operating expenditures of \$300 million. In 2009/10, rent supplements delivered through these bodies will help 21,000 Alberta households.

Over the next three years, government will invest \$1 billion in affordable housing and housing for the homeless. This Ministry will collaborate with all levels of government, the private-sector and non-profit organizations to provide a range of housing options needed to help vulnerable Albertans. This action will generate employment for Albertans and keep our economy moving forward.

Original signed by:

Yvonne Fritz
Minister of Housing and Urban Affairs

Management's Responsibility for Reporting

The Ministry of Housing and Urban Affairs includes: the Department of Housing and Urban Affairs, the Alberta Secretariat for Action on Homelessness, the Alberta Social Housing Corporation, and the Community Development Advisory Board.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the Ministry rests with the Minister of Housing and Urban Affairs. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The performance measures are prepared in accordance with the following criteria:

- Reliability – Information agrees with the underlying data and with the sources used to prepare it.
- Understandability and Comparability – Actual results are presented clearly and consistently with the stated methodology and presented on the same basis as targets and prior years' information.
- Completeness – Performance measures and targets match those included in Budget 2008. Actual results are presented for all measures.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the Province under Ministry administration;
- provide Executive Council, Treasury Board, the Minister of Finance and Enterprise and the Minister of Housing and Urban Affairs any information needed to fulfill their responsibilities; and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executive of the individual entities within the Ministry.

Original signed by:

Marcia Nelson
Deputy Minister, Housing and Urban Affairs
September 23, 2009

Vision

Housing solutions and supports for safe, healthy and vibrant communities.

Mission

Contribute to the inclusion, well being, and independence of lower-income Albertans through safe, sustainable and affordable housing, and assist urban communities in addressing their unique needs.

Core Businesses and Goals

The Ministry of Housing and Urban Affairs delivers three core businesses:

Core Business 1: Provide a range of housing options and supports for lower-income Albertans

Goal 1: Albertans have access to a range of housing options and effectively managed housing programs that are focused on those most in need

Core Business 2: Homelessness and Transitional Housing

Goal 2: Homeless Albertans have access to emergency shelters and transitional housing

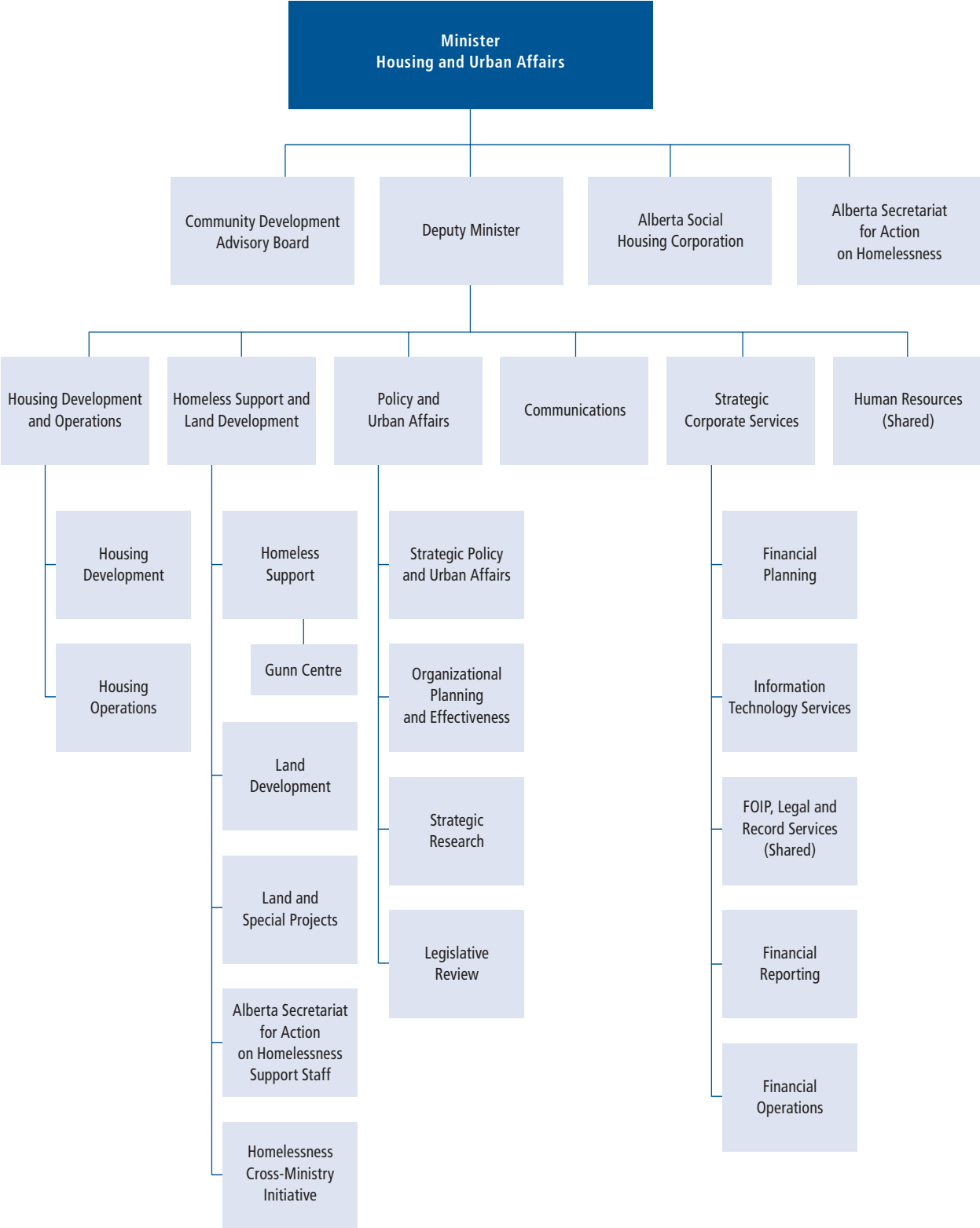
Core Business 3: Identify and address unique issues affecting urban municipalities

Goal 3: Growth pressures faced by urban municipalities are effectively managed by focusing on sustainable solutions

OVERVIEW

ENTITY MAP

Ministry of Housing and Urban Affairs
Functional Organization as at March 31, 2009



OPERATIONAL OVERVIEW

The Ministry of Housing and Urban Affairs is composed of three main divisions, as well as appropriate supporting strategic corporate and shared services:

Housing Development and Operations

The Housing Development and Operations Division works with over 200 community-based organizations, including municipalities, housing providers, private non-profit and private for-profit organizations to ensure that Albertans have access to affordable housing that meets their needs. This includes options for families, seniors and Albertans with special needs. The division administers a number of grant programs established to increase the Province's supply of affordable housing, in addition to ensuring that provincially-owned or supported housing is effectively managed. The division also oversees the program and grant initiatives delivered through the Alberta Social Housing Corporation and administers rent supplement programs.

Homeless Support and Land Development

The Homeless Support and Land Development Division helps ensure homeless Albertans have access to emergency shelter and supports needed to transition into permanent housing and toward self-sufficiency. The division provides support to the Alberta Secretariat for Action on Homelessness in implementing *A Plan for Alberta: Ending Homelessness in 10 Years*. The division facilitates ongoing access to and the timely release of suitable land for the development of affordable housing in high-growth communities.

Policy and Urban Affairs

The Policy and Urban Affairs Division is responsible for strategic policy development, statistical analysis and the dissemination of strategic information. The division develops program guidelines, conducts legislative reviews and administers strategic planning processes including reporting. The division also conducts policy research and enterprise risk management planning, administers legislative services and manages federal/provincial/territorial relations related to housing. They also work with a variety of internal and external stakeholders to ensure that urban-specific issues are considered in government policy and program development, to increase awareness of issues and initiatives related to housing, homelessness, and urban affairs and support the evolution of innovative, effective, well-informed decision-making and policy.

Strategic Support Services

Ministry support services enable the efficient delivery of Housing and Urban Affairs' programs and services to support the achievement of all Ministry goals and facilitate the effective use of limited resources. Services provided include managing correspondence with Albertans, supporting new technology, financial planning and reporting, strategic communications and media relations.

Shared Services

Housing and Urban Affairs has established memoranda of understanding with Service Alberta, Justice, Seniors and Community Supports and Municipal Affairs for the provision of shared services including accounts payable and receivable administration, desktop services, applications hosting and support, legal and human resources services, and Freedom of Information and Protection of Privacy and records management.

Legislative Authority

Both the Minister of Housing and Urban Affairs and the Minister of Seniors and Community Supports have delegated authority to administer the *Alberta Housing Act* and the following regulations under the Act:

1. *Alberta Mortgage and Housing Corporation Loan Regulation*
2. *Housing Accommodation Tenancies Regulation*
3. *Loan Insurance Regulation*
4. *Lodge Assistance Program Regulation*
5. *Management Body Operation and Administration Regulation*
6. *Rent Supplement Regulation*
7. *Social Housing Accommodation Regulation*

The Minister of Housing and Urban Affairs also shares responsibility with the Minister of Seniors and Community Supports and the Minister of Children and Youth Services to administer the *Social Care Facilities Licensing Act* and the *Supportive Living Accommodation Regulation*.

The Minister of Housing and Urban Affairs, the Minister of Seniors and Community Supports, and the Minister of Service Alberta are delegated authority to administer Schedule 13 of the *Government Organization Act*. The following regulations are enacted under Schedule 13, Social Housing and Consumer Matters:

1. *Guarantee Regulation*
2. *Rural Emergency Home Program Loans Regulation*

Boards and Agencies

The Alberta Secretariat for Action on Homelessness

The Alberta Secretariat for Action on Homelessness was established by Ministerial Order on January 25, 2008 pursuant to section 7 of the *Government Organization Act*. The Terms of Reference were agreed to by Cabinet on January 15, 2008. Members were appointed by Ministerial Order on January 25, 2008.

A “Mandate and Terms of Reference” document and a “Membership Guide” document were adopted with a mandate to develop and implement a provincial 10-year strategic plan to address homelessness. To fulfil this mandate, the Alberta Secretariat for Action on Homelessness leads initiatives including the development of prevention strategies, establishing research and education programs and supporting the creation of a homeless information management system. The Alberta Secretariat for Action on Homelessness also supports communities to develop their own 10-year plans to end homelessness.

The Community Development Advisory Board

The Community Development Advisory Board was established by Ministerial Order on December 9, 2008 pursuant to section 7 of the *Government Organization Act*. The Terms of Reference were agreed to by Cabinet on September 2, 2008 and members were appointed on January 26, 2009 with a mandate to make recommendations to the Minister of Housing and Urban Affairs regarding the overall development plan of the Parsons Creek land parcel in Fort McMurray.

The Community Development Advisory Board provides recommendations on the following:

- Dedication of lands for specific-purpose use, including market rental housing and commercial needs
- Servicing of land
- Release of serviced land parcels
- Affordable housing
- Social infrastructure
- Cost implications, including use of surplus funds (profits)
- Collaboration with other housing organizations
- Engagement of the community, including the Aboriginal communities, faith-based organizations and other stakeholders and service providers

The Alberta Social Housing Corporation

The Alberta Social Housing Corporation (the Corporation) operates under the authority of the *Alberta Housing Act*, Chapter A-25, and Revised Statutes of Alberta 2000. The Act is jointly administered by the Department of Housing and Urban Affairs and the Department of Seniors and Community Supports.

The Corporation's primary purpose is to facilitate the provision of affordable housing options through community and seniors housing providers to low-income families and individuals and those with special needs, and to administer seniors housing. 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 that facilitates the provision of social housing accommodation. The Alberta Social Housing Corporation owns and administers the Crown's portfolio of housing and manages provincial debts and agreements associated with those assets. Most provincially-owned housing is operated and maintained by community-based non-profit housing providers. The Alberta Social Housing Corporation directly operates units not administered by housing providers.

KEY ACTIVITIES IN 2008-2009

Housing and Urban Affairs delivered capital funding and programs that assisted lower-income Albertans in meeting their housing needs and provided the homeless with safe shelter options. In 2008-09, the Ministry's activities supported the government priority to promote strong and vibrant communities and reduce crime so Albertans feel safe. The Ministry also supported Alberta's urban communities in addressing pressures related to economic growth.

Affordable Housing

Affordable housing is an important issue for Albertans and a top priority for the Government of Alberta. Housing and Urban Affairs has committed to supporting the development of over 11,000 affordable housing units by 2012. The Ministry's three key initiatives that facilitated achieving this target included: the Affordable Housing Block Funding Program, the Affordable Housing Request for Proposals Program and the Wood Buffalo Housing Initiative. The combined commitment for affordable housing under these three key initiatives in 2008-09 was 2,955 units.

- Block funding of \$112.4 million (including \$12.4 million in rent supplement funding) was provided to municipalities with a population in excess of 5,000 to address affordable housing priorities in their communities. Funding was targeted towards municipalities experiencing above-average population growth, vacancy rates under the provincial average, and higher-than-average two-bedroom rental rates.
- Request for Proposals funding of \$141.8 million was made available, through a competitive process, to municipalities, non-profit organizations and the private sector for the development of affordable housing units.
- The Regional Municipality of Wood Buffalo received \$45 million in affordable housing funding to increase the supply of affordable housing in Fort McMurray.

Action to Address Homelessness

In late 2007, Premier Ed Stelmach and Housing and Urban Affairs Minister, Yvonne Fritz announced that the Alberta government would embark on a 10-year initiative to address homelessness in the province. On January 23, 2008, the Government of Alberta announced the establishment of the Alberta Secretariat for Action on Homelessness (the "Secretariat"). The Secretariat was provided a mandate to develop a 10-year provincial strategic plan outlining "a comprehensive, coordinated and sustainable approach" to addressing homelessness – including goals, timelines and financial requirements.

A Plan for Alberta: Ending Homelessness in 10 Years was accepted by the Government of Alberta and released on March 16, 2009. The plan outlined strategies for addressing the root causes of homelessness as well as priorities, goals, objectives, timelines and financial requirements for implementing the strategy. The Secretariat will continue to oversee the implementation of the strategic plan, to monitor and report regularly on its progress and review and renew the plan as required. Recommended initiatives include prevention strategies, research and education programs, as well as supporting the creation of a homeless management information system. The plan also recommended the province assist municipalities and communities with the development of their own plans to address homelessness.

Public Lands for Affordable Housing

As part of the Alberta government's Community Development Plan and in cooperation with the Regional Municipality of Wood Buffalo, Housing and Urban Affairs received approval to proceed with the development of 1,000 acres of land in Fort McMurray. Known as

Parsons Creek, this is a key development initiative for Fort McMurray which will provide over 8,000 homes, accommodating 24,000 residents. A Community Development Advisory Board was established to make recommendations to Housing and Urban Affairs regarding the overall development plan of the Parsons Creek land parcel, including land use and cost implications.

Homeless and Eviction Prevention Fund

Funding delivered through the Homeless and Eviction Prevention Fund helped Albertans bridge rent shortfalls and assisted with damage deposits. In 2008, Housing and Urban Affairs and Employment and Immigration jointly assessed this program to ensure it was helping those most in need. As a result, a decision was made to transfer the short-term rent shortfall component of the Homeless and Eviction Prevention Fund into Housing and Urban Affairs' Direct to Tenant Rent Supplement Program. The Direct to Tenant Rent Supplement assistance is delivered for a 12-month period, allowing for greater financial stability for recipients participating in job retraining, employment counseling, or other programs that are needed to obtain full financial independence. Albertans who need emergency eviction or damage deposit assistance will receive help through Alberta Works, income supports or the Assured Income for the Severely Handicapped program.

Urban Affairs Framework

Urban Affairs was established as a new core business for Housing and Urban Affairs in 2008-09. The Ministry was provided with a mandate to identify the unique issues facing urban centres and develop sustainable solutions. In the Urban Affairs Framework, the Ministry committed to focus these efforts on cities with a population over 10,000, with a specific focus on Edmonton and Calgary. In 2008-09, the Ministry examined growth pressures as they related to housing and homelessness with a particular emphasis on two issues: urban social issues and community capacity building. Urban social issues encompass housing-related information needs and the homeless-related supports required to address issues such as poverty and crime prevention. Community capacity analysis considered support for projects, through the Ministry's Request for Proposal process, that enhanced and revitalized communities that may have experienced symptoms of decline; such as high rates of poverty or affordable housing needs.

2008 Premier's Award of Excellence

Housing and Urban Affairs was recognized and honoured with the 2008 Premier's Award of Excellence bronze award for their "Alberta Affordable Housing Initiative." The "Alberta Affordable Housing Initiative" supports a land inventory and a new housing continuum that helps to identify and to address immediate housing needs in the province. The undertaking was considered a success as teams delivered a set of recommended short- and long-term actions to meet Alberta's affordable housing needs today and into the future.

The province accepted recommendations that addressed immediate housing pressures and increased the accessibility and affordability of housing. Under the initiative, significant progress was made as government responded with an unprecedented level of support for housing with \$285 million in new funding in Budget 2007. This included:

- \$100 million for the new Municipal Sustainability Housing Program
- \$96 million for the new Capital Enhancement Program
- \$13 million increase to the homeless support program
- \$3 million increase to the Provincial Homeless Initiative
- \$14.3 million increase to the Rent Supplement Program

- \$4.3 million increase for Support to Housing Providers and Special Purpose Housing
- \$45 million for the new Affordable Housing Program in Fort McMurray
- \$7 million for the new Homeless and Eviction Prevention Fund
- \$2.5 million for the new Alberta Transitional Housing Initiative.

Major Consultations

To develop *A Plan for Alberta: Ending Homelessness in 10 Years*, members of the Alberta Secretariat for Action on Homelessness visited the province's seven major cities of Edmonton, Calgary, Fort McMurray, Lethbridge, Red Deer, Grande Prairie and Medicine Hat and learned about the unique challenges each community faced regarding homelessness. The Secretariat spoke with Albertans working in homeless-serving systems, who described the roles the Alberta government should play in supporting and coordinating action to address homelessness. Secretariat members also met with representatives from municipal governments and community-based organizations involved in the development and implementation of community plans and initiatives to address homelessness.

From these consultations, the Secretariat developed *A Plan for Alberta: Ending Homelessness in 10 Years*. The plan recommends adopting a Housing First approach. This approach addresses homelessness by rapidly re-housing homeless Albertans from the streets and shelters into permanent homes with the client-centered supports they need to achieve stability and maintain housing. It is estimated that the new approach will see the overall public costs of managing homelessness reduced by 50 per cent as people are permanently housed and the use of emergency services is significantly reduced.

In addition to the community consultations, the Alberta Secretariat for Action on Homelessness conducted regular meetings with the Seven Cities Partnership, comprised of community-based organizations from Alberta's major urban centres. The Partnership shares perspectives and information and works collaboratively on key strategies to address homelessness. Working in partnership with Alberta's communities will be an ongoing and central part of the Secretariat's role, as it fosters collaboration between and among communities, the Alberta government and homeless-serving agencies.

RESULTS ANALYSIS

Message from the Deputy Minister

Our 2008-09 annual report reflects initiatives by Housing and Urban Affairs to meet the needs of our most vulnerable populations.

We have worked closely with our major urban centres to address their housing pressures and unique urban social issues. Ongoing relationships with municipalities, federal government, private sector and not-for-profit organizations have also moved us closer to our goal to support the creation of 11,000 affordable housing units by 2012. By leveraging these partnerships we were able to provide Albertans with 2,955 new affordable housing units this year alone.

2008-09 also saw the Alberta Secretariat for Action on Homelessness deliver on its commitment to develop a 10-year plan to address homelessness. The Plan is based on the premise that ending homelessness will only occur when we shift focus from finding people a place to sleep to finding people a permanent place to live, with the supports they need to be successful.

To guide the development of the Plan, the Secretariat met regularly with local representatives and community-based organizations from the seven major municipalities. Partnering with Alberta's communities has been an ongoing and essential part of the Secretariat's role. Several major consultations were facilitated by the Secretariat throughout the year and community engagement will continue to be a key focus as we move forward with the Plan's implementation.

To better coordinate cross-ministry delivery of emergency and long-term housing support, we worked closely with our colleagues in Employment and Immigration to carry out a comprehensive assessment of the Homeless and Eviction Prevention (HEP) Fund. In August 2008, Cabinet approved the transfer of the rent shortfall component of the HEP Fund to Housing and Urban Affairs' Direct to Tenant Rent Supplement Program. These changes streamlined our approach and enabled government to better address Albertans' longer-term housing needs.

During the current economic downturn, there is an increasing need for affordable housing and supports to Albertans in need. Housing and Urban Affairs will work with our urban centres and invest in housing strategies, programs and partnerships in order to make our communities safer, stronger and more sustainable.

Original signed by:

Marcia Nelson
Deputy Minister, Housing and Urban Affairs
August 20, 2009



REVIEW ENGAGEMENT REPORT

To the Members of the Legislative Assembly

I have reviewed the performance measure identified as “Reviewed by Auditor General” included in the *Ministry of Housing and Urban Affairs’ 2008-09 Annual Report*.

This performance measure is prepared based on the following criteria:

- Reliability – Information agrees with the underlying data and with sources used to prepare it.
- Understandability and Comparability – Actual results are presented clearly and consistently with the stated methodology and presented on the same basis as targets and prior years’ information.
- Completeness – performance measures and targets match those included in Budget 2008. Actual results are presented for the measure.

My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the Ministry. My review was not designed to provide assurance on the relevance of this performance measure.

A review does not constitute an audit and, consequently, I do not express an audit opinion on this performance measure.

Based on my review, nothing has come to my attention that causes me to believe that the “Reviewed by Auditor General” performance measure in the Ministry’s 2008-09 Annual Report is not, in all material respects, presented in accordance with the criteria of reliability, understandability, comparability, and completeness as described above. However, my review was not designed to provide assurance on the relevance of this performance measure.

