

FINANCIAL INFORMATION

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Ministry of Seniors

Consolidated Financial Statements

March 31, 2002

**MINISTRY OF SENIORS
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2002**

Auditor's Report

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AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Seniors as at March 31, 2002 and the consolidated statement of operations, and the consolidated statement of changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the Ministry. My responsibility is to express an opinion on these consolidated financial statements based on my audit.

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

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

Management bodies

The assets, liabilities, revenues and expenses of management bodies have not been consolidated in these financial statements. Management bodies meet the definition of entities accountable to, and controlled by, the Minister, through relevant provisions of the Alberta Housing Act, requiring their consolidation in the accompanying financial statements. Had the management bodies been included in the Ministry's statements, total revenues would increase by approximately \$93,580,000 and expenses by approximately \$85,826,000. The Ministry has also not determined the effect of this omission on its assets and liabilities at March 31, 2002. However, I estimate that assets of the Ministry would increase by approximately \$14 million which represents reserve funds held by management bodies and arising from budget surpluses.

In my opinion, because of the effects of the matter discussed in the preceding paragraph, these consolidated financial statements do not present fairly the financial position of the Ministry as at March 31, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Original Signed by Fred J. Dunn, CA

Auditor General

Edmonton, Alberta
May 23, 2002



MINISTRY OF SENIORS
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2002		2001
	Budget (Schedule 3)	Actual	Actual (Note 3)
Revenues (Schedule 1):			
Transfers from the Government of Canada	\$ 65,358	\$ 64,415	\$ 65,172
Investment income	1,075	1,892	2,134
Other revenue	7,255	16,696	12,838
	<u>73,688</u>	<u>83,003</u>	<u>80,144</u>
Expenses-Directly Incurred (Note 2c and Schedules 2 and 5):			
Provide financial support and information services to seniors	173,990	174,530	164,112
Support provision and management of seniors, family and special purpose housing	121,053	118,350	89,564
Provide planning and policy development for seniors and housing	892	754	703
Ministry support services	2,662	2,947	1,856
Grants in Kind	8,716	9,123	3,539
Debt servicing costs	49,587	49,448	54,399
	<u>356,900</u>	<u>355,152</u>	<u>314,173</u>
Statutory:			
Valuation adjustments:			
Provision for doubtful accounts	164	111	228
Provision for vacation pay	-	102	48
Recovery of losses on guarantees, indemnities, and mortgages	-	(433)	(1,408)
Recovery of losses on capital assets	-	(61)	(115)
	<u>164</u>	<u>(281)</u>	<u>(1,247)</u>
Total expenses	<u>357,064</u>	<u>354,871</u>	<u>312,926</u>
Loss (gain) on disposal of capital assets	<u>370</u>	<u>(46)</u>	<u>(6,635)</u>
Net operating results	<u>\$ (283,746)</u>	<u>\$ (271,822)</u>	<u>\$ (226,147)</u>

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

MINISTRY OF SENIORS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2002
(thousands of dollars)

	2002	2001 (Note 3)
Assets:		
Cash and short-term investments (Note 4)	\$ 19,929	\$ 8,996
Accounts receivable (Note 5)	10,892	14,046
Loans and advances (Note 6)	25,290	30,323
Deferred financing charges	2,084	2,324
Capital assets (Note 7)	841,391	868,467
	\$ 899,586	\$ 924,156
Liabilities:		
Accounts payable and accrued liabilities	\$ 26,658	\$ 27,505
Unearned revenue	-	8
Allowances for losses on guarantees and indemnities (Note 8)	748	1,112
Advance from Alberta Finance (Note 9)	35,635	40,185
Long-term debt (Note 10)	514,698	576,330
	577,739	645,140
Net assets, beginning of the year	279,016	233,224
Net operating results	(271,822)	(226,147)
Net transfer from General Revenues	314,653	271,939
Net assets, end of year	321,847	279,016
	\$ 899,586	\$ 924,156