[Original signed by Fred J. Dunn]

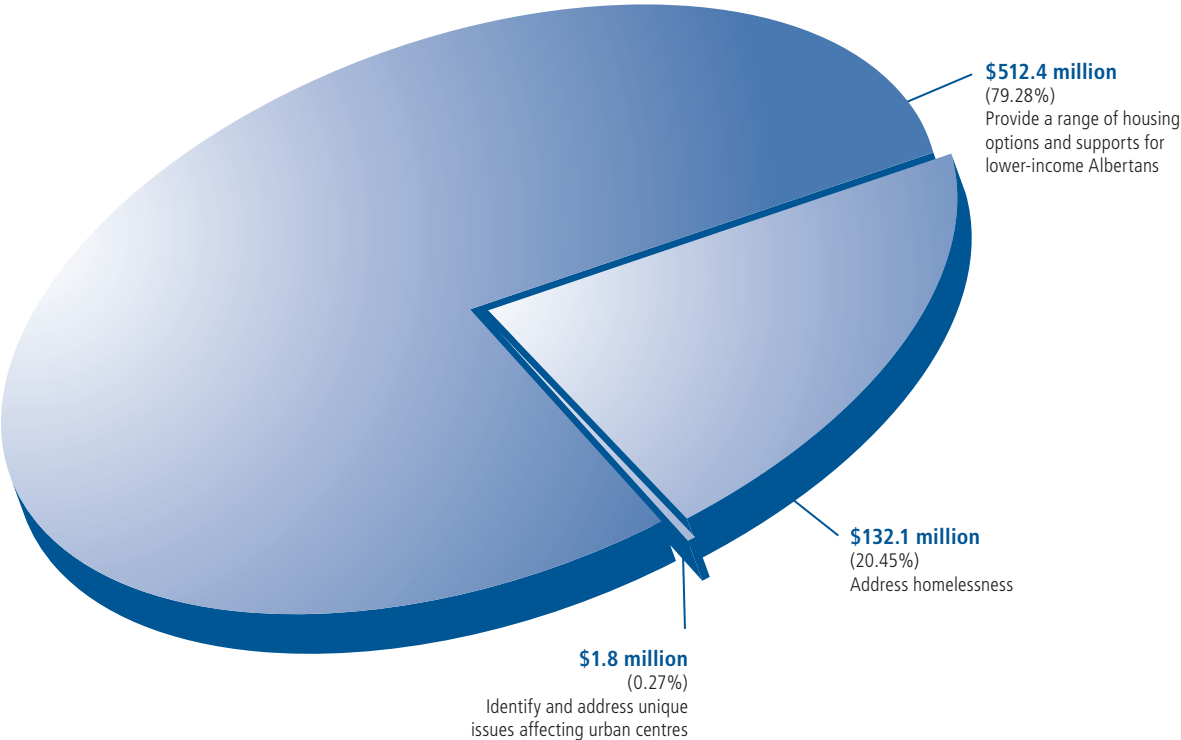
Edmonton, Alberta
September 4, 2009

FCA
Auditor General

EXPENSE BY CORE BUSINESS

Ministry of Housing and Urban Affairs
Financial Resources for the Year Ended March 31, 2009
 (thousands of dollars)

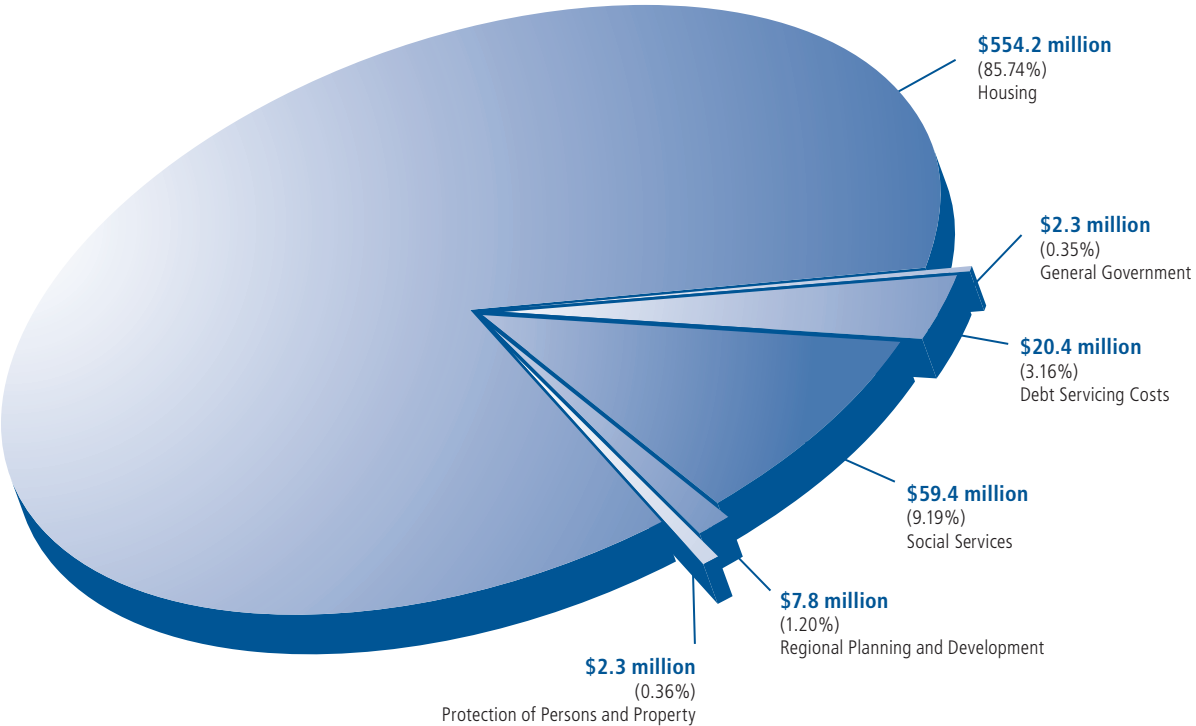
| | 2008-09 Budget | 2008-09 Actual | 2007-08 Actual |
|--|-------------------|-------------------|-------------------|
| Provide a range of housing options and supports for lower-income Albertans | \$ 492,085 | \$ 512,438 | \$ 439,619 |
| Address homelessness | 100,406 | 132,121 | 87,860 |
| Identify and address unique issues affecting urban centres | 2,276 | 1,771 | 1,574 |
| Total Expense by Core Business | \$ 594,767 | \$ 646,330 | \$ 529,053 |



EXPENSE BY FUNCTION

Ministry of Housing and Urban Affairs
Financial Resources for the Year Ended March 31, 2009
 (thousands of dollars)

| | 2008-09 Budget | 2008-09 Actual | 2007-08 Actual |
|------------------------------------|-------------------|-------------------|-------------------|
| Social Services | \$ 45,090 | \$ 59,374 | \$ 41,562 |
| Regional Planning and Development | 6,756 | 7,755 | 2,550 |
| Protection of Persons and Property | — | 2,300 | — |
| Housing | 522,526 | 554,227 | 463,207 |
| General Government | — | 2,280 | — |
| Debt Servicing Costs | 20,395 | 20,394 | 21,734 |
| Total Expense by Function | \$ 594,767 | \$ 646,330 | \$ 529,053 |



RESULTS DISCUSSION AND ANALYSIS

Core Business One – Provide a range of housing options and supports for lower-income Albertans

Goal One – Albertans have access to a range of housing options and effectively managed housing programs that are focused on those most in need

Lower-income Albertans, at different stages in their lives, may have difficulty meeting their housing needs. To help them live independently in their own homes, the Ministry funded a range of affordable housing options targeted to families, individuals, seniors and persons with special needs.

The Ministry supported the delivery of these housing options in partnership with over 200 community-based organizations through three key initiatives: Affordable Housing Development towards the creation of 11,000 affordable housing units by 2012; the Rent Supplement Program; and support to provincially-owned and supported housing units. In Budget 2008, government announced Housing and Urban Affairs' program expense would be \$574 million, an increase of \$66 million from the 2007-08 forecast. In the second quarter, a supplemental estimate increased total program expense from \$574 million to \$629 million which does not include debt servicing, mainly for the Homeless and Eviction Prevention Fund and Direct to Tenant Rent Supplement Program.

The Rent Supplement Program, Private Landlord Rent Supplement and Direct to Tenant Rent Supplement, provide households in non-government-owned developments with subsidized rent either through an agreement with the private landlord or with the tenant themselves. In 2008-09, the Ministry assisted 7,533 Albertans through the Private Landlord Rent Supplement program and 9,011 Albertans through the Direct to Tenant Rent Supplement Program.

In 2008-09, the Homeless and Eviction Prevention Fund assisted 61,276 Albertans at risk of losing their homes due to rent increases and/or rental arrears, and assisted those moving to Alberta for employment required who assistance with moving costs, damage deposits and first month's rent. Employment and Immigration administered the program on behalf of Housing and Urban Affairs.

In response to the *Alberta Affordable Housing Task Force Report*, funding was provided to create 11,000 additional affordable housing units by 2012. The increase in the supply of affordable housing units not only assisted lower-income households but also contributed to stabilizing the housing market.

In 2008-09, the Ministry's budget included \$315 million in capital funding for affordable housing. This funding included \$100 million in Block Funding, \$142 million under the Affordable Housing Request for Proposals process, and \$45 million to the Regional Municipality of Wood Buffalo. The balance of funding consisted of \$10 million to maintain existing social housing, \$2 million under Capital for Emergent Projects and \$16 million in federal funding for the Off-Reserve Aboriginal Housing program.

The Ministry has over 130 local housing providers located throughout the province that delivered the Rent Supplement Program, over 26,000 provincially-owned and supported housing units, and delivered subsidized rental programs to lower-income seniors, families, individuals and people with special needs.

The provincially-owned and supported social housing units were in over 1,100 developments across the province and included over 14,000 apartment units for senior citizens, and over 10,000 apartment, townhouse and row housing units for singles and families.

Strategy 1.1

Implement the approved longer-term recommendations as identified by the *Alberta Affordable Housing Task Force Report* focusing on the acute shortage of affordable and accessible housing across Alberta.

Attention will be focused on providing funding to address housing priorities in high-growth communities, such as the creation of new units, secondary suites, transitional housing and rent supplement units, or the purchase or renovation of existing units.

There will also be a focus on better integration of planning and policy, including a consistent definition of affordable housing for provincial programs, and developing a coordinated approach for the provision of services to the homeless, through the development of a comprehensive housing strategy.

- The Affordable Housing Municipal Block Funding Program provided \$100.2 million in Block Funding supplemented with an additional \$12.4 million in rent supplement funding to municipalities to address housing priorities in their communities. The funding was targeted to high-growth, high-need municipalities to help ease growth pressures. This was the second year of a three year commitment.

The program was announced on May 27, 2008 and included funding for 37 communities as follows:

| | | | |
|---------------------------|--------------|------------------------------|-----------------------|
| City of Airdrie | \$ 1,480,634 | City of Lethbridge | \$ 3,838,409 |
| Town of Banff | 238,129 | City of Lloydminster | 788,713 |
| Town of Beaumont | 458,070 | City of Medicine Hat | 1,556,316 |
| City of Brooks | 370,832 | Town of Morinville | 184,993 |
| City of Calgary | 47,923,357 | Town of Okotoks | 805,581 |
| City of Camrose | 432,788 | Town of Olds | 197,908 |
| Town of Canmore | 328,728 | Town of Peace River | 172,432 |
| Town of Cochrane | 646,532 | City of Red Deer | 4,026,966 |
| City of Cold Lake | 351,145 | Town of Rocky Mountain House | 197,444 |
| Town of Devon | 298,880 | Town of Slave lake | 191,983 |
| Town of Drayton Valley | 323,877 | City of Spruce Grove | 916,046 |
| City of Edmonton | 34,317,518 | City of St. Albert | 1,576,030 |
| Town of Edson | 393,041 | Town of Stony Plain | 337,574 |
| City of Fort Saskatchewan | 758,642 | Strathcona County | 3,876,890 |
| City of Grande Prairie | 2,359,984 | Town of Strathmore | 521,643 |
| Town of High River | 292,603 | Town of Sylvan Lake | 504,156 |
| Town of Hinton | 266,745 | City of Wetaskiwin | 318,734 |
| Town of Lacombe | 315,703 | Town of Whitecourt | 244,955 |
| City of Leduc | 797,217 | | |
| | | Total | \$ 112,611,198 |

- Over the course of the fiscal year, the Ministry approved 28 Affordable Housing Block Funding Plans from municipalities totalling \$59.7 million. The funding allocations were based on a formula that considered the community's population growth, average vacancy rate and average rents for a two-bedroom unit. The Ministry is working with the remaining nine municipalities, totalling \$52.7 million, to ensure their submission of an Affordable Housing Block Funding Plan meets the requirements of the program.

- The Affordable Housing Request for Proposal (RFP) process provided \$141.8 million in funding. In 2008-09, the program was expanded to include municipalities, non-profit groups and private sector developers to encourage broader partnerships and innovation in the development of affordable housing units. The funding made available was used for new construction, the creation of secondary suites, the purchase and renovation of existing housing stock or the conversion of non-residential space to affordable housing. The process was announced on June 16, 2008 and closed on September 19, 2008. The Ministry received a total of 145 applications from 58 communities with total requested capital funding of \$1.23 billion and total capital costs of \$2.14 billion. The Ministry approved a total of 33 applications for 1,213 units in 18 communities, as follows:

| Community | Funding | Units |
|--|-----------------------|--------------|
| Habitat for Humanity – Alberta Caucus, Brooks, Camrose, Calgary, Edmonton, Lethbridge, Mountain View, Red Deer | \$ 6,000,000 | 67 |
| Airdrie Housing Limited, Airdrie | 3,290,760 | 32 |
| Lacombe Foundation, Blackfalds | 3,101,350 | 20 |
| 658187 Alberta Ltd., Boyle | 1,233,040 | 16 |
| The Champions Centre Inc., Brooks | 425,250 | 14 |
| Calgary Drop-In & Rehab Centre Society, Calgary | 7,000,000 | 59 |
| Calgary Homeless Foundation, Calgary | 8,988,700 | 80 |
| Calgary Housing Company, Calgary | 1,400,000 | 14 |
| Kanas Shelter Corporation, Calgary | 6,375,000 | 85 |
| Kanas Shelter Corporation, Calgary | 1,125,000 | 15 |
| Norfolk Association, Calgary | 2,686,838 | 58 |
| The Mustard Seed (Calgary) Street Ministry Society, Calgary | 21,467,069 | 112 |
| Boys and Girls Clubs of Calgary, Calgary | 1,412,470 | 12 |
| McMan, Youth, Family and Community, Calgary | 2,003,170 | 24 |
| Cochrane Society for Housing Options, Cochrane | 1,742,158 | 10 |
| Leduc Foundation, Devon | 2,897,393 | 24 |
| Studios Alberta Ltd., Drumheller | 835,000 | 15 |
| Capital Region Housing Corporation, Edmonton | 3,635,412 | 23 |
| Capital Region Housing Corporation, Edmonton | 3,029,824 | 20 |
| Meadowcroft Housing Society of Edmonton, Edmonton | 2,200,000 | 29 |
| Niginan Housing Ventures, Edmonton | 2,274,389 | 42 |
| St. John's Institute, Edmonton | 1,980,000 | 36 |
| YMCA of Edmonton, Edmonton | 24,977,750 | 150 |
| Specialized Municipality of Jasper, Jasper | 3,196,030 | 42 |
| Lethbridge & Region Community Housing, Lethbridge | 2,534,000 | 16 |
| Studios Alberta Ltd., Olds | 868,000 | 15 |
| North Peace Housing Foundation, Peace River | 5,000,000 | 31 |
| Central Alberta Residence Society, Red Deer | 232,680 | 5 |
| Loaves & Fishes Benevolent Society, Red Deer | 265,010 | 5 |
| Sturgeon Foundation Seniors Supportive Housing, St. Albert | 8,069,200 | 48 |
| Societe des compagnons, St. Isidore | 313,162 | 3 |
| Age Care Health Services Ltd., Strathmore | 10,000,000 | 82 |
| The Dynamic Group (508713 Alberta Ltd.), Whitecourt | 1,217,345 | 9 |
| Total | \$ 141,776,000 | 1,213 |

- The Ministry received a \$2.3 million transfer from Alberta Infrastructure, under their Capital Emergent Projects Fund, to support renovations and expansions. Hythe and District Pioneer Homes was provided \$1.4 million and Pleasant Valley Lodge was allocated \$900,000.
- The Wood Buffalo Housing Initiative provided \$45 million to assist the Regional Municipality of Wood Buffalo through the Wood Buffalo Housing and Development Corporation to increase the supply of affordable housing in that community through the construction of 300 affordable housing units, as recommended by the Oil Sands Strategy Committee. As a result, two developments, both apartment complexes, were approved in 2008-09.
- Off-reserve Aboriginal housing was allocated \$16 million in capital funding, under the federally funded Off-Reserve Aboriginal Trust, to assist aboriginal people living off-reserve with the development of new housing, repairs to existing housing or assistance with home ownership in urban centres and northern remote communities. This was the third year of a three-year commitment under this program.

| Community | | New Units | Home Ownership | Repairs |
|--|------------|----------------------|---------------------|-------------------|
| First Canadian Developments Corporation, Calgary | 8 | \$ 1,693,333 | \$ — | \$ — |
| Métis Calgary Family Services Society | 23 | — | 458,000 | — |
| Métis Capital Housing Corporation, Edmonton | 15 | — | 200,000 | — |
| Métis Capital Housing Corporation, Edmonton | 15 | — | — | 200,000 |
| Native Counselling Services of Alberta | 4 | 676,260 | — | — |
| Red Road Healing Society, Edmonton | 12 | — | 132,000 | — |
| Fort Chipewyan Métis Local #125 | 10 | — | — | 100,000 |
| Heart River Housing, Grouard | 4 | 658,700 | — | — |
| Aboriginal Housing in Action Society, Lethbridge | 20 | — | 400,000 | — |
| Rock River Developments, Nampa | 4 | 632,512 | — | — |
| Paddle Prairie Métis Settlement | 10 | 1,559,253 | — | — |
| Red Deer Native Friendship Society | 16 | 2,691,795 | — | — |
| Enterprise 203 Holdings Ltd. (O'Chiese) | 16 | 2,100,000 | — | — |
| Kainai Housing Corporation | 77 | — | 1,546,715 | — |
| Mistassini Housing Corporation | 77 | — | 1,546,717 | — |
| Treaty 7 Management Corporation | 77 | — | 1,546,715 | — |
| Total | 388 | \$ 10,011,853 | \$ 5,830,147 | \$ 300,000 |

Strategy 1.2

Support innovative housing partnerships and solutions, including the promotion of best practices, through collaboration between municipalities and/or the public and private sector to increase the number of affordable housing units in Alberta.

- In collaboration with its provincial and territorial colleagues, Housing and Urban Affairs actively advocated for the extension of the federal housing programs and the need to increase affordable housing across Canada. Through submissions to the federal government, consultations with key national stakeholders, and engagement of the federal government in informal and formal discussions, provincial and territorial efforts influenced the federal decision to allocate \$23.96 million for the Affordable Housing Initiative two-year extension and the infusion of \$94.82 million over two years for housing investments through *Canada's Economic Action Plan*.
- Housing and Urban Affairs also worked with other jurisdictions to identify emerging research issues, develop a best practices and funding guide for the Council of the Federation and review tax measures to promote housing solutions and partnerships.
- The annual *Apartment Vacancy and Rental Cost Survey* was conducted between May and August in 59 rural Alberta communities with a population between 1,000 and 10,000 and had 30 or more rental structures. It included private and non-subsidized buildings containing four or more rental units. The survey provided the housing industry and government departments and agencies with essential information on private market vacancy and rental rates in multi-family rental dwellings in rural Alberta. The survey results were then used to calculate the Core Need Income Thresholds for smaller communities and to support Affordable Housing Block Funding calculations for municipalities.

Strategy 1.3

Monitor the effectiveness of the new Direct Rent Supplement Program that provides funding directly to qualified Alberta households to increase their ability to afford suitable housing.

- The Direct to Tenant Rent Supplement Program was initiated in 2007-08 in response to the *Alberta Affordable Housing Task Force Report*, and due to housing pressures that included low vacancy rates, rising rental rates, and the decline in the rental stock through the conversion of traditional rental properties to condominiums. The program provided rental subsidies directly to tenants requiring housing assistance through the Ministry's housing providers. The rent supplement was equal to the difference between a market rent agreed upon by the housing provider, and 30 per cent of a household's income, up to a maximum established by the housing provider. Priority was given to applicants most in need.
- In 2008-09, the Ministry delivered the new Direct to Tenant Rent Supplement Program to 5,703 households who required assistance meeting their monthly rental costs. A supplementary estimate of \$15 million was approved to assist clients in most need.
- The Ministry initiated the development of a check sheet for reviewing the delivery of the Direct to Tenant Rent Supplement Program by housing providers to ensure compliance with the legislated priority point scoring system and to ensure that applicants met the eligibility requirements of the program.

- Employment and Immigration administered the Homeless and Eviction Prevention Fund on behalf of Housing and Urban Affairs. As of March 31, 2009, the Homeless and Eviction Prevention Fund provided funding for three supplements:

| Supplement | Instances | Funding |
|---------------------------|----------------|---------------------|
| Eviction supplement | 23,177 | \$19 million |
| New residence supplement | 21,654 | \$20 million |
| Rent shortfall supplement | 102,322 | \$38 million |
| Total | 147,153 | \$77 million |

Note: This funding was provided in 147,153 instances to 61,276 Albertans who reside in 38,782 households. The original budget of \$44 million was increased by \$33.5 million, by way of a supplementary estimate, to assist these households.

- The Ministry worked with Employment and Immigration to simplify access to services and facilitate the coordinated delivery of the Homeless and Eviction Prevention Fund. Responsibility for administering the rent shortfall benefit of Homeless and Eviction Prevention Fund was transferred from Employment and Immigration to Housing and Urban Affairs on April 1, 2009. Employment and Immigration continues to administer the arrears and damage deposit components of the former Homeless and Eviction Prevention Fund.
- As a result of the program transition, the Ministry met with representatives from the Alberta Public Housing Administrators Association and housing providers from the seven major centres; Calgary, Edmonton, Grande Prairie, Lethbridge, Medicine Hat, Red Deer and the Regional Municipality of Wood Buffalo; to discuss the process for transitioning clients of the Homeless Eviction and Prevention Fund to the Direct to Tenant Rent Supplement Program.

Strategy 1.4

Actively work in partnership with housing operators to ensure housing programs continue to meet the changing needs of tenants who are served in over 40,000 housing units.

- The Ministry coordinated the collection of the *Vacancy and Wait List Profile Survey* data for the seven major housing providers to provide analysis of vacancies and waiting lists for the social housing portfolio. The survey was conducted by location, program and housing provider to determine variance within the current housing portfolio. The Ministry provided ongoing support to housing providers to ensure accurate data was available. The seven major housing providers are:

| City | Housing Provider |
|----------------|--|
| Edmonton | Capital Region Housing |
| Calgary | Calgary Housing Company |
| Fort McMurray | The Wood Buffalo Housing & Development Corporation |
| Red Deer | Red Deer Housing Authority |
| Grande Prairie | Grande Spirit Foundation |
| Medicine Hat | Medicine Hat Community Housing Society |
| Lethbridge | Lethbridge Housing Authority |

- The Ministry conducted the *2008 Social Housing Client Profile Survey* which collected client profile data from housing providers to provide analysis of client demographics of Albertans accessing the social housing portfolio. The data allowed the Ministry to provide advice to the private and non-profit partners who play an important role in the delivery of social housing.
- Core Need Income Thresholds, which are used to determine maximum income limits for Ministry housing programs, were calculated for 2009 in partnership with the Canada Mortgage and Housing Corporation. The Canada Mortgage and Housing Corporation prepared Core Need Income Thresholds for communities with a population over 10,000 and for non-market areas using a *Rental Market Survey*. The Ministry prepared Core Need Income Thresholds for smaller communities using the *Apartment Vacancy and Rental Cost* data.
- The Ministry worked in partnership with housing providers to maintain existing facilities, transfer structures through Nominal Sum Dispositions and consolidate operations. These ongoing efforts to review portfolios help determine whether the introduction of additional services or changes to organizational structures will allow for better utilization of the facility and its supporting resources.
- The Ministry provided support to housing operators and information to the community through training sessions, advisory services and participation in public forums. Information was shared on funding, reorganization and opportunities for partnership. For example, the Ministry attended a forum with the City of Red Deer to discuss coordination of delivery of housing programs among low-income housing providers in the city. The Ministry initiated discussions with the Alberta Public Housing Administrators Association to determine responsibilities of support service staff which could be hired by housing providers to facilitate transitions of households able to exit social housing and become self-reliant in market-based non-subsidized housing.
- The Ministry partnered with Employment and Immigration to integrate the provision of support services for clients transitioning from shelters to more permanent housing. This partnership supported clients who have other needs in addition to their need for housing.

Strategy 1.5

Focus available resources to maintain the provincially-owned and supported housing portfolio of approximately 25,600 units.

- Housing providers are community-based organizations, each made up of a board of directors and administrative staff that, operate and maintain social housing accommodation. The Ministry provided advice and \$54.8 million in funding to housing providers, including special needs, to administer and maintain the existing social housing portfolio. Maintenance staff met with housing providers and provided onsite training to address maintenance needs identified in their 2008-09 budget requests. The Ministry provided funding for energy audits in addition to assisting housing providers to define the scope, budgets, tendering processes and consultant and contractor selections for projects. Onsite inspections were also conducted to ensure the Ministry was aware of any operational concerns or maintenance issues.
- The Ministry ensured housing providers operated in a financially-efficient manner by providing financial advice to local housing providers and monitoring operations through the review of financial reports and operational reviews.

Core Business Two – Homelessness and Transitional Housing

Goal Two – Homeless Albertans have access to emergency shelters and transitional housing

Data indicates that homeless populations are increasing across the province. For example, in the larger urban centres conducting homeless surveys, there was an average increase of 29 per cent in the number of homeless people between 2004 and 2006. As a result, to ensure the health and safety of homeless Albertans, there is an ongoing need for emergency and transitional shelters and an increased need for temporary shelter spaces in the winter months.

In 2008-09, \$40 million in funding to support agencies was provided to emergency or transitional shelter spaces to address the short-term housing needs of the homeless populations in the seven major municipalities and three rural communities in Alberta. Of this funding, \$36.1 million was allocated to 34 emergency shelters that provided 3,659 annual shelter spaces and \$3.9 million was provided to support 546 winter emergency spaces. Compared to 2007-08, when government provided \$33 million for homeless support, 2008-09 saw an increased disbursement of \$7 million. Increased funding has allowed the Ministry to provide support to shelter operators outside the seven major municipalities.

The Government announced the establishment of the Alberta Secretariat for Action on Homelessness on January 23, 2008. The secretariat created *A Plan for Alberta: Ending Homelessness in 10 Years*, which was later fully endorsed by government.

The Provincial Homeless Initiative funding of \$3.3 million demonstrated a provincial commitment to partnership with other orders of government, as well as the private and non-profit housing sectors, to find effective, long-term housing solutions for the homeless. The initiative recognized that each community is different and requires a community-based housing solutions. Based on approved community plans, the initiative allocated funding to Edmonton, Calgary, Regional Municipality of Wood Buffalo, Grande Prairie, Red Deer, Lethbridge and Medicine Hat. Increased funding has allowed the Ministry to provide funding to communities outside of the seven major municipalities.

The Ministry provided funding of \$7.5 million to support the Transitional Housing Initiative for the homeless and hard-to-house, located primarily in the major urban centres across the province.

The Gunn Centre has provided services for disadvantaged men since 1941 and is currently administered and supported by Housing and Urban Affairs. The Centre continued to offer temporary accommodation and support services for men who are homeless or at risk of becoming homeless and currently unable to provide for their basic needs without assistance. The Centre operates with the goal of helping men re-establish their lives in the community.

Strategy 2.1

Continue to address and meet the need for emergency shelter.

- In 2008-09, 34 emergency shelter facilities with 3,659 spaces were supported. The Ministry monitored the utilization of provincially-funded facilities to ensure capacity met the need and that spaces were not underutilized.

Utilization statistics were collected daily for all emergency shelter spaces funded by the Province. The following indicates where emergency shelter spaces were provided and the amount of funding provided by the Province:

| Community | Number of Facilities | Spaces Provided | Actuals |
|----------------|----------------------|-----------------|----------------------|
| Calgary | 12 | 2,064 | \$ 21,113,720 |
| Edmonton | 10 | 1,021 | 9,094,639 |
| Fort McMurray | 2 | 162 | 2,558,136 |
| Grande Prairie | 2 | 79 | 388,924 |
| High Level | 1 | 20 | 214,644 |
| Lethbridge | 2 | 130 | 1,255,430 |
| Lloydminster | 1 | 20 | 204,120 |
| Medicine Hat | 1 | 30 | 274,081 |
| Red Deer | 1 | 23 | 255,913 |
| Total | 32 | 3,549 | \$ 35,359,607 |

Note: As outlined in Strategy 2.2, the Ministry also funded 110 emergency family shelter spaces. Brenda's House was funded for 30 spaces and Inn from the Cold for 80 spaces.

- During the winter of 2008-09, provincial funding in the amount of \$3.9 million was provided to support the following communities with their winter response needs:

| Community | Number of Spaces | Actuals |
|----------------|------------------|---------------------|
| Calgary | 370 | \$ 2,456,851 |
| Edmonton | 66 | \$839,441 |
| Grande Prairie | 30 | \$207,245 |
| Lethbridge | 20 | \$89,700* |
| Medicine Hat | 20 | \$175,350 |
| Red Deer | 20 | \$3,340* |
| Wetaskiwin | 20 | \$146,029 |
| Total | 546 | \$ 3,917,956 |

*Minimal winter response funding required as existing emergency shelter budget covered the majority of the cost.

- The Ministry assisted smaller communities with emergency shelter needs, by providing advisory services to Banff, Brooks, Rocky Mountain House, Camrose, and Ponoka.

- The Gunn Centre transitioned 79 residents, continued to enhance service delivery and increased the number of clients returning to the community through:
 - Preparation of Individual Service Plans
 - Implementation of wrap-around supports that partner with the community
 - Introduction of the Housing First approach to clients
 - Collaboration with shelter providers, treatment centres and Housing First providers to support transitioning clients
- Gunn Centre residents are typically transitioned to permanent housing in the seven major municipalities as well as the bedroom communities.

Strategy 2.2

Explore effective service delivery models in collaboration with other ministries to support the move of individuals from shelters to transitional housing as they move toward self-sufficiency.

- The Ministry worked with Seniors and Community Supports regarding funding applications from NiGiNan Housing Society in Edmonton. The completed facility will have 40 units with a capacity to house 42-45 people.
- The Ministry reviewed the need for a family shelter in the City of Calgary. Housing and Urban Affairs supported two additional new emergency family shelters in Calgary by approving funding as follows:
 - A \$350,000 grant was provided to Inn from the Cold Society to cover operational costs incurred in operating an emergency family shelter during the winter that can accommodate up to 30 families at a time.
 - A \$400,000 grant was provided to Brenda’s House. The organization worked in partnership with five community agencies to provide supports to assist up to 14 families at a time to find more permanent housing.

Strategy 2.3

Support additional transitional facilities by increasing funding to address the transition from homelessness to more stable housing solutions.

- The Ministry provided \$3.3 million in funding through the Provincial Homeless Initiative to community-based organizations located in the seven major municipalities: Calgary, Edmonton, Grande Prairie, Lethbridge, Medicine Hat, Red Deer and the Regional Municipality of Wood Buffalo.

Recipients of the \$3.3 million allocation was as follows:

| Community | Actuals |
|--|-------------|
| Calgary | \$1,000,000 |
| Edmonton | \$1,000,000 |
| Grande Prairie | \$200,000 |
| Lethbridge | \$200,000 |
| Medicine Hat | \$200,000 |
| Red Deer | \$200,000 |
| Regional Municipality of Wood Buffalo | \$200,000 |
| Neighbours Outreach Wetaskiwin Society | \$78,000 |
| Edmonton Homeless Commission | \$200,000 |

The community-based organizations allocated this funding for capital housing projects with direct to client support services to assist people to move from homelessness into housing and maintain housing. The funding was also used to purchase new or to renovate existing units.

- The Ministry provided \$7.5 million under the Transitional Housing Initiative that assisted communities with initiatives that helped the homeless move from shelters to independent living.
 - The Calgary Urban Projects Society (CUPS) received \$60,000 in funding
 - Calgary Alternative Support Services received \$62,500 in funding
 - In Red Deer, the Buffalo Hotel was provided \$465,000 in funding to support 38 spaces
 - The Boyle Street Community Services Family Shelter Network in Calgary received \$223,832 in funding
 - In Edmonton, the Hope Mission Transitional Housing for Youth (18-24 years of age) was funded \$405,695 to support 12 spaces.
 - \$757,290 was provided to the Jasper Place Health & Wellness Rapid Exit Project in Edmonton. Eighty-two homeless individuals were moved directly into permanent, safe housing this year.
 - \$910,682 was distributed to expand services for 300 homeless people at the Rapid Exit Housing Singles Society in Calgary.
 - \$2.3 million was provided to the Pathways to Housing program, operated by the Alex Community Health Centre, to provide 60 Calgarians with housing and intensive medical, psychiatric and case management services to the most at-risk homeless clients being discharged from correctional facilities. This funding was transferred from Alberta Justice and Attorney General to Housing and Urban Affairs through the Safe Communities Secretariat Cross-Ministry initiative.
 - \$2.3 million was provided to the Pathways to Housing program in Edmonton.
- In 2008-09, the Ministry approved 24 initiatives for continued funding through the Outreach Initiative Pilot Project for support services that enabled homeless individuals to access and maintain permanent housing.

Strategy 2.4

Support the Alberta Secretariat for Action on Homelessness with developing a 10-year plan to address homelessness.

- The Alberta Secretariat for Action on Homelessness visited the seven major cities of Edmonton, Calgary, Fort McMurray, Lethbridge, Red Deer, Grande Prairie and Medicine Hat and spoke with Albertans working in homeless-serving organizations. The Secretariat asked them to describe the role they thought the Alberta government should play in supporting and coordinating action to address homelessness on a province-wide basis. The Secretariat also met with representatives from municipal governments and community-based organizations who are involved in the development and implementation of community plans and initiatives to address homelessness.
- *A Plan for Alberta: Ending Homelessness in 10 Years*, developed by the Alberta Secretariat for Action on Homelessness, is the Province's plan to address homelessness. The 10-year plan was announced on March 16, 2009 and identified specific actions and immediate priorities to support the creation of permanent, safe housing for the homeless and outlined the services needed to break the cycle of homelessness.

Core Business Three – Identify and address unique issues affecting urban municipalities

Goal Three – Growth pressures faced by urban municipalities are effectively managed by focusing on sustainable solutions

Housing is fundamental to the economic, physical and social well being of Albertans. It is the building block of healthy, inclusive, and sustainable communities. As a new core business, the Ministry defined the Urban Affairs Mandate and developed the Urban Affairs Framework to help identify and address the unique issues affecting urban centres as they relate to housing and homelessness.

Through the implementation of strategic initiatives and the management of key relationships, Urban Affairs increases awareness of issues and initiatives related to housing and homelessness in large urban centres, and supports innovative, effective, well-informed decision-making and policy development.

Housing and Urban Affairs played a key role in the creation of the Community Development Plan, which addresses the need for housing in Fort McMurray. Together with Treasury Board and other government partners, the Ministry committed to ensuring the area experiences sustainable growth which complements its economic activity. The Ministry will specifically address immediate and medium-term housing needs.

A Community Development Advisory Board was established to make recommendations to Housing and Urban Affairs regarding the overall development plan of the Parsons Creek land parcel, including land use and cost implications. The Ministry worked with the Community Development Advisory Board in Fort McMurray to make provincial land holdings in Parsons Creek available for development in advance of projected need. The Parsons Creek development is part of the government's plan to accelerate housing development in the Fort McMurray region and responds to recommendations from *Investing in our Future: Responding to the Rapid Growth of Oil Sands Development*, also known as the Radke Report.

Strategy 3.1

Work with urban municipalities to identify the unique pressures they are experiencing due to high levels of growth.

- Housing and Urban Affairs met with key municipal stakeholders to identify and address issues of mutual interest as they relate to housing and homelessness. Jurisdictional reviews were also conducted to identify new and innovative policies and best practices that address these urban issues.
- The Ministry conducted research to incorporate neighbourhood revitalization components into the 2009-10 Affordable Housing Request for Proposals process. This supports community capacity building as one of the priority issues under the Urban Affairs Framework.
- The intended outcome of including these components into the Request for Proposals was to enhance the proposals to ensure consideration was made to elements that renew and revitalize neighbourhoods experiencing symptoms of decline such as high rates of poverty, unemployment, crime, a lack of social supports, and the need for housing.

Strategy 3.2

Liaise with other Government of Alberta ministries to address these unique urban needs.

- The Ministry met with several other ministries to gain insight on urban issues as they relate to housing and homelessness. In December 2008, the Minister approved the Urban Affairs Framework. The framework focuses on cities with a population over 10,000, with a particular emphasis on Edmonton and Calgary, which are significantly impacted by growth pressures related to housing and homelessness.

Strategy 3.3

Coordinate cross-ministry innovative initiatives to address urban centre issues as a result of growth pressures.

- Housing and Urban Affairs is a participant on the Safe Communities Secretariat Cross-Ministry initiative and works with Justice and Attorney General to promote strong and vibrant communities and to reduce crime so Albertans feel safe. Pathways to Housing (Calgary), identified as a high priority project, was supported by the Minister of Justice and Attorney General to receive Safe Communities Initiative funding. Pathways to Housing provides people leaving correctional facilities with housing.
- On October 30, 2008 Justice and Attorney General and Housing and Urban Affairs announced additional funding for Pathways to Housing through the Safe Communities Initiative. The Pathways to Housing initiative was allocated \$2.3 million through the Safe Communities Secretariat Cross-Ministry initiative.

Strategy 3.4

Ensure ongoing access to and the timely release of suitable land for the purpose of developing more affordable housing in high-growth municipalities.

- Housing and Urban Affairs will lead the development of over 8,000 housing units for 24,000 residents in a new 1,000 acre residential development in Fort McMurray known as Parsons Creek. A seven-member Community Development Advisory Board was appointed on January 22, 2009 to advise government on the planning, consultation and development of Parsons Creek. The Board represents community stakeholders, the Regional Municipality of Wood Buffalo and the Alberta Government. The Ministry received a supplementary estimate of \$1.15 million to cover board remuneration and expenses, and other administrative functions and support, affiliated directly with the Parsons Creek development.
- The Parsons Creek development is part of the government's plan to accelerate housing development in the Fort McMurray region and responds to the recommendations from *Investing in Our Future: Responding to the Rapid Growth of Oil Sands Development*. The first meeting of the Community Development Advisory Board was held in March 2009.
- A Phase I Environmental Study, a Historical Resource Impact Assessment and the Slope Setback Assessment and Preliminary Geotechnical Investigation reports for the project were completed.
- The Ministry attended meetings of the Centralized Land Disposition Committee, the Fort McMurray Housing Needs Study and the Fort McMurray Development Plan Cross-Ministry Implementation Team. The Fort McMurray Housing Needs Study, led by Municipal Affairs, was completed on October 1, 2008.
- Effective April 1, 2008, a policy to make crown and surplus provincial lands available for affordable housing projects through the Government of Alberta Land Disbursement Policy Framework for Affordable Housing was implemented. This policy identified provincial land that may be sold to municipalities and non-profit groups for a nominal sum to be used for affordable housing for families and seniors. The Ministry worked closely with municipalities demonstrating interest and providing proposals for affordable housing developments.
- The Ministry attended a round-table discussion in November 2008 with representatives from various stakeholders, Seniors and Community Supports and Infrastructure to assist in forming recommendations for the development of the Kerby Centre parking lot site in Calgary. A final report was completed and submitted to government for review. Further review of the report, by the three Ministries directly involved, is required to ensure all recommendations and the impact on the community are considered and benefit Albertans.
- The Nominal Sum Disposal budget of \$19.2 million was allocated to facilitate the disposal of Alberta Social Housing Corporation assets that are surplus to government needs, too costly to operate or support the creation of affordable housing. Ownership of nine lots, two senior's lodges, one senior's self-contained project and 43 single family residential units was transferred to the municipality or the housing provider.

PERFORMANCE MEASURES AND METHODOLOGY

In prior years, the Office of the Auditor General applied specified procedures to all Ministry performance measures included in the annual report. In the current year the Office of the Auditor General conducted a limited assurance engagement (review) of a selection of performance measures that are identified in the annual reports as “Reviewed by Auditor General.” The measures were selected for review by Ministry management based on the following criteria established by government.

- Enduring measures that best represent the goal and mandated initiatives
- Measures have well established methodology and reporting of data
- Measures have outcomes over which the government has a greater degree of influence
- Each goal has at least one reviewed performance measure

Performance Measure 1a

Measure: Number of affordable housing units developed with support from provincial funding.

Target: 2,200

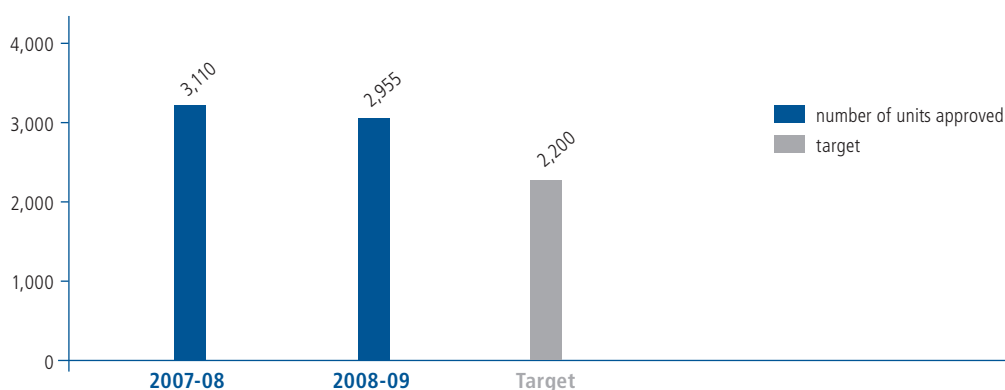
Description: There is a shortage of affordable housing in Alberta’s high-growth, high-need communities. Housing and Urban Affairs’ strategy is to provide approved funding and develop partnerships to increase the supply of sustainable, affordable housing. Progress towards this goal will be measured by tracking the number of affordable housing units developed with provincial funding.

Housing units includes construction of new rental units, purchase/renovation of existing rental accommodation units, development of secondary suites in private dwellings as affordable housing, conversion of non-residential space to residential units and other priorities as identified by the municipality.

Actual Results: The target was exceeded by 755 units in 2008-09 with an approved result of 2,955 units to March 31, 2009.

Reviewed by Auditor General

Affordable Housing Units – Number of affordable housing units developed* with support from provincial funding



*Note: Total affordable housing units include funding committed during the fiscal year and in any phase of development.

Discussion: Actual results in 2008-09 are higher than the target developed in response to the *Alberta Affordable Housing Task Force Report*. This is a result of municipalities utilizing funding for the creation of secondary suites, the purchase/renovation of existing housing stock, or conversion of non-residential space to residential use, all at significantly lower cost than new construction.

The 2008-09 actual to March 31, 2009 of 2,955 units was based on housing plans submitted by municipalities through their conditional grant funding agreements with Housing and Urban Affairs and approved funding under the Affordable Housing Request for Proposals Program. The Ministry uses the information from the signed agreements to compile the 2008-09 projected results.