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

MINISTRY OF SENIORS
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	<u>2002</u>	<u>2001</u> (Note 3)
Operating transactions:		
Net operating results	\$ (271,822)	\$ (226,147)
Non-cash items:		
Amortization	24,248	24,392
Grants in kind	9,123	3,539
Amortization of deferred financing charges	240	245
Gain on disposal of capital assets	(46)	(6,635)
Valuation adjustments and other provisions	(281)	(1,247)
	<u>(238,538)</u>	<u>(205,853)</u>
Decrease (increase) in accounts receivable before valuation adjustments	3,043	1,037
Increase (decrease) in accounts payable and accrued liabilities before valuation adjustments	(940)	3,059
Decrease in short-term notes payable to Alberta Finance	-	(9,911)
Increase (decrease) in unearned revenue	(8)	8
	<u>(236,443)</u>	<u>(211,660)</u>
Investing transactions:		
Repayments of loans and advances	4,952	12,889
Proceeds from disposal of capital assets	972	3,410
Purchases of capital assets	(498)	(232)
Contributions in kind from management bodies	(1,406)	(1,095)
Net transfers of capital assets	(5,115)	(608)
	<u>(1,095)</u>	<u>14,364</u>
Financing transactions:		
Net transfer from General Revenues	314,653	271,939
Repayment of advance from Alberta Finance	(4,550)	(5,075)
Repayment of long-term debt	(61,632)	(61,228)
	<u>248,471</u>	<u>205,636</u>
Net cash provided	10,933	8,340
Cash and short term investments, beginning of year	<u>8,996</u>	<u>656</u>
Cash and short term investments, end of year	<u>\$ 19,929</u>	<u>\$ 8,996</u>

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

MINISTRY OF SENIORS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

Note 1 Authority and Purpose

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

The purpose of the Ministry is through leadership, teamwork, and innovation to advance the quality of life for Alberta's seniors and people in need of housing by providing information, programs, and services. This is done by:

- supporting the independence and well-being of seniors by ensuring seniors have access to the supports they need to live in a secure and dignified way, and
- supporting family and special purpose housing needs by effectively managing and coordinating family and special purpose housing to ensure individuals and families in need have access to basic housing accommodation, in partnership with community-based housing authorities.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

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

(a) Reporting Entity

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

MINISTRY OF SENIORS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

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

(a) Reporting Entity (continued)

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

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

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

(b) Basis of Consolidation

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

(c) Basis of Financial Reporting

Revenues

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

Expenses

Directly Incurred Expenses

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

MINISTRY OF SENIORS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

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

(c) Basis of Financial Reporting (continued)

Directly Incurred Expenses (continued)

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

Expenses incurred by others

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

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for sale.

Investments are recorded at cost. Where there has been a loss in the value of an investment that is other than a temporary decline, the investment is written down to recognize the loss.

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

MINISTRY OF SENIORS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

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

(c) Basis of Financial Reporting (continued)

Assets (continued)

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

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

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

Liabilities

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

Net Assets

Net assets represents the difference between the value 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 accounts receivable, loans and advances, deferred financing charges, capital assets, accounts payable and accrued liabilities, and advance from Alberta Finance are estimated to approximate their book values.

Long term debt has a fair value of \$325,915,000 for note payable to Alberta Finance, \$169,679,000 for Alberta Heritage Savings Trust Fund debentures and \$113,539,000 for Canada Mortgage and Housing Corporation debentures. Fair values for debt are based on the Province of Alberta's current borrowing rates, which are available to the Ministry for debt with similar terms and maturities.

MINISTRY OF SENIORS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

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

(c) Basis of Financial Reporting (continued)

Measurement Uncertainty

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. The provision for writedown on surplus land (Note 7), recorded as \$1,561,000 is subject to measurement uncertainty. Allowance for losses on guarantees and indemnities (Note 8), recorded as \$748,000 in these financial statements, is also subject to measurement uncertainty. Management considers that the recognized amounts for the items are unlikely to change by a material amount within one year from the date of the financial statements.

Note 3 Government Restructuring

As a result of government restructuring announced on March 15, 2001, the Ministry of Seniors was established.

The 2001 figures are presented as if the Ministry of Seniors had been in existence on April 1, 2000 and throughout the two year period covered by these financial statements.

Transfer from the Ministry of Community Development	<u>\$233,224,000</u>
Net Assets as at April 1, 2000	<u>\$233,224,000</u>

Note 4 Cash and Short-Term Investments

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

MINISTRY OF SENIORS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

Note 5 Accounts Receivable

	2002			2001
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
	(thousands of dollars)			
Management Bodies	\$ 9,553	\$ -	\$ 9,553	\$ 13,016
Sales Receivable	800	-	800	-
Canada Mortgage and Housing Corporation	-	-	-	320
Refunds from suppliers	67	-	67	27
Other	684	(212)	472	683
	\$ 11,104	\$ (212)	\$ 10,892	\$ 14,046

Accounts receivable are unsecured and non-interest bearing.