The 2007-08 results of 3,110 was restated to reflect updated housing plans submitted by municipalities for the Affordable Housing Block Funding Program through their conditional grant funding agreements with Housing and Urban Affairs and the inclusion of units committed to the Wood Buffalo Housing and Development Corporation. The figures do not include rent supplement units supported with block funding, as this is a short-term operating initiative to bridge the time required to develop new or additional units.

There is a significant increase in actual results over the target set for 2007-08, as well as to subsequent years' targets. This is a result of new provincial funding made available in response to the recommendations in the *Alberta Affordable Housing Task Force Report*.

Data Source: Data is based on the total number of proposed and/or approved affordable housing units as outlined in the grant funding agreements. Information is collected, updated and maintained on a regular basis.

Methodology: This measure is comprised of the total affordable housing units approved for development with capital funding support from the Affordable Housing Block Funding Program, Wood Buffalo Housing Initiative and the Affordable Housing Request for Proposals Program. Total affordable housing units include funding committed during the fiscal year and in any phase of development.

Over \$112 million in funding was available under the Affordable Housing Municipal Block Funding Program. Municipalities qualifying for funding in 2007-08 automatically qualified for funding in 2008-09. Eligibility of new municipalities, excluding the Regional Municipality of Wood Buffalo, with a population over 5,000 in 2008-09, was based upon the following criteria:

1. Population growth over 3.85 per cent,
2. Vacancy rate under the provincial average of 1.3 per cent, and
3. Average two-bedroom rental rate over the provincial average of \$751.

Funding of \$45 million was available in 2008-09 through the Wood Buffalo Housing Initiative; and provided to the Regional Municipality of Wood Buffalo, via Wood Buffalo Housing and Development Corporation, for the development of 300 affordable housing units.

Over \$141 million in funding through the Affordable Housing Request for Proposals Program was available in 2008-09. Any municipality, private sector or non-profit organization was eligible to apply based on the established program criteria.

Performance Measure 1b

Measure: Performance measure under development.

Percentage of applicants on the family housing wait list determined to be in critical need who are housed in 60 working days or less.

Note: The 2009-10 target is 20 per cent, 2010-11 is 25 per cent, and 2011-12 is 33 per cent.

Performance Measure 2

Measure: Performance measure under development.

Number of homeless Albertans successfully housed in permanent accommodation.

Performance Measure 3

Measure: Performance measure under development.

Number of acres of serviced land available for sale to developers.

FORWARD-LOOKING INFORMATION

In 2008-09, Housing and Urban Affairs met challenges, created new opportunities and achieved many key successes. Looking ahead, the Ministry is in a strong position as it continues to work towards its goals and to pursue the vision of providing housing solutions and supports for safe, healthy and vibrant communities.

Many of the Ministry's goals for 2009-10, stem from the mandate established for the Ministry by Premier Stelmach. This mandate sets the Ministry's priorities for 2009-10. These priorities are:

- Promoting strong and vibrant communities and reduce crime so Albertans feel safe
- Implementing Alberta's 10-year plan to address homelessness, based on a Housing First approach with appropriate client-centred supports
- Developing 11,000 new affordable housing units by 2012
- Making additional public land available for affordable housing purposes
- Helping Albertans stay in their homes through programs such as rent subsidies and community, seniors and special needs housing

In the coming year, the Ministry will also continue to focus on improving quality of life in urban municipalities and supporting the development of modern, diverse and vital centres of economic activity. The Ministry will conduct and support housing and homelessness research and related projects in the areas of urban social and community capacity building.

Efforts towards the implementation of *A Plan for Alberta: Ending Homelessness in 10 Years* will see the Ministry partnering closely with urban municipalities to support their local plans. Emphasis will be on more-fully integrating the Housing First approach, which centers on providing homeless people with housing quickly, and then offering wrap-around services such as addictions counselling, employment training and mental health supports as needed.

To make more land available for affordable housing, the Ministry will work with other provincial government departments to ensure suitable public land is made available for this purpose. The Ministry will lead the development of approximately 1,000 acres of land in the Fort McMurray area at Parsons Creek. This development is aligned with the Oilsands Sustainable Development Secretariat's Community Development Plan to accelerate the development of much-needed housing and community services in the Fort McMurray region.

Steps are also being taken to ensure that Housing and Urban Affairs' legislation provides clear direction for the department and housing providers, enabling us to operate effectively and meet acceptable standards of accountability in the delivery and administration of social housing. A comprehensive legislative review of the *Alberta Housing Act* and regulation is underway.

In 2009-10, the Ministry's efforts to meet the need for affordable housing will continue to be impacted by a weakened economic climate that will result in further need for government support, including the demand for affordable housing and homeless supports. While the downturn in Alberta's economy has helped to increase homeownership affordability, homeownership remains unaffordable for lower-income Albertans. Despite higher overall vacancy rates, rental prices remain unchanged for units in the low range. As a result, lower income Albertans may turn to Housing and Urban Affairs' programs for housing and supports.

Current economic conditions do, however, present some new opportunities, especially as the Ministry continues to create new affordable housing units. Lower construction costs may provide opportunities for the Ministry to develop more new units than budgets would originally accommodate. This may have a positive impact on government's long-term ability to provide secure, sustainable and affordable housing.

Housing and Urban Affairs will continue to move forward and adapt to changing realities. The achievements made in 2008-09 will provide a sound foundation on which to build future initiatives and enhancements in 2009-10.

MINISTRY OF HOUSING AND URBAN AFFAIRS

Consolidated Financial Statements for the year ended March 31, 2009

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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 Housing and Urban Affairs as at March 31, 2009 and consolidated statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Ministry'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 consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2009 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]

Edmonton, Alberta
June 11, 2009

FCA
Auditor General

MINISTRY OF HOUSING AND URBAN AFFAIRS
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended March 31, 2009

(in thousands)

| | <u>2009</u> | | <u>2008</u> |
|---|-------------------------------|---------------------|---|
| | <u>Budget</u> (Schedule 3) | <u>Actual</u> | <u>Actual</u> (Restated - Note 3) |
| Revenues (Schedule 1) | | | |
| Transfers from the Government of Canada | \$ 100,474 | \$ 107,422 | \$ 106,442 |
| Premiums, Fees and Licences | 5 | - | - |
| Investment Income | 7,060 | 5,942 | 6,453 |
| Other Revenue | 165 | 6,245 | 8,374 |
| | <u>107,704</u> | <u>119,609</u> | <u>121,269</u> |
| Expenses - Directly Incurred (Note 2c and Schedule 5) | | | |
| Voted (Schedule 2) | | | |
| Ministry Support Services | 4,480 | 4,233 | 3,325 |
| Housing Development and Operations | 370,505 | 391,588 | 327,797 |
| Homeless Support and Land Development | 100,406 | 132,441 | 87,860 |
| Policy and Urban Affairs | 2,276 | 1,771 | 1,574 |
| | <u>477,667</u> | <u>530,033</u> | <u>420,556</u> |
| Statutory (Schedule 2) | | | |
| Alberta Social Housing Corporation | 96,620 | 94,146 | 86,441 |
| Debt Servicing Costs | 20,395 | 20,394 | 21,734 |
| | <u>117,015</u> | <u>114,540</u> | <u>108,175</u> |
| Valuation Adjustments | | | |
| Provision for Doubtful Accounts | - | 1,385 | - |
| Provision for (Recovery of) Losses on Guarantees, Indemnities, and Mortgages | 85 | 6 | (16) |
| Provision for Vacation Pay | - | 366 | 338 |
| | <u>117,100</u> | <u>116,297</u> | <u>108,497</u> |
| | <u>594,767</u> | <u>646,330</u> | <u>529,053</u> |
| Gain (Loss) on Disposal of Tangible Capital Assets | 16,686 | 10,252 | 22,007 |
| Net Operating Results | <u>\$ (470,377)</u> | <u>\$ (516,469)</u> | <u>\$ (385,777)</u> |

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

MINISTRY OF HOUSING AND URBAN AFFAIRS
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2009

(in thousands)

| | <u>2009</u> | <u>2008</u> (Restated - Note 3) |
|---|-------------------|------------------------------------|
| Assets | | |
| Cash and Cash Equivalents (Note 4) | \$ 237,328 | \$ 181,175 |
| Accounts Receivable (Note 5) | 43,461 | 63,378 |
| Loans and Advances (Note 6) | 4,998 | 6,554 |
| Deferred Financing Charges | 668 | 835 |
| Tangible Capital Assets (Note 7) | 638,796 | 664,711 |
| | <u>\$ 925,251</u> | <u>\$ 916,653</u> |
| Liabilities | | |
| Accounts Payable and Accrued Liabilities | \$ 378,878 | \$ 214,039 |
| Deferred Revenue | - | 26,319 |
| Accrued Interest Payable | 2,264 | 2,350 |
| Allowance for Losses on Guarantees and Indemnities (Note 8) | 12 | 6 |
| Long-Term Debt (Note 9) | 277,803 | 300,289 |
| | <u>658,957</u> | <u>543,003</u> |
| Net Assets | | |
| Net Assets at Beginning of Year | 373,650 | 364,135 |
| Net Operating Results | (516,469) | (385,777) |
| Net Financing Provided from General Revenues | 409,113 | 395,292 |
| Net Assets at End of Year | <u>266,294</u> | <u>373,650</u> |
| | <u>\$ 925,251</u> | <u>\$ 916,653</u> |

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

MINISTRY OF HOUSING AND URBAN AFFAIRS

STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2009

(in thousands)

| | <u>2009</u> | <u>2008</u> (Restated - Note 3) |
|--|-------------------|------------------------------------|
| Operating Transactions | | |
| Net Operating Results | \$ (516,469) | \$ (385,777) |
| Non-cash items included in Net Operating Results | | |
| Amortization of Tangible Capital Assets | 22,867 | 23,030 |
| Amortization of Deferred Financing Charges | 167 | 182 |
| Grants in Kind | 19,200 | 19,208 |
| Capital Contributions in Kind | (4,499) | - |
| Gain on Disposal of Tangible Capital Assets | (10,252) | (22,007) |
| Valuation Adjustments | 1,757 | 322 |
| | <u>(487,229)</u> | <u>(365,042)</u> |
| Decrease in Accounts Receivable | 18,532 | 17,007 |
| Increase in Accounts Payable and Accrued Liabilities | 164,473 | 53,399 |
| (Decrease) in Deferred Revenue | (26,319) | (31,361) |
| (Decrease) in Accrued Interest Payable | (86) | (80) |
| Cash Applied to Operating Transactions | <u>(330,629)</u> | <u>(326,077)</u> |
| Capital Transactions | | |
| Acquisition of Tangible Capital Assets | (1,505) | (170) |
| Proceeds on Disposal/Sale of Tangible Capital Assets | 104 | 9,900 |
| Cash Provided by Capital Transactions | <u>(1,401)</u> | <u>9,730</u> |
| Investing Transactions | | |
| Repayment of Loans and Advances | 1,556 | 6,027 |
| Cash Provided by Investing Transactions | <u>1,556</u> | <u>6,027</u> |
| Financing Transactions | | |
| Repayment of Long-Term Debt | (22,486) | (21,166) |
| Net Financing Provided by General Revenues | 409,113 | 395,292 |
| Cash Provided by Financing Transactions | <u>386,627</u> | <u>374,126</u> |
| Increase in Cash and Cash Equivalents | <u>56,153</u> | <u>63,806</u> |
| Cash and Cash Equivalents, Beginning of Year | <u>181,175</u> | <u>117,369</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 237,328</u> | <u>\$ 181,175</u> |

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

MINISTRY OF HOUSING AND URBAN AFFAIRS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

Note 1 Authority and Purpose

The Ministry of Housing and Urban Affairs operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000. The Minister is responsible for the organizations listed in Note 2(a). The authority under which each organization operates is also disclosed in Note 2(a).

The Ministry works in partnership with Alberta's municipalities, other provincial government departments, our federal partners, local authorities, various organizations focused on local issues, and the private sector to ensure Albertans live in safe and sustainable communities and are served by open, effective, accountable and well-managed local governments.

This is done by:

- delivering programs to assist lower-income Albertans in meeting their housing needs.
- promoting strong and vibrant communities and reducing crime so Albertans feel safe.
- developing affordable housing units.
- developing a 10-year plan to address homelessness.
- helping Albertans stay in their homes.
- making additional public land available for affordable housing purposes.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The PSAB financial statements presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the ministries.

(a) Reporting Entity

The reporting entity is the Ministry of Housing and Urban Affairs for which the Minister of Housing and Urban Affairs is accountable. Other entities reporting to the Minister are the Department of Housing and Urban Affairs and the Alberta Social Housing Corporation (the Corporation). The activities of these organizations are included in these consolidated financial statements.

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

(b) Basis of Consolidation

The accounts of the Department of Housing and Urban Affairs and the Corporation 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.

MINISTRY OF HOUSING AND URBAN AFFAIRS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

Note 2 Summary of Significant Accounting Policies and Reporting Practices
(Cont'd)

(c) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis 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 sixty days in arrears.

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.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met and a reasonable estimate of the amounts can be made.

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.

- amortization of tangible capital assets.
- debt servicing costs.
- 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, guarantees and indemnities.
- grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Incurred by Others

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

MINISTRY OF HOUSING AND URBAN AFFAIRS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

Note 2 Summary of Significant Accounting Policies and Reporting Practices
(Cont'd)

(c) Basis of Financial Reporting (Cont'd)

Assets

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

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

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

Assets acquired by right are not included. Tangible 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 and the threshold for all other tangible capital assets is \$5,000. All land is capitalized.

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

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the fair values of these physical assets, less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities are recorded to the extent that they represent obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in a sacrifice of economic benefits in the future.

Net Assets/Net Liabilities

Net assets/net liabilities represent the difference between the carrying values of assets held by the Ministry and its liabilities.

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 cash, accounts receivable, accounts payable and accrued liabilities, and accrued interest payable are estimated to approximate their carrying values because of the short term nature of these instruments. 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.

MINISTRY OF HOUSING AND URBAN AFFAIRS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

Note 2 Summary of Significant Accounting Policies and Reporting Practices
(Cont'd)

(c) Basis of Financial Reporting (Cont'd)

Measurement Uncertainty

(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Estimates relating to the determination of the Government of Canada accounts receivable of \$9,008 (2008 - \$25,511) as disclosed in these consolidated financial statements are subject to measurement uncertainty. Estimates relating to the determination of the housing providers accounts receivable of \$25,573 (2008 - \$12,506) as disclosed in these statements is subject to measurement uncertainty. Insurance recoveries receivable from third party insurers and accounts payable for the repairs of insured property are subject to measurement uncertainty of \$2,000. The uncertainty results from negotiation variations between third party insurers and the Alberta Risk Management Fund regarding claims for Corporation property.

Note 3 Government Restructuring and Program Transfer

(in thousands)

On March 12, 2008, the government announced new ministry structures. As a result, the Ministry of Municipal Affairs and Housing name was changed to the Ministry of Municipal Affairs and the housing services programs including Alberta Social Housing Corporation were transferred to the newly established Ministry of Housing and Urban Affairs. The comparatives have been restated as if the current structure existed from April 1, 2007.

Subsequent to the March 12, 2008 reorganization, and effective April 1, 2008, the responsibility for the Seniors Self-Contained Program was transferred from the Department of Seniors and Community Supports to the Department of Housing and Urban Affairs. Subsequently, responsibility was transferred to the Corporation. Balances owing between the Department and the Corporation resulting from this transfer are reported on the non-consolidated financial statements.

To reflect the changes, the net assets of the Ministry at March 31, 2007 have been restated as follows:

| | Transfer from Ministry of Municipal Affairs | Transfer from Ministry of Seniors & Community Supports | As Restated |
|------------------------------------|--|---|------------------------|
| Ministry Net Assets March 31, 2007 | \$ 336,453 | \$ 27,682 | \$ 364,135 |

MINISTRY OF HOUSING AND URBAN AFFAIRS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

Note 4 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining appropriate 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. As at March 31, 2009, securities held in the CCITF have an average time-weighted market yield of 3.0% per annum (2008 - 4.5% per annum as restated).

Note 5 Accounts Receivable

(in thousands)

| | 2009 | | | 2008 |
|----------------------|--------------|---------------------------------|----------------------|----------------------|
| | Gross Amount | Allowance for Doubtful Accounts | Net Realizable Value | Net Realizable Value |
| Government of Canada | \$ 9,009 | \$ - | \$ 9,009 | \$ 25,511 |
| Housing Providers | 25,573 | - | 25,573 | 12,506 |
| Other | 10,302 | 1,423 | 8,879 | 25,361 |
| | \$ 44,884 | \$ 1,423 | \$ 43,461 | \$ 63,378 |

Government of Canada and Corporation accounts receivable are unsecured and non-interest bearing.

Other accounts receivable includes interest due from social housing providers as per a writ of enforcement for recovery of grants advanced in prior years.

Note 6 Loans and Advances

(in thousands)

| | 2009 | | | | 2008 |
|--------------------------------------|----------|-------------|----------------------|----------------------|----------------------|
| | Accrual | Non-Accrual | Allowance for Losses | Net Realizable Value | Net Realizable Value |
| Rural and Native ^(a) | \$ 3,973 | \$ 192 | \$ 4 | \$ 4,161 | \$ 5,591 |
| Agreements receivable ^(b) | 790 | - | - | 790 | 895 |
| Other loans and receivables | 47 | - | - | 47 | 68 |
| | \$ 4,810 | \$ 192 | \$ 4 | \$ 4,998 | \$ 6,554 |

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) Agreements receivable represent amounts receivable for land sales.

MINISTRY OF HOUSING AND URBAN AFFAIRS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

Note 7 Tangible Capital Assets

(in thousands)

| | Land | Buildings | Equipment | Computer hardware and software | 2009 Total | 2008 Total |
|---|-------------------|----------------------------|-------------|--------------------------------|---------------------|---------------------|
| Estimated useful life | Indefinite | 10-50 years ^(a) | 10 years | 5 years | | |
| Historical Cost | | | | | | |
| Beginning of year | \$ 116,321 | \$ 1,094,451 | \$ - | \$ 450 | \$ 1,211,222 | \$ 1,220,793 |
| Additions ^(b) | 1,348 | 4,374 | 4 | 278 | 6,004 | 170 |
| Disposals, including write-downs | (1,402) | (11,791) | - | - | (13,193) | (9,740) |
| | <u>\$ 116,267</u> | <u>\$ 1,087,034</u> | <u>\$ 4</u> | <u>\$ 728</u> | <u>\$ 1,204,033</u> | <u>\$ 1,211,223</u> |
| Accumulated Amortization | | | | | | |
| Beginning of year | \$ - | \$ 546,062 | \$ - | \$ 450 | \$ 546,512 | \$ 526,119 |
| Amortization expense | - | 22,867 | - | - | 22,867 | 23,030 |
| Effect of disposals | - | (4,142) | - | - | (4,142) | (2,637) |
| | <u>\$ -</u> | <u>\$ 564,787</u> | <u>\$ -</u> | <u>\$ 450</u> | <u>\$ 565,237</u> | <u>\$ 546,512</u> |
| Net book value at March 31, 2009 | <u>\$ 116,267</u> | <u>\$ 522,247</u> | <u>\$ 4</u> | <u>\$ 278</u> | <u>\$ 638,796</u> | |
| Net book value at March 31, 2008 | <u>\$ 116,321</u> | <u>\$ 548,390</u> | <u>\$ -</u> | <u>\$ -</u> | | <u>\$ 664,711</u> |

- a) Seniors and special needs buildings are amortized over 50 years, community housing buildings over 40 to 50 years, and all other buildings over 10 to 25 years.
- b) Additions include \$4,499 in donated land and buildings.

Note 8 Guarantees and Indemnities

(in thousands)

The Ministry has outstanding guarantees that were issued by the Corporation 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:

| | <u>2009</u> | <u>2008</u> |
|---|------------------|------------------|
| Mortgages, on multi-unit rental properties and land, guaranteed to 2011 | <u>\$ 12,434</u> | <u>\$ 15,295</u> |

MINISTRY OF HOUSING AND URBAN AFFAIRS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

Note 8 Guarantees and Indemnities (Cont'd)

(in thousands)

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, 2009 amount to \$250 (2008 - \$450). This program was terminated effective October 1, 1993. However, the Ministry through the Alberta Social Housing 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 \$12 (2008 - \$6).

Note 9 Long Term Debt

(in thousands)

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

| | <u>2009</u> | <u>2008</u> |
|--|-------------------|-------------------|
| Canada Mortgage and Housing Corporation ^(a) | \$ 74,400 | \$ 75,896 |
| Alberta Finance and Enterprise ^(b) | <u>203,403</u> | <u>224,393</u> |
| | <u>\$ 277,803</u> | <u>\$ 300,289</u> |

- a) Debentures maturing January 2023 to January 2030 with a weighted average effective rate of 9.63%.
- b) Notes payable maturing September 16, 2016 with an effective rate of 5.93%.

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

| | |
|------------|-------------------|
| 2010 | \$ 23,890 |
| 2011 | 25,384 |
| 2012 | 26,973 |
| 2013 | 28,664 |
| 2014 | 30,463 |
| Thereafter | <u>142,429</u> |
| | <u>\$ 277,803</u> |

Long-term debt has a fair value of \$106,278 (2008 - \$113,426) for Canada Mortgage and Housing Corporation debentures and \$226,228 (2008 - \$244,937) for the note payable to Alberta Finance and Enterprise. 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.

MINISTRY OF HOUSING AND URBAN AFFAIRS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

Note 10 Contractual Obligations

(in thousands)

The department has contractual obligations as follows:

| | <u>2009</u> | <u>2008</u> |
|-------------------|-------------------|-------------------|
| Operating Expense | | |
| Service Contracts | \$ 49 | \$ - |
| Long-term leases | 39,988 | 41,335 |
| Agreements | 398,465 | 415,616 |
| | <u>\$ 438,502</u> | <u>\$ 456,951</u> |

The Ministry, through the Corporation, leases land under various leases for the purpose of providing social housing. The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

| | <u>Service Contracts</u> | <u>Long-Term Leases</u> | <u>Agreements</u> | <u>Total</u> |
|------------|------------------------------|-----------------------------|-------------------|-------------------|
| 2010 | \$ 49 | \$ 1,347 | \$ 181,168 | \$ 182,564 |
| 2011 | - | 1,347 | 18,212 | 19,559 |
| 2012 | - | 1,347 | 18,212 | 19,559 |
| 2013 | - | 1,347 | 18,161 | 19,508 |
| 2014 | - | 1,347 | 18,160 | 19,507 |
| Thereafter | - | 33,253 | 144,552 | 177,805 |
| | <u>\$ 49</u> | <u>\$ 39,988</u> | <u>\$ 398,465</u> | <u>\$ 438,502</u> |

Note 11 Program Recoveries

Cost-sharing agreements provide for a contribution by Canada Mortgage and Housing Corporation (CMHC) towards subsidies of rental properties and mortgages receivable and for certain capital costs, administration expenses and net operating results, of approved community housing projects that are recorded by the Corporation.

MINISTRY OF HOUSING AND URBAN AFFAIRS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

Note 12 Contingent Liabilities

(in thousands)

At March 31, 2009, the Ministry is a defendant in 7 legal claims (2008 - 9 claims). These claims have specified amounts totaling \$12,921 (2008 - \$11,253). The Ministry has been jointly named with other entities in 6 legal claims amounting to \$12,496 (2008 - 2 claims amounting to \$8,176). 3 claims amounting to \$1,091 (2008 - 3 claims amounting to \$1,251) are covered by the Alberta Risk Management Fund.

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

Note 13 Trust Funds Under Administration

(in thousands)

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

As at March 31, 2009, the following trust fund under administration had a balance as follows:

| | <u>2009</u> | <u>2008</u> |
|---------------------------------|-------------|-------------|
| Gunn Centre Resident Trust Fund | <u>\$ 7</u> | <u>\$ 7</u> |

Note 14 Housing Providers

(in thousands)

The Ministry supports the provision of seniors and community housing through housing providers. Grants are provided to cover operating deficits of specific programs. Housing providers that incur expenses in excess of revenues are provided grants. Recoveries are made from housing providers that generate revenues in excess of expenses. Costs for property insurance, amortization and interest on long-term debt are incurred and recorded by the Ministry; housing providers do not incur or record these expenses.

| | <u>2009</u> | <u>2008</u> (Restated - Note 3) |
|---|------------------|------------------------------------|
| Operating Grants to Housing Providers | \$ 39,182 | \$ 28,659 |
| Maintenance Grants to Housing Providers | 10,262 | 13,398 |
| Support to Housing Providers | <u>\$ 49,444</u> | <u>\$ 42,057</u> |

MINISTRY OF HOUSING AND URBAN AFFAIRS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

Note 15 Defined Benefit Plans

(in thousands)

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 of these pension plans is equivalent to the annual contributions of \$951 for the year ended March 31, 2009 (2008 - \$715).

At December 31, 2008, the Management Employees Pension Plan reported a deficiency of \$568,574 (2007 - \$84,341) and the Public Service Pension Plan reported a deficiency of \$1,187,538 (2007 - \$92,509 as restated). At December 31, 2008, the Supplementary Retirement Plan for Public Service Managers had a deficiency of \$7,111 (2007 - surplus of \$1,510).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2009, the Bargaining Unit Plan reported an actuarial deficiency of \$33,540 (2008 - \$6,319) and the Management, Opted Out and Excluded Plan an actuarial deficiency of \$1,051 (2008 - actuarial surplus of \$7,874). The expense for these two plans is limited to the employer's annual contributions for the year.

Note 16 Comparative Figures

Certain 2008 figures have been reclassified to conform to the 2009 presentation.

Note 17 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister of the Ministry of Housing and Urban Affairs.

MINISTRY OF HOUSING AND URBAN AFFAIRS
 SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
 Schedule of Revenues

Schedule 1

For the Year Ended March 31, 2009

| | (in thousands) | | |
|---|-------------------|-------------------|------------------------------------|
| | <u>2009</u> | | <u>2008</u> (Restated - Note 3) |
| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
| Transfers from the Government of Canada | | | |
| Recoveries from Canada Mortgage and Housing Corporation | \$ 74,056 | \$ 81,002 | \$ 74,923 |
| Affordable Housing Program | 10,176 | 10,176 | 15,219 |
| Off-Reserve Aboriginal Housing Program | 16,142 | 16,142 | 16,142 |
| Recoveries from Indian and Northern Affairs Canada | 100 | 102 | 158 |
| | <u>100,474</u> | <u>107,422</u> | <u>106,442</u> |
| Premiums, Fees and Licences | <u>5</u> | <u>-</u> | <u>-</u> |
| Investment Income | | | |
| Bank and other | 7,060 | 5,928 | 6,406 |
| Mortgages | - | 14 | 47 |
| | <u>7,060</u> | <u>5,942</u> | <u>6,453</u> |
| Other Revenue | | | |
| Miscellaneous | 65 | 73 | 78 |
| Contributions in Kind | - | 4,499 | - |
| Recoveries from Management Organizations | - | 1,359 | 3,930 |
| Rental Revenue | 100 | 227 | 260 |
| Refunds of Expenditure | - | 87 | 4,106 |
| | <u>165</u> | <u>6,245</u> | <u>8,374</u> |
| Total Revenues | <u>\$ 107,704</u> | <u>\$ 119,609</u> | <u>\$ 121,269</u> |

MINISTRY OF HOUSING AND URBAN AFFAIRS
 SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
 Schedule of Expenses - Directly Incurred Detailed by Object

Schedule 2

For the Year Ended March 31, 2009

| | (in thousands) | | |
|--|-------------------|-------------------|---|
| | <u>2009</u> | <u>2008</u> | <u>2008</u> |
| | <u>Budget</u> | <u>Actual</u> | <u>(Restated - Note 3)</u> <u>Actual</u> |
| Voted | | | |
| Salaries and Wages | \$ 12,175 | \$ 12,024 | \$ 9,500 |
| Supplies and Services | 6,185 | 2,474 | 2,727 |
| Grants | 459,245 | 515,421 | 408,280 |
| Financial Transactions and Other | 62 | 114 | 47 |
| Amortization of Tangible Capital Assets | - | - | 2 |
| | <u>\$ 477,667</u> | <u>\$ 530,033</u> | <u>\$ 420,556</u> |
| Statutory | | | |
| Supplies and Services | \$ 2,345 | \$ 2,370 | \$ 2,053 |
| Grants | 70,457 | 68,909 | 61,360 |
| Debt Servicing Costs | 20,395 | 20,394 | 21,734 |
| Amortization of Tangible Capital Assets | 23,818 | 22,867 | 23,028 |
| | 117,015 | 114,540 | 108,175 |
| Valuation adjustments | | | |
| Provision for Doubtful Accounts | - | 1,385 | - |
| Provision for (recovery of) losses on Guarantees, Indemnities, and Mortgages | 85 | 6 | (16) |
| Provision for Vacation Pay | - | 366 | 338 |
| | <u>\$ 117,100</u> | <u>\$ 116,297</u> | <u>\$ 108,497</u> |
| Total Expenses | <u>\$ 594,767</u> | <u>\$ 646,330</u> | <u>\$ 529,053</u> |

MINISTRY OF HOUSING AND URBAN AFFAIRS
 SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
 Budget

Schedule 3

For the Year Ended March 31, 2009

(in thousands)

| | 2008-2009 Estimates | Adjustments (a) | 2008-2009 Budget | Authorized Supplementary (b) | 2008-2009 Authorized Budget |
|--|------------------------|--------------------|---------------------|------------------------------------|-----------------------------------|
| Revenues | | | | | |
| Transfers from Government of Canada | \$ 100,474 | \$ - | \$ 100,474 | \$ - | \$ 100,474 |
| Premiums, Fees and Licences | 5 | - | 5 | - | 5 |
| Investment Income | 7,060 | - | 7,060 | - | 7,060 |
| Other Revenue | 165 | - | 165 | - | 165 |
| | <u>107,704</u> | <u>-</u> | <u>107,704</u> | <u>-</u> | <u>107,704</u> |
| Expenses - Directly Incurred | | | | | |
| Voted Expenses | | | | | |
| Ministry Support Services | 4,480 | - | 4,480 | - | 4,480 |
| Housing Development and Operations | 370,505 | 2,280 | 372,785 | 15,000 | 387,785 |
| Homeless Support and Land Development | 100,406 | 2,300 | 102,706 | 34,650 | 137,356 |
| Policy and Urban Affairs | 2,276 | - | 2,276 | - | 2,276 |
| | <u>477,667</u> | <u>4,580</u> | <u>482,247</u> | <u>49,650</u> | <u>531,897</u> |
| Statutory Expenses | | | | | |
| Alberta Social Housing Corporation | 96,620 | - | 96,620 | - | 96,620 |
| Debt Servicing Costs | 20,395 | - | 20,395 | - | 20,395 |
| Valuation Adjustments | | | | | |
| Provision for losses on Guarantees, Indemnities, and Mortgages | 85 | - | 85 | - | 85 |
| Provision for Vacation Pay | - | - | - | - | - |
| | <u>117,100</u> | <u>-</u> | <u>117,100</u> | <u>-</u> | <u>117,100</u> |
| | <u>594,767</u> | <u>4,580</u> | <u>599,347</u> | <u>49,650</u> | <u>648,997</u> |
| Gain (Loss) on Disposal of Tangible Capital Assets | 16,686 | - | 16,686 | - | 16,686 |
| Net Operating Results | <u>\$ (470,377)</u> | <u>\$ (4,580)</u> | <u>\$ (474,957)</u> | <u>\$ (49,650)</u> | <u>\$ (524,607)</u> |
| Capital Investments | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,000</u> | <u>\$ 2,000</u> |

a) Adjustments include in-year transfers between other Ministries.

b) Supplementary Estimates were approved on August 25, 2008, October 22, 2008 and February 4, 2009.

Treasury Board approval is pursuant to section 24(2) of the Financial Administration Act (for net budgeted initiatives).

MINISTRY OF HOUSING AND URBAN AFFAIRS
 SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
 Related Party Transactions

Schedule 4

For the Year Ended March 31, 2009

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

The Ministry and its employees are 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 had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties.

| | (in thousands) | |
|--|-------------------|-------------------|
| | <u>2009</u> | <u>2008</u> |
| Expenses - Directly Incurred | | |
| Business and Technology Services | \$ 10 | \$ 248 |
| Debt Servicing Costs | 13,116 | 14,324 |
| Insurance | 23 | 21 |
| | <u>\$ 13,149</u> | <u>\$ 14,593</u> |
| Deferred Financing Charges to Alberta Finance and Enterprise | <u>\$ 668</u> | <u>\$ 835</u> |
| Receivable From | | |
| Risk Management and Insurance | <u>\$ 5,948</u> | <u>\$ 4,629</u> |
| Payable To | | |
| Alberta Finance and Enterprise ⁽¹⁾ | <u>\$ 203,898</u> | <u>\$ 224,940</u> |

(1) Debt and accrued interest on debt.

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 expense amounts are not recorded in the financial statements but are disclosed in Schedule 5.

| | Other Entities (in thousands) | |
|--|----------------------------------|-----------------|
| | <u>2009</u> | <u>2008</u> |
| Expenses - Incurred by Others (Schedule 5) | | |
| Accommodation | \$ 1,522 | \$ 3,274 |
| Air Transportation / Executive Vehicle | 20 | 8 |
| Internal Audit | 209 | 44 |
| Business Services | 1,055 | 1,072 |
| Legal | 155 | 169 |
| | <u>\$ 2,961</u> | <u>\$ 4,567</u> |

MINISTRY OF HOUSING AND URBAN AFFAIRS
 SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
 Allocated Costs

Schedule 5

For the Year Ended March 31, 2009

(in thousands)

2009

2008

| Program | Expenses ⁽¹⁾ | Expenses - Incurred by Others ⁽²⁾ | | | Valuation Adjustments ⁽⁶⁾ | | | Expenses (Restated - Note 3) |
|--|-------------------------|--|-------------------------------------|--|--------------------------------------|-----------------------|----------------------|------------------------------------|
| | | Accommodation Costs ⁽³⁾ | Business Services ⁽⁴⁾ | Legal/ Internal Audit Services ⁽⁵⁾ | Vacation Pay | Losses/ Recoveries | Doubtful Accounts | |
| Ministry Support Services | \$ 4,233 | \$ 8 | \$ 1,055 | 2 | \$ 227 | \$ - | \$ - | \$ 5,525 |
| Housing Development and Operations | 391,588 | 36 | 11 | 245 | 73 | - | 1,385 | 393,338 |
| Homeless Support and Land Developments | 132,441 | 1,179 | 5 | 68 | 90 | - | - | 133,783 |
| Policy and Urban Affairs | 1,771 | 12 | 4 | 2 | (24) | - | - | 1,765 |
| Alberta Social Housing Corporation | 114,540 | 287 | - | 47 | - | - | - | 114,880 |
| | \$ 644,573 | \$ 1,522 | \$ 1,075 | \$ 364 | \$ 366 | \$ 1,385 | \$ 1,385 | \$649,291 |
| | | | | | | | | \$593,277 |

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

(2) Costs shown for Expenses - Incurred by Others are as disclosed in Schedule 4.

(3) Costs shown for Accommodation are allocated by square footage.

(4) Business Services includes financial and administrative services, air transportation and executive vehicle services, allocated by estimated costs incurred in each program.

(5) Costs shown for Legal and Internal Audit Services on Schedule 4 are allocated by estimated costs incurred by each program.

(6) Valuation Adjustments as per Statement of Operations. Employee Benefits and Doubtful Accounts provision included in Valuation Adjustments were allocated as follows:

- Vacation Pay - allocated to the program by employee;
- Doubtful Accounts Provision - estimated allocation to program.

DEPARTMENT OF HOUSING AND URBAN AFFAIRS

Financial Statements for the year ended March 31, 2009

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Auditor's Report

To the Minister of Housing and Urban Affairs

I have audited the statement of financial position of the Department of Housing and Urban Affairs as at March 31, 2009 and statements of operations and cash flows 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, in all material respects, the financial position of the Department as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
June 11, 2009

[Original signed by Fred J. Dunn]

FCA
Auditor General

DEPARTMENT OF HOUSING AND URBAN AFFAIRS

STATEMENT OF OPERATIONS

For the Year Ended March 31, 2009

(in thousands)

| | <u>2009</u> | | <u>2008</u> |
|--|-------------------------------|---------------------|--------------------------------------|
| | <u>Budget</u> (Schedule 3) | <u>Actual</u> | <u>Actual</u> (Restated - Note 3) |
| Revenues (Schedule 1) | | | |
| Transfers from the Government of Canada | \$ 37,618 | \$ 41,222 | \$ 44,978 |
| Premiums, Fees and Licences | 5 | - | - |
| Other Revenue | 100 | 178 | 4,197 |
| | <u>37,723</u> | <u>41,400</u> | <u>49,175</u> |
| Expenses - Directly Incurred (Note 2b and Schedule 7) | | | |
| Voted (Schedules 3 and 4) | | | |
| Ministry Support Services | 4,480 | 4,233 | 3,325 |
| Housing Development and Operations | 443,828 | 463,518 | 384,436 |
| Homeless Support and Land Development | 100,406 | 132,441 | 87,860 |
| Policy and Urban Affairs | 2,276 | 1,771 | 1,574 |
| | <u>550,990</u> | <u>601,963</u> | <u>477,195</u> |
| Statutory (Schedules 3 and 4) | | | |
| Valuation Adjustments | | | |
| Provision for Doubtful Accounts | - | 1,385 | - |
| Provision for Vacation Pay | - | 366 | 338 |
| | <u>-</u> | <u>1,751</u> | <u>338</u> |
| | <u>550,990</u> | <u>603,714</u> | <u>477,533</u> |
| Net Operating Results | <u>\$ (513,267)</u> | <u>\$ (562,314)</u> | <u>\$ (428,358)</u> |

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

DEPARTMENT OF HOUSING AND URBAN AFFAIRS

STATEMENT OF FINANCIAL POSITION

As at March 31, 2009

(in thousands)

| | <u>2009</u> | <u>2008</u> (Restated - Note 3) |
|--|------------------|------------------------------------|
| Assets | | |
| Cash | \$ - | \$ 603 |
| Accounts Receivable (Note 4) | 26,807 | 43,693 |
| Loans and Advances | 7 | 7 |
| Tangible Capital Assets (Note 6) | 282 | - |
| | <u>\$ 27,096</u> | <u>\$ 44,303</u> |
| Liabilities | | |
| Accounts Payable and Accrued Liabilities | \$ 356,768 | \$ 194,455 |
| Deferred Revenue | - | 26,319 |
| | <u>356,768</u> | <u>220,774</u> |
| Net Liabilities | | |
| Net Liabilities at Beginning of Year | (176,471) | (143,405) |
| Net Operating Results | (562,314) | (428,358) |
| Net Financing Provided from General Revenues | 409,113 | 395,292 |
| Net Liabilities at End of Year | <u>(329,672)</u> | <u>(176,471)</u> |
| | <u>\$ 27,096</u> | <u>\$ 44,303</u> |

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

DEPARTMENT OF HOUSING AND URBAN AFFAIRS

STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2009

(in thousands)

| | <u>2009</u> | <u>2008</u> (Restated - Note 3) |
|--|------------------|------------------------------------|
| Operating Transactions | | |
| Net Operating Results | \$ (562,314) | \$ (428,358) |
| Non-cash items included in Net Operating Results | | |
| Amortization of Tangible Capital Assets | - | 2 |
| Valuation Adjustments | 1,751 | 338 |
| | <u>(560,563)</u> | <u>(428,018)</u> |
| Changes in Working Capital | | |
| Decrease in Accounts Receivable | 15,501 | 17,527 |
| Increase in Accounts Payable and Accrued Liabilities | 161,947 | 46,560 |
| (Decrease) in Deferred Revenue | (26,319) | (31,361) |
| Cash Applied to Operating Transactions | <u>(409,434)</u> | <u>(395,292)</u> |
| Capital Transactions | | |
| Acquisition of Tangible Capital Assets | (282) | - |
| Cash Applied to Capital Transactions | <u>(282)</u> | <u>-</u> |
| Financing Transactions | | |
| Net Financing Provided from General Revenues | 409,113 | 395,292 |
| Cash Provided by Financing Transactions | <u>409,113</u> | <u>395,292</u> |
| Decrease in Cash | <u>(603)</u> | <u>-</u> |
| Cash, Beginning of Year | <u>603</u> | <u>603</u> |
| Cash, End of Year | <u>\$ -</u> | <u>\$ 603</u> |

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

DEPARTMENT OF HOUSING AND URBAN AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

Note 1 Authority and Purpose

The Department of Housing and Urban Affairs operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The Department works in partnership with Alberta's municipalities, other provincial government departments, our federal partners, local authorities, various organizations focused on local issues, and the private sector to ensure Albertans live in safe and sustainable communities and are served by open, effective, accountable and well-managed local governments.

This is done by:

- delivering programs to assist lower-income Albertans in meeting their housing needs.
- promoting strong and vibrant communities and reducing crime so Albertans feel safe.
- developing affordable housing units.
- developing a 10-year plan to address homelessness.
- helping Albertans stay in their homes.
- making additional public land available for affordable housing purposes.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The PSAB financial statement presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the departments.

(a) Reporting Entity

The reporting entity is the Department of Housing and Urban Affairs, which is part of the Ministry of Housing and Urban Affairs for which the Minister of Housing and Urban Affairs is accountable. The other entity reporting to the Minister is the Alberta Social Housing Corporation (the Corporation). The activities of this organization 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.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance and Enterprise. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing provided 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 basis of accounting.

DEPARTMENT OF HOUSING AND URBAN AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

**Note 2 Summary of Significant Accounting Policies and Reporting Practices
(Cont'd)**

(b) Basis of Financial Reporting (Cont'd)

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.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenues when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

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 and supplies, directly incurred expenses include:

- amortization of tangible 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, guarantees and indemnities.
- grants are recognized as expenses when authorized, eligibility criteria, if any are met, and a reasonable estimate of the amounts can be made.

Incurred by Others

Services contributed by other entities in support of the Department 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. Tangible 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 tangible capital assets is \$5,000.

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

DEPARTMENT OF HOUSING AND URBAN AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

**Note 2 Summary of Significant Accounting Policies and Reporting Practices
(Cont'd)**

(b) Basis of Financial Reporting (Cont'd)

Assets (Cont'd)

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the fair values of these physical assets, less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities are recorded to the extent that they represent obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in a sacrifice of economic benefits in the future.

Net Liabilities

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

Measurement Uncertainty

(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. The estimate relating to the determination of the Government of Canada accounts receivable \$9,000 (2008 - \$25,511) is subject to measurement uncertainty.

Note 3 Government Restructuring and Program Transfer

(in thousands)

On March 12, 2008, the government announced new ministry structures. As a result, the Ministry of Municipal Affairs and Housing name was changed to the Ministry of Municipal Affairs and the housing services programs including Alberta Social Housing Corporation were transferred to the newly established Ministry of Housing and Urban Affairs. The comparatives have been restated as if the current structure existed from April 1, 2007.

Effective April 1, 2008, the responsibility for the Seniors Self-Contained Program was transferred from the Department of Seniors and Community Supports to the Department of Housing and Urban Affairs. Subsequently, responsibility for the program was transferred to the Alberta Social Housing Corporation. An asset of \$15,894 was transferred from the Department of Housing to the Corporation. The actual expenditures of the Department of Housing and Urban Affairs have been restated to reflect the transfer.