MINISTRY OF SENIORS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

Note 6 Loans and advances

	2002			2001
	Gross Amount	Allowance for Losses	Net Realizable Value	Net Realizable Value
	(thousands of dollars)			
Program mortgages	\$ 24,547	\$ (44)	\$ 24,503	\$ 28,838
Mortgages held for sale	611	(98)	513	557
Agreements receivable	274	-	274	928
	\$ 25,432	\$ (142)	\$ 25,290	\$ 30,323

Note 7 Capital Assets

	Estimated Useful Life Years	2002			2001
		Cost	Accumulated Amortization	Allowance for Losses	Net Book Value
		(thousands of dollars)			Net Book Value
Land	N/A	\$ 13,977	\$ -	\$ (1,561)	\$ 12,416
Computer hardware and software	5	2,646	(1,778)	-	868
Equipment	10	74	(14)	-	60
Buildings and Leasehold improvements	10 to 50	1,250,025	(421,978)	-	828,047
		\$ 1,266,722	\$ (423,770)	\$ (1,561)	\$ 841,391
					\$ 868,467

MINISTRY OF SENIORS
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2002

Note 8 Guarantees and Indemnities

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

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

	2002	2001
	(thousands of dollars)	
Mortgages, on single family properties, guaranteed to 2015	\$ 186	\$ 252
Mortgages, on multi-unit rental properties, and land, guaranteed to:		
2001	-	893
2003	1,973	2,041
2004	2,045	2,111
2007	31,775	32,382
2008	686	708
2009	330	373
2011	36,983	59,150
2018	1,244	1,286
	75,036	98,944
	\$ 75,222	\$ 99,196

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, 2002 amount to \$5,478,000 (2001 \$8,025,000). This program was terminated effective October 1, 1993, however the Corporation has an ongoing commitment on insurance policies remaining in force.

An allowance for losses has been made on these guarantees and indemnities in the amount of \$748,000 (2001 \$1,112,000).

Note 9 Advance from Alberta Finance

The advance is interest free and is repayable on demand.

MINISTRY OF SENIORS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

Note 10 Long term debt

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

	2002	2001
	(thousands of dollars)	
Debentures payable:		
Alberta Heritage Savings Trust Fund (a)	\$ 104,622	\$ 145,590
Canada Mortgage and Housing Corporation (b)	82,523	89,244
Note payable to Alberta Finance (c)	327,553	341,496
	\$ 514,698	\$ 576,330

- a) maturing June 2011 to January 2012 with a weighted average interest rate of 16.70%
- b) maturing 2023 to 2030 with a weighted average interest rate of 9.39%
- c) maturing September 16, 2016, with a stated rate of 5.93%

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

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

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

	(thousands of dollars)	
2002-2003	\$	20,240
2003-2004		22,007
2004-2005		23,975
2005-2006		26,170
2006-2007		28,626
thereafter		393,680
	\$	514,698

MINISTRY OF SENIORS
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2002

Note 11 Commitments

As at March 31, 2002, the Ministry has the following commitments:

	2002	2001
	(thousands of dollars)	
Agreements ^(a)	\$ 82,205	\$ 81,617
Lease Commitments ^(b)	49,480	50,778
	\$ 131,685	\$ 132,395

- (a) The Ministry has agreements with non-profit organizations and providers of rent supplement units for the terms of the operating agreements.
- (b) The Ministry leases vehicles under operating leases that expire on various dates to 2005 and the Ministry leases land under various operating leases to provide social housing. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2001 - 2002	\$ -	\$ 1,311
2002 - 2003	1,312	1,307
2003 - 2004	1,307	1,300
2004 - 2005	1,301	1,300
2005 - 2006	1,300	1,300
2006 - 2007	1,300	-
Thereafter	42,960	44,260
	\$ 49,480	\$ 50,778

Note 12 Contingencies

As at March 31, 2002, the Ministry is a defendant in six legal claims (2001 – seven legal claims). The claims have a specified amount totalling \$1,021,500 (2001 - \$1,902,000). In all of the legal claims, the Ministry has been jointly named with other entities. Two claims amounting to \$182,500 are covered by the Alberta Risk Management Fund.