DEPARTMENT OF HOUSING AND URBAN AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

Note 3 Government Restructuring and Program Transfer (Cont'd)

(in thousands)

To reflect the changes, the ending net liabilities of the Department at March 31, 2007 were restated as follows:

| | 2007 | | | |
|-----------------------------------|---------------------------------------|---|-------------------------------------|--------------|
| | Transfer from Municipal Affairs | Transfer from Seniors and Community Supports | Asset Transfer to Corporation | As Restated |
| Assets | \$ 46,114 | \$ 31,612 | \$ (15,894) | \$ 61,832 |
| Liabilities | (203,153) | (2,084) | - | (205,237) |
| Net Liabilities at March 31, 2007 | \$ (157,039) | \$ 29,528 | \$ (15,894) | \$ (143,405) |

Note 4 Accounts Receivable

(in thousands)

| | 2009 | | | 2008 |
|------------------------------------|-----------------|---------------------------------------|----------------------------|----------------------------|
| | Gross Amount | Allowance for Doubtful Accounts | Net Realizable Value | Net Realizable Value |
| Government of Canada | \$ 9,000 | \$ - | \$ 9,000 | \$ 25,511 |
| Alberta Social Housing Corporation | 17,056 | - | 17,056 | 15,718 |
| Other | 2,136 | 1,385 | 751 | 2,464 |
| | \$ 28,192 | \$ 1,385 | \$ 26,807 | \$ 43,693 |

Government of Canada and Corporation accounts receivable are unsecured and non-interest bearing.

Other accounts receivable includes interest due from social housing providers as per a writ of enforcement for recovery of grants advanced in prior years.

Note 5 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.

DEPARTMENT OF HOUSING AND URBAN AFFAIRS
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended March 31, 2009

Note 5 Valuation of Financial Assets and Liabilities (Cont'd)

The fair values of accounts receivable, advances, accounts payable, accrued liabilities and holdbacks are estimated to approximate their carrying values because of the short-term nature of these instruments. Fair values of loans are not reported due to there being no organized financial market for the instruments. It is not practical within constraints of timeliness or cost to estimate the fair value with sufficient reliability.

Note 6 Tangible Capital Assets

(in thousands)

| | 2009 | | | 2008 |
|----------------------------------|--------------------------|--------------------------------|--------|--------|
| | Equipment ⁽¹⁾ | Computer hardware and software | Total | Total |
| Estimated useful life | 10 years | 5 years | | |
| <u>Historical Cost</u> | | | | |
| Beginning of year | \$ - | \$ 450 | \$ 450 | \$ 450 |
| Additions | 4 | 278 | 282 | - |
| Disposals, including write-downs | - | - | - | - |
| | 4 | 728 | 732 | 450 |
| <u>Accumulated Amortization</u> | | | | |
| Beginning of year | - | 450 | 450 | 448 |
| Amortization expense | - | - | - | 2 |
| Effect of disposals | - | - | - | - |
| | - | 450 | 450 | 450 |
| Net book value at March 31, 2009 | \$ 4 | \$ 278 | \$ 282 | |
| Net book value at March 31, 2008 | \$ - | \$ - | | \$ - |

1) Equipment includes office equipment, furniture and other equipment.

Note 7 Contractual Obligations

(in thousands)

| | 2009 | 2008 |
|-------------------|------------|------------|
| Operating Expense | | |
| Agreements | \$ 398,465 | \$ 415,616 |

DEPARTMENT OF HOUSING AND URBAN AFFAIRS
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended March 31, 2009

Note 7 Contractual Obligations (Cont'd)

(in thousands)

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

| | <u>Agreements</u> |
|------------|-------------------|
| 2010 | \$ 181,168 |
| 2011 | 18,212 |
| 2012 | 18,212 |
| 2013 | 18,161 |
| 2014 | 18,160 |
| Thereafter | 144,552 |
| | <u>\$ 398,465</u> |

Note 8 Contingent Liabilities

(in thousands)

At March 31, 2009, the Department is a defendant in 2 legal claims (2008 - 0 claims). These claims have specified amounts totaling \$11,100 (2008 - \$0). The Department has been jointly named with other entities in 2 legal claims amounting to \$11,100 (2008 - 0 claims). These 2 claims totaling \$11,100 (2008 - 0 claims) are covered by the Alberta Risk Management Fund.

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

Note 9 Trust Funds Under Administration

(in thousands)

As at March 31, 2009, the following trust fund under administration had a balance as follows:

| | <u>2009</u> | <u>2008</u> |
|---------------------------------|-------------|-------------|
| Gunn Centre Resident Trust Fund | <u>\$ 7</u> | <u>\$ 7</u> |

Note 10 Benefit Plans

(in thousands)

The Department participates in the 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 \$951 for the year ended March 31, 2009 (2008 - \$715).

DEPARTMENT OF HOUSING AND URBAN AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

Note 10 Benefit Plans (Cont'd)

(in thousands)

At December 31, 2008, the Management Employees Pension Plan reported a deficiency of \$568,574 (2007 - \$84,341) and the Public Service Pension Plan reported a deficiency of \$1,187,538 (2007 - \$92,509 as restated). At December 31, 2008, the Supplementary Retirement Plan for Public Service Managers had a deficiency of \$7,111 (2007 - surplus of \$1,510).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2009, the Bargaining Unit Plan reported an actuarial deficiency of \$33,540 (2008 - \$6,319) and the Management, Opted Out and Excluded Plan an actuarial deficiency of \$1,051 (2008 - actuarial surplus of \$7,874). The expense for these two plans is limited to the employer's annual contributions for the year.

Note 11 Comparative Figures

Certain 2008 figures have been reclassified to conform to the 2009 presentation.

Note 12 Approval of Financial Statements

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

DEPARTMENT OF HOUSING AND URBAN AFFAIRS
 SCHEDULE TO THE FINANCIAL STATEMENTS
 Revenues

Schedule 1

For the Year Ended March 31, 2009

| | (in thousands) | | |
|--|------------------|------------------------------------|------------------|
| | <u>2009</u> | <u>2008</u> (Restated - Note 3) | |
| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
| Transfers from the Government of Canada | | | |
| Recoveries from Canada Mortgage and Housing Corporation | \$ 11,200 | \$ 14,802 | \$ 13,459 |
| Affordable Housing Program | 10,176 | 10,176 | 15,219 |
| Off-Reserve Aboriginal Housing Program | 16,142 | 16,142 | 16,142 |
| Recoveries from Indian and Northern Affairs Canada | 100 | 102 | 158 |
| | <u>37,618</u> | <u>41,222</u> | <u>44,978</u> |
| Premiums, Fees and Licences | <u>5</u> | <u>-</u> | <u>-</u> |
| Other Revenue | | | |
| Refunds of Expenditure | - | 21 | 4,087 |
| Rental Revenue | 100 | 94 | 110 |
| Miscellaneous | - | 63 | - |
| | <u>100</u> | <u>178</u> | <u>4,197</u> |
| | <u>\$ 37,723</u> | <u>\$ 41,400</u> | <u>\$ 49,175</u> |

DEPARTMENT OF HOUSING AND URBAN AFFAIRS
 SCHEDULE TO THE FINANCIAL STATEMENTS
 Expenses - Directly Incurred Detailed by Object

Schedule 2

For the Year Ended March 31, 2009

| | (in thousands) | | |
|---|-------------------|-------------------|---|
| | <u>2009</u> | | <u>2008</u> |
| | <u>Budget</u> | <u>Actual</u> | <u>(Restated - Note 3)</u> <u>Actual</u> |
| Voted | | | |
| Salaries and Wages | \$ 12,175 | \$ 12,024 | \$ 9,500 |
| Supplies and Services | 6,185 | 2,474 | 2,727 |
| Grants | 532,568 | 587,351 | 464,919 |
| Financial Transactions and Other | 62 | 114 | 47 |
| Amortization of Tangible Capital Assets | - | - | 2 |
| | <u>\$ 550,990</u> | <u>\$ 601,963</u> | <u>\$ 477,195</u> |
| Statutory | | | |
| Valuation Adjustments | | | |
| Provision for Doubtful Accounts | \$ - | \$ 1,385 | \$ - |
| Provision for Vacation Pay | - | 366 | 338 |
| | <u>\$ -</u> | <u>\$ 1,751</u> | <u>\$ 338</u> |

DEPARTMENT OF HOUSING AND URBAN AFFAIRS
 SCHEDULE TO THE FINANCIAL STATEMENTS
 Budget

Schedule 3

For the Year Ended March 31, 2009

(in thousands)

| | 2008-2009 Estimates | Adjustments (a) | 2008-2009 Budget | Authorized Supplementary (b) | 2008-2009 Authorized Budget |
|---------------------------------------|------------------------|-------------------|---------------------|------------------------------------|-----------------------------------|
| Revenues | | | | | |
| Transfers from Government of Canada | \$ 37,618 | \$ - | \$ 37,618 | \$ - | \$ 37,618 |
| Premiums, Fees and Licences | 5 | - | 5 | - | 5 |
| Other Revenue | 100 | - | 100 | - | 100 |
| | <u>37,723</u> | <u>-</u> | <u>37,723</u> | <u>-</u> | <u>37,723</u> |
| Expenses - Directly Incurred | | | | | |
| Voted Expenses | | | | | |
| Ministry Support Services | 4,480 | - | 4,480 | - | 4,480 |
| Housing Development and Operations | 443,828 | 2,280 | 446,108 | 15,000 | 461,108 |
| Homeless Support and Land Development | 100,406 | 2,300 | 102,706 | 34,650 | 137,356 |
| Policy and Urban Affairs | 2,276 | - | 2,276 | - | 2,276 |
| | <u>550,990</u> | <u>4,580</u> | <u>555,570</u> | <u>49,650</u> | <u>605,220</u> |
| Statutory Expenses | | | | | |
| Valuation Adjustments | | | | | |
| Provision for Doubtful Accounts | - | - | - | - | - |
| Provision for Vacation Pay | - | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>550,990</u> | <u>4,580</u> | <u>555,570</u> | <u>49,650</u> | <u>605,220</u> |
| Net Operating Results | <u>\$ (513,267)</u> | <u>\$ (4,580)</u> | <u>\$ (517,847)</u> | <u>\$ (49,650)</u> | <u>\$ (567,497)</u> |

a) Adjustments include in-year transfers between other Ministries.

b) Supplementary Estimates were approved on August 25, 2008 and October 22, 2008.

Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* (for net budgeted initiatives).

DEPARTMENT OF HOUSING AND URBAN AFFAIRS
 SCHEDULE TO THE FINANCIAL STATEMENTS
 Comparison of Expenses - Directly Incurred, EIP and Capital Investment, Statutory Expenses, and
 Non-Budgetary Disbursements by Element to Authorized Budget

Schedule 4

For the Year Ended March 31, 2009

(in thousands)

| | 2008-09 Estimates | Adjustments (a) | 2008-09 Budget | Authorized Supplementary (b) | 2008-09 Authorized Budget | 2008-09 Actual (c) | Underexpended (Over Expended) |
|--|----------------------|--------------------|-------------------|------------------------------------|---------------------------------|-----------------------|----------------------------------|
| 1 Ministry Support Services | | | | | | | |
| 1.0.1 Minister's Office | \$ 500 | \$ - | 500 | \$ - | 500 | \$ 489 | \$ 11 |
| 1.0.2 Deputy Minister's Office | 675 | - | 675 | - | 675 | 665 | 10 |
| 1.0.3 Support Services | 3,305 | - | 3,305 | - | 3,305 | 3,079 | 226 |
| - Expense | - | - | - | - | - | 278 | (278) |
| - EIP | - | - | - | - | - | 4,511 | (31) |
| Total Program 1 | 4,480 | - | 4,480 | - | 4,480 | 4,511 | (31) |
| 2 Housing Development and Operations | | | | | | | |
| 2.0.1 Divisional Support | 439 | - | 439 | - | 439 | 482 | (43) |
| 2.1 Housing Development | | | | | | | |
| 2.1.1 Housing Development Program Delivery | 1,102 | - | 1,102 | - | 1,102 | 969 | 133 |
| 2.2 Housing Development Grants | | | | | | | |
| 2.2.1 Affordable Housing Program | 286,776 | - | 286,776 | - | 286,776 | 286,986 | (210) |
| 2.2.2 Municipal Sustainability Housing Program | - | - | - | - | - | - | - |
| 2.2.3 Off-Reserve Aboriginal Housing Program | 16,142 | - | 16,142 | - | 16,142 | 16,142 | - |
| 2.3 Housing Operations | | | | | | | |
| 2.3.1 Housing Operations Program Delivery | 2,719 | - | 2,719 | - | 2,719 | 2,646 | 73 |
| 2.4 Housing Grants | | | | | | | |
| 2.4.1 Rent Supplement Program | 57,817 | - | 57,817 | 15,000 | 72,817 | 76,381 | (3,564) |
| 2.4.2 Special Needs Housing | 5,100 | - | 5,100 | - | 5,100 | 5,353 | (253) |
| 2.4.3 Special Grants | 410 | 2,280 | 2,690 | - | 2,690 | 2,829 | (139) |
| 2.4.4 Assistance to the Alberta Social Housing Corporation | | | | | | | |
| - Debt Repayment | 22,486 | - | 22,486 | - | 22,486 | 22,486 | - |
| 2.4.5 Assistance to the Alberta Social Housing Corporation | | | | | | | |
| - Housing Providers | 50,837 | - | 50,837 | - | 50,837 | 49,444 | 1,393 |
| Total Program 2 | 443,828 | 2,280 | 446,108 | 15,000 | 461,108 | 463,718 | (2,610) |

DEPARTMENT OF HOUSING AND URBAN AFFAIRS
 SCHEDULE TO THE FINANCIAL STATEMENTS
 Comparison of Expenses - Directly Incurred, EIP and Capital Investment, Statutory Expenses, and
 Non-Budgetary Disbursements by Element to Authorized Budget

Schedule 4 (Cont'd)

For the Year Ended March 31, 2009

(in thousands)

| | 2008-09 Estimates | Adjustments (a) | 2008-09 Budget | Authorized Supplementary (b) | 2008-09 Authorized Budget | 2008-09 Actual (c) | Underexpended (Over Expended) |
|--|----------------------|--------------------|-------------------|------------------------------------|---------------------------------|-----------------------|----------------------------------|
| Voted Expenses, EIP and Capital Investments (continued) | | | | | | | |
| 3 Homeless Support and Land Development | | | | | | | |
| 3.0.1 Divisional Support | \$ 293 | \$ - | 293 | \$ - | 293 | \$ 304 | \$ (11) |
| 3.1 Homeless Support | 3,313 | - | 3,313 | - | 3,313 | 3,367 | (54) |
| 3.1.1 Homeless Support Program Delivery | | | | | | | |
| 3.2 Homeless Support Grants | 38,000 | - | 38,000 | - | 38,000 | 40,028 | (2,028) |
| 3.2.1 Emergency/Transitional Shelter Support | 6,000 | - | 6,000 | - | 6,000 | 3,278 | 2,722 |
| 3.2.2 Homeless Initiative | 5,000 | 2,300 | 7,300 | - | 7,300 | 7,503 | (203) |
| 3.2.3 Transitional Housing Initiative | 44,000 | - | 44,000 | 33,500 | 77,500 | 77,122 | 378 |
| 3.2.4 Homeless and Eviction Prevention Fund | | | | | | | |
| 3.3 Alberta Secretariat for Action on Homelessness | | | | | | | |
| 3.3.1 Alberta Secretariat for Action on Homelessness | 3,800 | - | 3,800 | - | 3,800 | 515 | 3,285 |
| - Expense | - | - | - | - | - | 4 | (4) |
| 3.4 Land Development | | | | | | | |
| 3.4.1 Land Development Program Delivery | | | | 1,150 | 1,150 | 324 | 826 |
| 3.4.2 Assistance to Alberta Social Housing Corporation | | | | | | | |
| - Land Development | | | | | | | |
| Total Program 3 | \$ 100,406 | \$ 2,300 | \$ 102,706 | \$ 34,650 | \$ 137,356 | \$ 132,445 | \$ 4,911 |
| 4 Policy and Urban Affairs | | | | | | | |
| 4.0.1 Policy and Urban Affairs | \$ 2,276 | \$ - | 2,276 | \$ - | 2,276 | \$ 1,771 | \$ 505 |
| | \$ 2,276 | \$ - | 2,276 | \$ - | 2,276 | \$ 1,771 | \$ 505 |
| Grand Total | \$ 550,990 | \$ 4,580 | \$ 555,570 | \$ 49,650 | \$ 605,220 | \$ 602,445 | \$ 2,775 |
| Operating Expense | \$ 550,990 | \$ 4,580 | \$ 555,570 | \$ 49,650 | \$ 605,220 | \$ 602,163 | \$ 3,057 |
| Equipment/Inventory Purchases | - | - | - | - | - | 282 | (282) |
| | \$ 550,990 | \$ 4,580 | \$ 555,570 | \$ 49,650 | \$ 605,220 | \$ 602,445 | \$ 2,775 |
| Statutory Expenses | | | | | | | |
| Valuation Adjustments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,385 | \$ (1,385) |
| Provision for Doubtful Accounts | - | - | - | - | - | 366 | (366) |
| Vacation Liability | - | - | - | - | - | 1,751 | (1,751) |

(a) Adjustments include in-year transfers between other Ministries.

(b) Supplementary Estimates were approved on August 25, 2008 and October 22, 2008.

Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* (for net budgeted initiatives).

(c) Includes achievement bonus of \$406.

DEPARTMENT OF HOUSING AND URBAN AFFAIRS
 SCHEDULE TO THE FINANCIAL STATEMENTS
 Salary and Benefits Disclosure

Schedule 5

For the Year Ended March 31, 2009

| Department | 2009 | | | 2008 | |
|--|----------------------------|------------------------------------|--|------------|---------|
| | Base Salary ⁽¹⁾ | Other Cash Benefits ⁽²⁾ | Other Non-Cash Benefits ⁽³⁾ | Total | Total |
| Deputy Minister ^{(4), (5)} | \$ 253,668 | \$ 43,000 | \$ 59,426 | \$ 356,094 | \$ - |
| Assistant Deputy Ministers | | | | | |
| Housing Development and Operations ^{(5), (6)} | 47,283 | 7,500 | 12,589 | 67,372 | - |
| Homeless Support and Land Development ⁽⁷⁾ | 174,936 | 34,987 | 41,851 | 251,774 | 225,353 |
| Executive Directors | | | | | |
| Strategic Corporate Services ^{(5), (8)} | 177,828 | 66,220 | 38,565 | 282,613 | - |
| Policy and Urban Affairs ⁽⁵⁾ | 121,692 | 18,254 | 29,945 | 169,891 | - |

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include bonuses, vacation payouts, overtime and lump sum payments.

(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments.

(4) Automobile provided, no dollar amount included in other non-cash benefits.

(5) New ministry established March 13, 2008, therefore no comparable for 2008. See note 3 for information on government restructuring.

(6) This position was established December, 2008.

(7) Position existed as Assistant Deputy Minister, Housing Services under Municipal Affairs and Housing prior to government restructuring.

(8) This position was occupied by two individuals in 2008-09.

Prepared in accordance with Treasury Board Directive 12/98 as amended.

DEPARTMENT OF HOUSING AND URBAN AFFAIRS
 SCHEDULE TO THE FINANCIAL STATEMENTS
 Related Party Transactions

Schedule 6

For the Year Ended March 31, 2009

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

The Department and its employees pay 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 had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties.

| | (in thousands) | | | |
|------------------------------------|--------------------------|---------------------|----------------|---------------------|
| | Entities in the Ministry | | Other Entities | |
| | 2009 | 2008 | 2009 | 2008 |
| | | (Restated - Note 3) | | (Restated - Note 3) |
| Expenses - Directly Incurred | | | | |
| Business and Technology Services | \$ - | \$ - | \$ 10 | \$ 248 |
| Grants | 71,930 | 56,639 | - | - |
| Insurance | - | - | 23 | 21 |
| | <u>\$ 71,930</u> | <u>\$ 56,639</u> | <u>\$ 33</u> | <u>\$ 269</u> |
| Receivables From: | | | | |
| Alberta Social Housing Corporation | \$ 17,056 | \$ 15,718 | \$ - | \$ - |
| | <u>\$ 17,056</u> | <u>\$ 15,718</u> | <u>\$ -</u> | <u>\$ -</u> |
| Payable To: | | | | |
| Alberta Social Housing Corporation | \$ 3,219 | \$ 3,219 | \$ - | \$ - |
| | <u>\$ 3,219</u> | <u>\$ 3,219</u> | <u>\$ -</u> | <u>\$ -</u> |

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 expense amounts are not recorded in the financial statements but are disclosed in Schedule 7.

| | (in thousands) | |
|--|-----------------|---------------------|
| | Other Entities | |
| | 2009 | 2008 |
| | | (Restated - Note 3) |
| Expenses - Incurred by Others (Schedule 7) | | |
| Accommodation | \$ 1,235 | \$ 3,135 |
| Air Transportation/Executive Vehicle | 20 | 8 |
| Internal Audit | 174 | 44 |
| Business Services | 1,055 | 1,072 |
| Legal | 143 | 101 |
| | <u>\$ 2,627</u> | <u>\$ 4,360</u> |

DEPARTMENT OF HOUSING AND URBAN AFFAIRS
 SCHEDULE TO THE FINANCIAL STATEMENTS
 Allocated Costs

Schedule 7

For the Year Ended March 31, 2009

(in thousands)

| Program | Expenses ⁽¹⁾ | Expenses - Incurred by Others | | | Valuation Adjustments ⁽⁵⁾ | | Total Expenses |
|---------------------------------------|-------------------------|------------------------------------|----------------------------------|---|--------------------------------------|-------------------|----------------|
| | | Accommodation Costs ⁽²⁾ | Business Services ⁽³⁾ | Legal/ Internal Audit Services ⁽⁴⁾ | Vacation Pay | Doubtful Accounts | |
| Ministry Support Services | \$ 4,233 | \$ 8 | \$ 1,055 | \$ 2 | \$ 227 | \$ - | \$ 5,525 |
| Housing Development and Operations | 463,518 | 36 | 11 | 245 | 73 | 1,385 | 465,268 |
| Homeless Support and Land Development | 132,441 | 1,179 | 5 | 68 | 90 | - | 133,783 |
| Policy and Urban Affairs | 1,771 | 12 | 4 | 2 | (24) | - | 1,765 |
| | \$ 601,963 | \$ 1,235 | \$ 1,075 | \$ 317 | \$ 366 | \$ 1,385 | \$ 606,341 |
| | | | | | | | \$ 481,892 |

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

(2) Cost shown for Accommodation allocated by square footage.

(3) Business Services includes financial and administrative services, air transportation, and executive vehicle services, allocated by estimated costs incurred in each program.

(4) Costs for Legal and Internal Audit Services allocated by estimated costs incurred by each program.

(5) Valuation Adjustments as per Statement of Operations. Employee Benefits and Doubtful Accounts provision included in Valuation Adjustments were allocated as follows:

- Vacation Pay - allocated to the program by employee

- Doubtful Accounts Provision - estimated allocation to program.

ALBERTA SOCIAL HOUSING CORPORATION

Financial Statements for the year ended March 31, 2009

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Auditor's Report

To the Minister of Housing and Urban Affairs

I have audited the statement of financial position of the Alberta Social Housing Corporation (the Corporation) as at March 31, 2009 and the statements of operations and cash flows 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, 2009 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]

Edmonton, Alberta
June 11, 2009

FCA
Auditor General

ALBERTA SOCIAL HOUSING CORPORATION

STATEMENT OF OPERATIONS

For the Year Ended March 31, 2009

(in thousands)

| | 2009 | | 2008 |
|--|------------------|------------------|---------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
| | (Schedule 3) | | (Restated - Note 3) |
| Revenues (Schedule 1) | | | |
| Internal Government Transfers | \$ 73,323 | \$ 71,930 | \$ 56,639 |
| Transfers from the Government of Canada | 62,856 | 66,200 | 61,464 |
| Investment Income | 7,060 | 5,942 | 6,453 |
| Other Revenue | 65 | 6,067 | 4,177 |
| | <u>143,304</u> | <u>150,139</u> | <u>128,733</u> |
| Expenses - Directly Incurred (Note 2b and Schedule 5) | | | |
| Support to Housing Providers | | | |
| Seniors Housing Providers (Note 14) | 5,987 | 5,987 | 2,084 |
| Community Housing Providers (Note 14) | 44,850 | 43,457 | 39,773 |
| Other Housing Providers | 396 | 163 | 128 |
| Insurance and Amortization | 25,498 | 25,024 | 24,982 |
| Other Asset Administration | 665 | 315 | 266 |
| Grants in Kind | 19,224 | 19,200 | 19,208 |
| Debt Servicing Costs | 20,395 | 20,394 | 21,734 |
| | <u>117,015</u> | <u>114,540</u> | <u>108,175</u> |
| Valuation Adjustments | | | |
| Provision for (Recovery of) Losses on Guarantees, Indemnities and Mortgages | 85 | 6 | (16) |
| | <u>85</u> | <u>6</u> | <u>(16)</u> |
| | <u>117,100</u> | <u>114,546</u> | <u>108,159</u> |
| Gain on Disposal of Tangible Capital Assets | 16,686 | 10,252 | 22,007 |
| Net Operating Results | <u>\$ 42,890</u> | <u>\$ 45,845</u> | <u>\$ 42,581</u> |

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

ALBERTA SOCIAL HOUSING CORPORATION

STATEMENT OF FINANCIAL POSITION

As at March 31, 2009

(in thousands)

| | <u>2009</u> | <u>2008</u> (Restated - Note 3) |
|---|-------------------|---------------------------------------|
| Assets | | |
| Cash and Cash Equivalents (Note 4) | \$ 237,328 | \$ 180,572 |
| Accounts Receivable (Note 5) | 33,710 | 35,403 |
| Due From Department of Housing and Urban Affairs | 3,219 | 3,219 |
| Loans and Advances (Note 6) | 4,991 | 6,547 |
| Deferred Financing Charges | 668 | 835 |
| Tangible Capital Assets (Note 7) | 638,514 | 664,711 |
| | <u>\$ 918,430</u> | <u>\$ 891,287</u> |
| Liabilities | | |
| Accounts Payable and Accrued Liabilities | \$ 25,329 | \$ 22,803 |
| Accrued Interest Payable | 2,264 | 2,350 |
| Due to Department of Housing and Urban Affairs | 17,056 | 15,718 |
| Allowance for Losses on Guarantees and Indemnities (Note 8) | 12 | 6 |
| Long-Term Debt (Note 9) | 277,803 | 300,289 |
| | <u>322,464</u> | <u>341,166</u> |
| Equity | | |
| At Beginning of Year | 550,121 | 507,540 |
| Net Operating Results | 45,845 | 42,581 |
| At End of Year | <u>595,966</u> | <u>550,121</u> |
| | <u>\$ 918,430</u> | <u>\$ 891,287</u> |

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

ALBERTA SOCIAL HOUSING CORPORATION

STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2009

(in thousands)

| | <u>2009</u> | <u>2008</u> (Restated - Note 3) |
|--|-------------------|---------------------------------------|
| Operating Transactions | | |
| Net Operating Results | \$ 45,845 | \$ 42,581 |
| Non-cash items included in Net Operating Results | | |
| Amortization of Tangible Capital Assets | 22,867 | 23,028 |
| Amortization of Deferred Financing Charges | 167 | 182 |
| Grants in Kind | 19,200 | 19,208 |
| Capital Contributions in Kind | (4,499) | - |
| Gain on Disposal of Tangible Capital Assets | (10,252) | (22,007) |
| Valuation Adjustments | 6 | (16) |
| | <u>73,334</u> | <u>62,976</u> |
| (Increase) Decrease in Accounts Receivable | 1,693 | (520) |
| Increase in Accounts Payable and Accrued Liabilities | | |
| Before Valuation Adjustments | 2,526 | 6,839 |
| (Decrease) in Accrued Interest Payable | (86) | (80) |
| Increase in Due to Department of Housing and Urban Affairs | 1,338 | - |
| Cash Provided by Operating Transactions | <u>78,805</u> | <u>69,215</u> |
| Capital Transactions | | |
| Acquisition of Tangible Capital Assets | (1,223) | (170) |
| Proceeds on Disposal / Sale of Tangible Capital Assets | 104 | 9,900 |
| Cash Applied to Capital Transactions | <u>(1,119)</u> | <u>9,730</u> |
| Investing Transactions | | |
| Repayment of Loans and Advances | 1,556 | 6,027 |
| Cash Provided by Investing Transactions | <u>1,556</u> | <u>6,027</u> |
| Financing Transactions | | |
| Repayment of Long-Term Debt | (22,486) | (21,166) |
| Cash Applied to Financing Transactions | <u>(22,486)</u> | <u>(21,166)</u> |
| Increase in Cash and Cash Equivalents | <u>56,756</u> | <u>63,806</u> |
| Cash and Cash Equivalents, Beginning of Year | <u>180,572</u> | <u>116,766</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 237,328</u> | <u>\$ 180,572</u> |

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

ALBERTA SOCIAL HOUSING CORPORATION
FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

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 Act is jointly administered by the Department of Housing and Urban Affairs and the Department of Seniors and Community Supports.

The Corporation's primary purpose is to facilitate the provision of affordable housing options, through community housing providers, to low-income families and individuals and those with special needs, and administer seniors housing. 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. It also 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

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

(a) Reporting Entity

The reporting entity is the Corporation, which is part of the Ministry of Housing and Urban Affairs and for which the Minister of Housing and Urban Affairs is accountable. The other entity reporting to the Minister is the Department of Housing and Urban Affairs. The activities of the Department 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.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis 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 sixty days in arrears. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

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.

ALBERTA SOCIAL HOUSING CORPORATION
FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

Note 2 Summary of Significant Accounting Policies and Reporting Practices
(Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met and a reasonable estimate of the amounts can be made.

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 such as supplies, directly incurred expenses also include:

- amortization of tangible 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 vacation pay, guarantees and indemnities.
- grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Incurred by Others

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

Assets

Cash and cash equivalents 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 individuals.

Loans and advances

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

Deferred financing charges

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

ALBERTA SOCIAL HOUSING CORPORATION
FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

Note 2 Summary of Significant Accounting Policies and Reporting Practices
(Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Assets (Cont'd)

Tangible capital assets

Assets acquired by right are not included. Tangible capital assets 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 new systems development is \$100,000 and the threshold for all other tangible capital assets is \$5,000. All land and work-in-progress are capitalized at cost and not amortized.

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

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the fair values of these physical assets, less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities are recorded to the extent that they represent obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in a sacrifice of economic benefits in the future.

Equity

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

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 cash and cash equivalents, accounts receivable, due from Department of Housing and Urban Affairs, accounts payable and accrued liabilities, accrued interest payable, and due to Department of Housing and Urban Affairs are estimated to approximate their carrying values because of the short term nature of these instruments. Fair values of loans and advances are not reported due to there being no organized financial market for the instruments and it is not practical within constraints of timelines or cost to estimate the fair value with sufficient reliability.

ALBERTA SOCIAL HOUSING CORPORATION
FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

Note 2 Summary of Significant Accounting Policies and Reporting Practices
(Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Measurement Uncertainty

(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Estimates relating to the determination of the housing providers accounts receivable of \$25,573 (2008 - \$28,400) as disclosed in these statements is subject to measurement uncertainty.

Insurance recoveries receivable from third party insurers and accounts payable for the repairs of insured property are subject to measurement uncertainty of \$2,000. The uncertainty results from negotiation variations between third party insurers and the Alberta Risk Management Fund regarding claims for the Corporation's property.

Note 3 Government Restructuring and Program Transfer

(in thousands)

On March 12, 2008, the government announced new ministry structures. As a result, the name of the Ministry of Municipal Affairs and Housing was changed to Ministry of Municipal Affairs. The housing services programs and the Corporation were transferred to the newly established Ministry of Housing and Urban Affairs.

Subsequent to the March 12, 2008 reorganization, and effective April 1, 2008, the responsibility for the Seniors Self-Contained program was transferred from the Department of Seniors and Community Supports to the Department of Housing and Urban Affairs and then transferred to the Corporation.

Net assets totaling \$15,894 were transferred from the Department of Housing and Urban Affairs to the Corporation. Beginning of year equity for 2007-08 has been restated to reflect these amounts.

To correctly reflect the results of administering the Seniors Self-Contained program during 2007-08, net operating results have been reduced by \$200 to recognize payment of an outstanding program payable made during the year.

ALBERTA SOCIAL HOUSING CORPORATION
FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

Note 3 Government Restructuring and Program Transfer (Cont'd)

(in thousands)

To reflect the changes, the ending equity at March 31, 2007 is restated as follows:

| | |
|---|--------------------------|
| Ending Equity March 31, 2007 | \$ 493,492 |
| Adjustment due to Seniors Self-Contained Program | |
| Revenues - assets received from Department | 15,894 |
| Operating Results - Seniors Self Contained as reported | (1,646) |
| Operating Results - Seniors Self Contained revenues from Dept | <u>(200)</u> |
| | 14,048 |
| Revised Ending Equity March 31, 2007 | <u><u>\$ 507,540</u></u> |
| Revised Opening Equity April 1, 2007 | \$ 507,540 |
| Net Operating Results as Previously Reported | 40,735 |
| Net Operating Results - Seniors Self- Contained | <u>1,846</u> |
| Ending Equity March 31, 2008 | <u><u>\$ 550,121</u></u> |

Note 4 Cash and Cash Equivalents

Cash and cash equivalents consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is 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. As at March 31, 2009, securities held in the CCITF have an average time-weighted market yield of 3.0% per annum (2008 - 4.5% per annum as restated).

Note 5 Accounts Receivable

(in thousands)

| | 2009 | | | 2008 | |
|---------------------|------------------|--|----------------------------|----------------------------|---------------|
| | Gross Amount | Allowance for Doubtful Accounts | Net Realizable Value | Net Realizable Value | |
| Accounts receivable | \$ 8,175 | \$ 38 | \$ 8,137 | \$ | 7,003 |
| Housing providers | 25,573 | - | 25,573 | \$ | 28,400 |
| | <u>\$ 33,748</u> | <u>\$ 38</u> | <u>\$ 33,710</u> | <u>\$</u> | <u>35,403</u> |

Accounts receivable are unsecured and non-interest bearing.

ALBERTA SOCIAL HOUSING CORPORATION
FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

Note 6 Loans and Advances

(in thousands)

| | 2009 | | | | 2008 |
|--------------------------------------|-----------------|---------------|----------------------|----------------------|----------------------|
| | Accrual | Non-Accrual | Allowance for Losses | Net Realizable Value | Net Realizable Value |
| Rural and Native ^(a) | \$ 3,973 | \$ 192 | \$ 4 | \$ 4,161 | \$ 5,591 |
| Agreements receivable ^(b) | 790 | - | - | 790 | 895 |
| Other receivables | 40 | - | - | 40 | 61 |
| | <u>\$ 4,803</u> | <u>\$ 192</u> | <u>\$ 4</u> | <u>\$ 4,991</u> | <u>\$ 6,547</u> |

- 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) Agreements receivable represent amounts receivable for land sales.

Note 7 Tangible Capital Assets

(in thousands)

| | Land | Buildings | 2009 Total | 2008 Total |
|---|-------------------|----------------------------|---------------------|---------------------|
| Estimated useful life | Indefinite | 10-50 years ^(a) | | |
| Historical Cost | | | | |
| Beginning of year | \$ 116,321 | \$ 1,094,451 | \$ 1,210,772 | \$ 1,220,343 |
| Additions ^(b) | 1,348 | 4,374 | 5,722 | 170 |
| Disposals, including write-downs | (1,402) | (11,791) | (13,193) | (9,740) |
| | <u>\$ 116,267</u> | <u>\$ 1,087,034</u> | <u>\$ 1,203,301</u> | <u>\$ 1,210,773</u> |
| Accumulated Amortization | | | | |
| Beginning of year | \$ - | \$ 546,062 | \$ 546,062 | \$ 525,671 |
| Amortization expense | - | 22,867 | 22,867 | 23,028 |
| Effect of disposals | - | (4,142) | (4,142) | (2,637) |
| | <u>\$ -</u> | <u>\$ 564,787</u> | <u>\$ 564,787</u> | <u>\$ 546,062</u> |
| Net book value at March 31, 2009 | <u>\$ 116,267</u> | <u>\$ 522,247</u> | <u>\$ 638,514</u> | |
| Net book value at March 31, 2008 | <u>\$ 116,321</u> | <u>\$ 548,390</u> | | <u>\$ 664,711</u> |

- a) Seniors and special needs buildings are amortized over 50 years, community housing buildings over 40 to 50 years, and all other buildings over 10 to 25 years.
- b) Additions include \$4,499 in donated land and buildings.

ALBERTA SOCIAL HOUSING CORPORATION
FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

Note 8 Guarantees and Indemnities

(in thousands)

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:

| | <u>2009</u> | <u>2008</u> |
|--|------------------|------------------|
| Mortgages, on multi-unit rental properties and land, guaranteed to 2011 | <u>\$ 12,434</u> | <u>\$ 15,295</u> |

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, 2009 amount to \$250 (2008 - \$450). 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 \$12 (2008 - \$6).

Note 9 Long-Term Debt

(in thousands)

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

| | <u>2009</u> | <u>2008</u> |
|--|-------------------|-------------------|
| Canada Mortgage and Housing Corporation ^(a) | \$ 74,400 | \$ 75,896 |
| Alberta Finance and Enterprise ^(b) | <u>203,403</u> | <u>224,393</u> |
| | <u>\$ 277,803</u> | <u>\$ 300,289</u> |

a) Debentures maturing January 2023 to January 2030 with a weighted average effective rate of 9.63%.

b) Notes payable 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 installments and the note payable is repayable in equal semi-annual installments.

ALBERTA SOCIAL HOUSING CORPORATION
FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

Note 9 Long-Term Debt (Cont'd)

(in thousands)

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

| | |
|------------|-------------------|
| 2010 | \$ 23,890 |
| 2011 | 25,384 |
| 2012 | 26,973 |
| 2013 | 28,664 |
| 2014 | 30,463 |
| Thereafter | <u>142,429</u> |
| | <u>\$ 277,803</u> |

Long-term debt has a fair value of \$106,278 (2008 - \$113,426) for Canada Mortgage and Housing Corporation debentures and \$226,228 (2008 - \$244,937) for the note payable to Alberta Finance and Enterprise. 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 (CMHC) towards subsidies of rental properties and mortgages receivable and for certain capital costs, administration expenses and net operating results, of approved community housing projects that are recorded by the Corporation. Contributions are also provided by CMHC to the Corporation for net operating results of approved seniors housing projects that are recorded by the Corporation.

Note 11 Salaries and Benefits

The Corporation has no salary or benefits to disclose under Treasury Board Directive 12/98 as amended due to the following:

The Corporation has no employees. Staff of the Department of Housing and Urban Affairs administer the Corporation, and the estimated value of these services is included in Schedule 4 as an expense incurred by others.

The Corporation did not pay honoraria to its Board members.

Note 12 Contractual Obligations

(in thousands)

| | <u>2009</u> | <u>2008</u> |
|-------------------|------------------|------------------|
| Operating Expense | | |
| Service Contracts | \$ 49 | \$ - |
| Long-term leases | <u>39,988</u> | <u>41,335</u> |
| | <u>\$ 40,037</u> | <u>\$ 41,335</u> |

ALBERTA SOCIAL HOUSING CORPORATION
FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

Note 12 Contractual Obligations (Cont'd)

(in thousands)

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

| | Service Contracts | Long-Term Leases | Total |
|------------|----------------------|---------------------|------------------|
| 2010 | \$ 49 | \$ 1,347 | \$ 1,396 |
| 2011 | - | 1,347 | 1,347 |
| 2012 | - | 1,347 | 1,347 |
| 2013 | - | 1,347 | 1,347 |
| 2014 | - | 1,347 | 1,347 |
| Thereafter | - | 33,253 | 33,253 |
| | <u>\$ 49</u> | <u>\$ 39,988</u> | <u>\$ 40,037</u> |

Note 13 Contingent Liabilities

(in thousands)

At March 31, 2009 the Corporation is a defendant in 5 legal claims (2008 - 9 legal claims). All of these claims have specified amounts totaling \$1,821 (2008 - 9 claims with a specified amount of \$11,253). Included in the total legal claims are 4 legal claims amounting to \$1,396 (2008 - 2 legal claims amounting to \$8,176) in which the Corporation has been jointly named with other entities. 3 claims amounting to \$1,091 (2008 - 3 claims amounting to \$1,251) are covered by the Alberta Risk Management Fund.

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

Note 14 Housing Providers

(in thousands)

The Corporation supports the provision of seniors and community housing through housing providers. Grants are provided to cover operating deficits of specific programs. Housing providers that incur expenses in excess of revenues are provided grants. Recoveries are received from housing providers that generate revenues in excess of expenses. Costs for property insurance, amortization and interest on long-term debt are incurred and recorded by the Corporation; housing providers do not incur or record these expenses.

ALBERTA SOCIAL HOUSING CORPORATION
FINANCIAL STATEMENTS
For the Year Ended March 31, 2009

Note 14 Housing Providers (Cont'd)

(in thousands)

Information on the operating and maintenance grants to housing providers is as follows:

| | <u>2009</u> | <u>2008</u> <u>(Restated -</u> <u>Note 3)</u> |
|---|------------------|---|
| Operating Grants to Housing Providers | \$ 39,182 | \$ 28,659 |
| Maintenance Grants to Housing Providers | 10,262 | 13,398 |
| Support to Housing Providers | <u>\$ 49,444</u> | <u>\$ 42,057</u> |

The above results are recorded on the Statement of Operations for the year as follows:

| | <u>2009</u> | <u>2008</u> <u>(Restated -</u> <u>Note 3)</u> |
|--|------------------|---|
| Support to Housing Providers - Seniors Housing Providers | \$ 5,987 | \$ 2,284 |
| Support to Housing Providers - Community Housing Providers | 43,457 | 39,773 |
| Support to Housing Providers | <u>\$ 49,444</u> | <u>\$ 42,057</u> |

Note 15 Comparative Figures

Certain 2008 figures have been reclassified to conform to the 2009 presentation.

Note 16 Approval of the Financial Statements

The financial statements were approved by the Senior Financial Officer of the Department of Housing and Urban Affairs and the President of the Alberta Social Housing Corporation.

**ALBERTA SOCIAL HOUSING CORPORATION
SCHEDULE TO THE FINANCIAL STATEMENTS
REVENUES**

Schedule 1

For the Year Ended March 31, 2009

| | (in thousands) | | |
|---|-------------------|-------------------|--------------------------------------|
| | <u>2009</u> | | <u>2008</u> |
| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> (Restated - Note 3) |
| Internal Government Transfers | | | |
| Transfers from Department of Housing and Urban Affairs | | | |
| Debt Repayment | \$ 22,486 | \$ 22,486 | \$ 17,166 |
| Housing Providers | 50,837 | 49,444 | 39,473 |
| | <u>73,323</u> | <u>71,930</u> | <u>56,639</u> |
| Transfers from the Government of Canada | | | |
| Recoveries from Canada Mortgage and Housing Corporation (Note 10) | <u>62,856</u> | <u>66,200</u> | <u>61,464</u> |
| Investment Income | | | |
| Bank and Other | 7,060 | 5,928 | 6,406 |
| Mortgages | - | 14 | 47 |
| | <u>7,060</u> | <u>5,942</u> | <u>6,453</u> |
| Other Revenue | | | |
| Miscellaneous | 65 | 10 | 78 |
| Contributions in Kind | - | 4,499 | - |
| Recoveries from Management Organizations | - | 1,359 | 3,930 |
| Rental Revenues | - | 133 | 150 |
| Refunds of Expenditures | - | 66 | 19 |
| | <u>65</u> | <u>6,067</u> | <u>4,177</u> |
| Total Revenues | <u>\$ 143,304</u> | <u>\$ 150,139</u> | <u>\$ 128,733</u> |

ALBERTA SOCIAL HOUSING CORPORATION
 SCHEDULE TO THE FINANCIAL STATEMENTS
 Schedule of Expenses - Directly Incurred Detailed by Object

Schedule 2

For the Year Ended March 31, 2009

| | (in thousands) | | |
|--|-------------------|-------------------|--------------------------------------|
| | <u>2009</u> | | <u>2008</u> |
| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> (Restated - Note 3) |
| Supplies and Services | \$ 2,345 | \$ 2,370 | \$ 2,053 |
| Grants | 70,457 | 68,909 | 61,360 |
| Debt Servicing Costs | 20,395 | 20,394 | 21,734 |
| Amortization of Tangible Capital Assets | 23,818 | 22,867 | 23,028 |
| | <u>\$ 117,015</u> | <u>\$ 114,540</u> | <u>\$ 108,175</u> |
| Valuation adjustments | | | |
| Provision for (Recovery of) Loss on Guarantees, Indemnities and Mortgages | \$ 85 | \$ 6 | \$ (16) |
| | <u>\$ 85</u> | <u>\$ 6</u> | <u>\$ (16)</u> |

**ALBERTA SOCIAL HOUSING CORPORATION
SCHEDULE TO THE FINANCIAL STATEMENTS
Budget**

Schedule 3

For the Year Ended March 31, 2009

(in thousands)

| | 2008-2009 Estimates | Authorized Supplementary ^(a) | 2008-2009 Authorized Budget |
|---|------------------------|--|-----------------------------------|
| Revenues: | | | |
| Internal Government Transfers | \$ 73,323 | \$ - | \$ 73,323 |
| Transfers from the Government of Canada | 62,856 | - | 62,856 |
| Investment Income | 7,060 | - | 7,060 |
| Other Revenue | 65 | - | 65 |
| | <u>143,304</u> | <u>-</u> | <u>143,304</u> |
| Expenses - Directly Incurred: | | | |
| Voted Expenses | | | |
| Support to Housing Providers | | | |
| Seniors Housing Providers | 5,987 | - | 5,987 |
| Community Housing Providers | 44,850 | - | 44,850 |
| Other Housing Providers | 396 | - | 396 |
| Insurance and Amortization | 25,498 | - | 25,498 |
| Other Asset Administration | 665 | - | 665 |
| Grants in Kind | 19,224 | - | 19,224 |
| Debt Servicing Costs | 20,395 | - | 20,395 |
| | <u>117,015</u> | <u>-</u> | <u>117,015</u> |
| Statutory Expenses | | | |
| Valuation Adjustments | | | |
| Provision for Losses on Guarantees, Indemnities, and Mortgages | 85 | - | 85 |
| | <u>85</u> | <u>-</u> | <u>85</u> |
| | <u>117,100</u> | <u>-</u> | <u>117,100</u> |
| Gain on Disposal of Tangible Capital Assets | 16,686 | - | 16,686 |
| Net Operating Results | <u>\$ 42,890</u> | <u>\$ -</u> | <u>\$ 42,890</u> |
| Capital Investment | <u>\$ -</u> | <u>\$ 2,000</u> | <u>\$ 2,000</u> |

(a) Supplementary Estimates were approved on February 4, 2009. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* (for net budgeted initiatives).

ALBERTA SOCIAL HOUSING CORPORATION
SCHEDULE TO THE FINANCIAL STATEMENTS
Related Party Transactions

Schedule 4

For the Year Ended March 31, 2009

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 on the Statement of Operations and Statement of Financial Position at the amount of consideration agreed upon between the related parties.

| | (in thousands) | | | |
|---|--------------------------|------------------------------------|-------------------|------------------------------------|
| | Entities in the Ministry | | Other Entities | |
| | <u>2009</u> | <u>2008</u> (Restated - Note 3) | <u>2009</u> | <u>2008</u> (Restated - Note 3) |
| Revenues | | | | |
| Internal Government Transfers | \$ 71,930 | \$ 56,639 | \$ - | \$ - |
| Expenses - Directly Incurred | | | | |
| Other services | \$ - | \$ - | \$ 1,096 | \$ 884 |
| Debt servicing costs | - | - | 13,116 | 14,324 |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 14,212</u> | <u>\$ 15,208</u> |
| Deferred Financing Charges to | | | | |
| Alberta Finance and Enterprise | \$ - | \$ - | \$ 668 | \$ 835 |
| Accounts Receivable | | | | |
| Risk Management and Insurance | \$ - | \$ - | \$ 5,948 | \$ 4,629 |
| Department of Housing and Urban Affairs | 3,219 | 3,219 | - | - |
| | <u>\$ 3,219</u> | <u>\$ 3,219</u> | <u>\$ 5,948</u> | <u>\$ 4,629</u> |
| Accounts Payables | | | | |
| Alberta Finance and Enterprise ⁽¹⁾ | \$ - | \$ - | \$ 203,898 | \$ 224,940 |
| Department of Housing and Urban Affairs | 17,056 | 15,718 | - | - |
| | <u>\$ 17,056</u> | <u>\$ 15,718</u> | <u>\$ 203,898</u> | <u>\$ 224,940</u> |

⁽¹⁾ Debt and accrued interest on debt.

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

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.

| | (in thousands) | | | |
|-------------------------------|--------------------------|------------------------------------|----------------|------------------------------------|
| | Entities in the Ministry | | Other Entities | |
| | <u>2009</u> | <u>2008</u> (Restated - Note 3) | <u>2009</u> | <u>2008</u> (Restated - Note 3) |
| Expenses - Incurred By Others | | | | |
| Salaries and wages | \$ 3,560 | \$ 2,588 | \$ - | \$ - |
| Supplies and services | 732 | 431 | - | - |
| Accommodation | - | - | 287 | 139 |
| Internal Audit | - | - | 34 | - |
| Legal services | - | - | 13 | 68 |
| | <u>\$ 4,292</u> | <u>\$ 3,019</u> | <u>\$ 334</u> | <u>\$ 207</u> |

ALBERTA SOCIAL HOUSING CORPORATION
SCHEDULE TO FINANCIAL STATEMENTS
Allocated Costs

Schedule 5

For the Year Ended March 31, 2009

(in thousands)

| Program | 2009 | | | | | | | | | | 2008 (Restated - Note 3) | | |
|----------------------------|------------------------------|---|--|-------------------------------------|-------------------|--|---|-------------------------|----------------------|-------------------|--------------------------------|-------------------|-------------------|
| | Expenses - Directly Incurred | | | | | Expenses - Incurred by Others ⁽²⁾ | | | | | Valuation Adjustments | | Total Expenses |
| | Expenses ⁽¹⁾ | Debt Servicing Costs ⁽¹⁾ | Amortization/ Insurance Costs ⁽¹⁾ | Grants in Kind ⁽¹⁾ | Other Services | Accommodation Costs | Legal Services/ Internal Audit | Losses/ (Recoveries) | Doubtful Accounts | Total Expenses | Total Expenses | Total Expenses | |
| Seniors Housing Providers | \$ 5,987 | \$ 11,340 | \$ 16,228 | \$ 9,498 | \$ 2,920 | \$ 195 | \$ 32 | \$ - | \$ - | \$ 46,200 | \$ - | \$ 2,084 | |
| Community Housing | 43,457 | 9,012 | 8,709 | 8,616 | 1,363 | 91 | 15 | - | - | 71,263 | - | 108,776 | |
| Other Housing | 163 | 42 | 87 | 965 | 9 | 1 | - | - | - | 1,267 | - | 263 | |
| Other Asset Administration | 315 | - | - | 121 | - | - | - | 6 | - | 442 | - | 262 | |
| | \$ 49,922 | \$ 20,394 | \$ 25,024 | \$ 19,200 | \$ 4,292 | \$ 287 | \$ 47 | \$ 6 | \$ - | \$ 119,172 | \$ - | \$ 111,385 | |

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

⁽²⁾ Costs shown for Expenses - Incurred by Others are as disclosed in Schedule 4.

Alphabetical List of Entities' Financial Statements in Ministry 2008 - 09 Annual Reports

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

| Ministry, Department, Fund or Agency | Ministry Annual Report |
|---|---------------------------------------|
| G-FER Technologies (1999) Inc. | Advanced Education and Technology |
| Climate Change and Emissions Management Fund ⁵ | Environment |
| Credit Union Deposit Guarantee Corporation | Finance and Enterprise |
| Colleges: | Advanced Education and Technology |
| Alberta College of Art and Design | |
| Bow Valley College | |
| Grande Prairie Regional College | |
| Grant MacEwan College | |
| Keyano College | |
| Lakeland College | |
| Leithbridge Community College | |
| Medicine Hat College | |
| Mount Royal College | |
| NorQuest College | |
| Northern Lakes College | |
| Olds College | |
| Portage College | |
| Red Deer College | |
| Department of Advanced Education and Technology | Advanced Education and Technology |
| Department of Agriculture and Rural Development | Agriculture and Rural Development |
| Department of Children and Youth Services | Children and Youth Services |
| Department of Culture and Community Spirit | Culture and Community Spirit |
| Department of Education | Education |
| Department of Energy | Energy |
| Department of Finance and Enterprise | Finance and Enterprise |
| Department of Environment | Environment |
| Department of Health and Wellness | Health and Wellness |
| Department of Housing and Urban Affairs | Housing and Urban Affairs |
| Department of Municipal Affairs | Municipal Affairs |
| Department of Seniors and Community Supports | Seniors and Community Supports |
| Department of Solicitor General and Public Security | Solicitor General and Public Security |
| Department of Sustainable Resource Development | Sustainable Resource Development |
| Department of Tourism, Parks and Recreation | Tourism, Parks and Recreation |
| Energy Resources Conservation Board ⁶ | Energy |
| Environmental Protection and Enhancement Fund | Sustainable Resource Development |
| Gainers Inc. | Finance and Enterprise |
| Government House Foundation | Culture and Community Spirit |
| Historic Resources Fund | Culture and Community Spirit |
| Human Rights, Citizenship and Multiculturalism Education Fund | Culture and Community Spirit |
| iCORE Inc. | Advanced Education and Technology |
| Lottery Fund | Solicitor General and Public Security |
| Ministry of Aboriginal Relations ⁶ | Aboriginal Relations |
| Ministry of Advanced Education and Technology | Advanced Education and Technology |
| Ministry of Agriculture and Rural Development | Agriculture and Rural Development |

Alphabetical List of Entities' Financial Statements in Ministry 2008-09 Annual Reports

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

| Ministry, Department, Fund or Agency | Ministry Annual Report |
|--|---------------------------------------|
| Access to the Future Fund | Advanced Education and Technology |
| Agriculture Financial Services Corporation | Agriculture and Rural Development |
| Alberta Alcohol and Drug Abuse Commission | Health and Wellness |
| Alberta Cancer Prevention Legacy Fund | Finance and Enterprise |
| Alberta Capital Finance Authority | Finance and Enterprise |
| Alberta Energy and Utilities Board ¹ | Energy |
| Alberta Enterprise Corporation ² | Advanced Education and Technology |
| Alberta Foundation for the Arts | Culture and Community Spirit |
| Alberta Gaming and Liquor Commission | Solicitor General and Public Security |
| Alberta Heritage Foundation for Medical Research Endowment Fund | Finance and Enterprise |
| Alberta Heritage Savings Trust Fund | Finance and Enterprise |
| Alberta Heritage Scholarship Fund | Finance and Enterprise |
| Alberta Heritage Science and Engineering Research Endowment Fund | Finance and Enterprise |
| Alberta Historical Resources Foundation | Culture and Community Spirit |
| Alberta Insurance Council | Finance and Enterprise |
| Alberta Investment Management Corporation ³ | Finance and Enterprise |
| Alberta Livestock and Meat Agency ⁴ | Agriculture and Rural Development |
| Alberta Local Authorities Pension Plan Corporation | Finance and Enterprise |
| Alberta Pensions Administration Corporation | Finance and Enterprise |
| Alberta Petroleum Marketing Commission | Energy |
| Alberta Research Council Inc. | Advanced Education and Technology |
| Alberta Risk Management Fund | Finance and Enterprise |
| Alberta School Foundation Fund | Education |
| Alberta Securities Commission | Finance and Enterprise |
| Alberta Social Housing Corporation | Housing and Urban Affairs |
| Alberta Sport, Recreation, Parks and Wildlife Foundation | Tourism, Parks and Recreation |
| Alberta Treasury Branches | Finance and Enterprise |
| Alberta Utilities Commission ¹ | Energy |
| ATB Insurance Advisors Inc. | Finance and Enterprise |
| ATB Investment Management Inc. | Finance and Enterprise |
| ATB Services Inc. | Finance and Enterprise |
| ATB Securities Inc. | Finance and Enterprise |
| Child and Family Services Authorities: | Children and Youth Services |
| Calgary and Area Child and Family Services Authority | |
| Central Alberta Child and Family Services Authority | |
| East Central Alberta Child and Family Services Authority | |
| Edmonton and Area Child and Family Services Authority | |
| North Central Alberta Child and Family Services Authority | |
| Northeast Alberta Child and Family Services Authority | |
| Northwest Alberta Child and Family Services Authority | |
| Southeast Alberta Child and Family Services Authority | |
| Southwest Alberta Child and Family Services Authority | |
| Métis Settlements Child and Family Services Authority | |

Alphabetical List of Entities' Financial Statements in
Ministry 2008-09 Annual Reports (Continued)

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

| <i>Ministry, Department, Fund or Agency</i> | <i>Ministry Annual Report</i> |
|--|--|
| Ministry of Children and Youth Services | Children and Youth Services |
| Ministry of Culture and Community Spirit | Culture and Community Spirit |
| Ministry of Education | Education |
| Ministry of Employment and Immigration ⁶ | Employment and Immigration |
| Ministry of Energy | Energy |
| Ministry of Environment | Environment |
| Ministry of Executive Council ⁶ | Executive Council |
| Ministry of Finance and Enterprise | Finance and Enterprise |
| Ministry of Health and Wellness | Health and Wellness |
| Ministry of Housing and Urban Affairs | Housing and Urban Affairs |
| Ministry of Infrastructure ⁶ | Infrastructure |
| Ministry of International and Intergovernmental Relations ⁶ | International, and Intergovernmental Relations |
| Ministry of Justice ⁶ | Justice |
| Ministry of Municipal Affairs | Municipal Affairs |
| Ministry of Seniors and Community Supports | Seniors and Community Supports |
| Ministry of Service Alberta ⁶ | Service Alberta |
| Ministry of Solicitor General and Public Security | Solicitor General and Public Security |
| Ministry of Sustainable Resource Development | Sustainable Resource Development |
| Ministry of Tourism, Parks, and Recreation | Tourism, Parks, and Recreation |
| Ministry of Transportation ⁶ | Transportation |
| Ministry of the Treasury Board ⁶ | Treasury Board |
| N.A. Properties (1994) Ltd. | Finance and Enterprise |
| Natural Resources Conservator Board | Sustainable Resource Development |
| Persons with Developmental Disabilities Community Boards: | Seniors and Community Supports |
| Calgary Region Community Board | |
| Central Region Community Board | |
| Edmonton Region Community Board | |
| Northeast Region Community Board | |
| Northwest Region Community Board | |
| South Region Community Board | |
| Provincial Judges and Masters in Chambers Reserve Fund | Finance and Enterprise |
| Regional Health Authorities and Provincial Health Boards: | Health and Wellness |
| Alberta Cancer Board | |
| Alberta Mental Health Board | |
| Aspen Regional Health Authority | |
| Calgary Health Region | |
| Capital Health | |
| Chinook Regional Health Authority | |
| David Thompson Regional Health Authority | |
| East-Central Health | |
| Health Quality Council of Alberta | |
| Northern Lights Health Region | |
| Peace Country Health | |
| Palliser Health Region | |
| Safety Codes Council | |
| School Boards and Charter Schools: | |
| Almadina School Society | Municipal Affairs |
| | Education |

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

| <i>Ministry, Department, Fund or Agency</i> | <i>Ministry Annual Report</i> |
|---|-------------------------------|
| Aspen View Regional Division No. 19 | |
| Aurora School Ltd. | |
| Battle River Regional Division No. 31 | |
| Black Gold Regional Division No. 18 | |
| Boyle Street Education Centre | |
| Buffalo Trail Public Schools Regional Division No. 28 | |
| Calgary Arts Academy Society | |
| Calgary Girls' School Society | |
| Calgary Roman Catholic Separate School District No. 1 | |
| Calgary School District No. 19 | |
| Calgary Science School Society | |
| Canadian Rockies Regional Division No. 12 | |
| CAPE-Centre for Academic and Personal Excellence Institute | |
| Chinook's Edge School Division No. 73 | |
| Christ the Redeemer Catholic Separate Regional Division No. 3 | |
| Clearview School Division No. 71 | |
| East Central Alberta Catholic Separate Schools Regional Division No. 16 | |
| East Central Francophone Education Region No. 3 | |
| Edmonton Catholic Separate School District No. 7 | |
| Edmonton School District No. 7 | |
| Elk Island Catholic Separate Regional Division No. 41 | |
| Elk Island Public Schools Regional Division No. 14 | |
| Evergreen Catholic Separate Regional Division No. 2 | |
| FFCA Charter School Society | |
| Foothills School Division No. 38 | |
| Fort McMurray Roman Catholic Separate School District No. 32 | |
| Fort McMurray School District No. 2833 | |
| Fort Vermilion School Division No. 52 | |
| Golden Hills School Division No. 75 | |
| Grande Prairie Public School District No. 2357 | |
| Grande Prairie Roman Catholic Separate School District No. 28 | |
| Grande Yellowhead Regional Division No. 35 | |
| Grasslands Regional Division No. 6 | |
| Greater North Central Francophone Education Region No. 2 | |
| Greater Southern Public Francophone Education Region No. 4 | |
| Greater Southern Separate Catholic Francophone Education Region No. 4 | |
| Greater St. Albert Catholic Regional Division No. 29 | |
| High Prairie School Division No. 48 | |
| Holy Family Catholic Regional Division No. 37 | |
| Holy Spirit Roman Catholic Separate Regional Division No. 4 | |
| Horizon School Division No. 67 | |
| Lakeland Roman Catholic Separate School District No. 150 | |
| Lethbridge School District No. 51 | |
| Living Waters Catholic Regional Division No. 42 | |
| Livingstone Range School Division No. 68 | |
| Medicine Hat Catholic Separate Regional Division No. 20 | |

Alphabetical List of Entities' Financial Statements in
Ministry 2008-09 Annual Reports (Continued)

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

| <i>Ministry, Department, Fund or Agency</i> | <i>Ministry Annual Report</i> |
|---|---------------------------------------|
| Medicine Hat School District No. 76 | |
| Moberly Hill School Society | |
| Mother Earth's Children's Charter School Society | |
| New Horizons Charter School Society | |
| Northern Gateway Regional Division No. 10 | |
| Northern Lights School Division No. 69 | |
| Northland School Division No. 61 | |
| Northwest Francophone Education Region No. 1 | |
| Palliser Regional Division No. 26 | |
| Parkland School Division No. 70 | |
| Peace River School Division No. 10 | |
| Peace Wapiti School Division No. 76 | |
| Pembina Hills Regional Division No. 7 | |
| Prairie Land Regional Division No. 25 | |
| Prairie Rose School Division No. 8 | |
| Red Deer Catholic Regional Division No. 39 | |
| Red Deer School District No. 104 | |
| Rooky View School Division No. 41 | |
| St. Albert Protestant Separate School District No. 6 | |
| St. Paul Education Regional Division No. 1 | |
| St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38 | |
| Sturgeon School Division No. 24 | |
| Suzuki Charter School Society | |
| Westmount Charter School Society | |
| Westwind School Division No. 74 | |
| Wetaskiwin Regional Division No. 11 | |
| Wild Rose School Division No. 66 | |
| Wolf Creek School Division No. 72 | |
| Supplementary Retirement Plan Reserve Fund | Finance and Enterprise |
| Technical Institutes and The Banff Centre: | Advanced Education and Technology |
| Northern Alberta Institute of Technology | |
| Southern Alberta Institute of Technology | |
| The Banff Centre for Continuing Education | |
| Universities: | |
| Athabasca University | Advanced Education and Technology |
| The University of Alberta | |
| The University of Calgary | |
| The University of Lethbridge | |
| Victims of Crime Fund | Solicitor General and Public Security |
| The Wild Rose Foundation | Culture and Community Spirit |

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

| <i>Fund or Agency</i> | <i>Ministry Annual Report</i> |
|---|-----------------------------------|
| Alberta Foundation for Health Research | Advanced Education and Technology |
| Alberta Heritage Foundation for Medical Research | Advanced Education and Technology |
| Alberta Heritage Foundation for Science and Engineering Research | Advanced Education and Technology |
| Alberta Teachers' Retirement Fund Board | Education |
| Improvement Districts' Trust Account | Municipal Affairs |
| Local Authorities Pension Plan | Finance and Enterprise |
| Long-Term Disability Income Continuance Plan - Bargaining Unit | Treasury Board |
| Long-Term Disability Income Continuance Plan - Management, Opted Out and Excluded | Treasury Board |
| Management Employees Pension Plan | Finance and Enterprise |
| Provincial Judges and Masters in Chambers (Registered) Pension Plan | Finance and Enterprise |
| Public Service Management (Closed Membership) Pension Plan | Finance and Enterprise |
| Special Areas Trust Account | Finance and Enterprise |
| Special Forces Pension Plan | Municipal Affairs |
| Supplementary Retirement Plan for Public Service Managers | Finance and Enterprise |
| Workers' Compensation Board | Employment and Immigration |

Footnotes:

- 1 Effective January 1, 2008, the Alberta Energy and Utilities Board was realigned into two separate regulatory bodies: the Alberta Utilities Commission and the Energy Resources Conservation Board.
- 2 The Act was proclaimed and came into force on December 5, 2008.
- 3 Began operations July 1, 2008.
- 4 Incorporated on January 29, 2009
- 5 Began operations July 1, 2007.
- 6 Ministry includes only the departments so separate financial statements are not necessary.

Note to Readers:

Copies of this annual report are also available on the Alberta Housing and Urban Affairs website or by contacting:

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