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

MINISTRY OF SENIORS
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2002

Note 13 Rental Properties - Contributions to and Recoveries from Management Bodies

The Ministry makes contributions to management bodies that have recorded expenses in excess of revenues and recovers amounts from management bodies that have revenues in excess of recorded expenses. Management bodies do not record expenses for interest on long-term debt and amortization of managed properties. These costs are incurred and recorded by Alberta Social Housing Corporation.

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

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

	<u>2002</u>	<u>2001</u>
	(thousands of dollars)	
Revenues	\$ 101,161	\$ 97,392
Expenses recorded by management bodies	<u>96,016</u>	<u>90,987</u>
Net operating results	5,145	6,405
Less amounts retained in the year by management bodies	<u>(7,754)</u>	<u>-</u>
	<u>\$ (2,609)</u>	<u>\$ 6,405</u>

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

	<u>2002</u>	<u>2001</u>
	(thousands of dollars)	
Recoveries from management bodies	\$ 7,581	\$ 10,532
Grants to management bodies	<u>(10,190)</u>	<u>(4,127)</u>
Net results	<u>\$ (2,609)</u>	<u>\$ 6,405</u>

MINISTRY OF SENIORS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

Note 14 Program Recoveries

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

Note 15 Defined Benefit Plans

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of \$621,000 for the year ended March 31, 2002 (2001 - \$566,000).

At December 31, 2001, the Management Employees Pension Plan reported a surplus of \$5,338,000 (2000 - \$170,858,000) and the Public Service Pension Plan reported a surplus of \$320,487,000 (2000 - \$635,084,000). At December 31, 2001, the Supplementary Retirement Plan for Public Service Managers had a deficiency of \$399,000 (2001 - surplus \$180,000).

The Ministry also participates in two multiemployer Long Term Disability Income Continuance Plans. At March 31, 2002, the Bargaining Unit Plan reported an actuarial deficiency of \$8,646,000 (2001 - \$12,710,000) and the Management, Opted Out and Excluded Plan an actuarial deficiency of \$2,656,000 (2001 - \$4,583,000). The expense for these two plans is limited to employer's annual contributions for the year.

Note 16 Approval of Consolidated Financial Statements

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

MINISTRY OF SENIORS
REVENUES
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	<u>2002</u>		<u>2001</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Transfers from the Government of Canada:			
Canada Mortgage and Housing Corporation (Note 14)	65,358	64,415	65,172
Investment income:			
Interest	1,075	1,892	2,134
Other revenue:			
Recoveries from management bodies and non profit programs	6,970	8,340	10,532
Transfer of capital assets	-	4,866	608
Refunds of expenses	135	1,765	-
Miscellaneous	150	1,249	741
Rental Properties	-	476	957
	<u>7,255</u>	<u>16,696</u>	<u>12,838</u>
Total revenues	<u>\$ 73,688</u>	<u>\$ 83,003</u>	<u>\$ 80,144</u>

MINISTRY OF SENIORS
EXPENSE DETAILED BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
Salaries, wages and employee benefits	\$ 12,326	\$ 12,028	\$ 10,570
Supplies and services	6,599	7,402	7,316
Supplies and services from support service arrangements with related parties ^(a)	715	400	-
Grants	263,011	262,875	217,118
Financial transactions and other	51,301	49,515	54,802
Amortization of capital assets	24,264	24,248	24,392
Total expenses	358,216	356,468	314,198
Less: Recovery from Support Service arrangements with Related Parties ^(b)	(1,316)	(1,316)	-
Total Expenses	\$ 356,900	\$ 355,152	\$ 314,198

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

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

MINISTRY OF SENIORS
BUDGET
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2001-02		Authorized Budget
	Estimates ^(a)	Treasury Board Approvals ^(b)	
Revenues:			
Transfers from the Government of Canada	65,358	-	65,358
Investment Income	1,075	-	1,075
Other revenue	7,255	600	7,855
	<u>73,688</u>	<u>600</u>	<u>74,288</u>
Expenses:			
Provide financial support and information services to seniors	173,990	-	173,990
Support provision and management of seniors, family and special purpose housing	121,053	1,808	122,861
Provide planning and policy development for seniors and housing	892	-	892
Ministry support services	2,662	-	2,662
Grants in Kind	8,716	-	8,716
Debt servicing costs	49,587	-	49,587
	<u>356,900</u>	<u>1,808</u>	<u>358,708</u>
Valuation adjustments:			
Provision for doubtful accounts	164	-	164
Provision for vacation pay	-	-	-
Recovery of losses on guarantees, indemnities, and mortgages	-	-	-
Recovery of losses on capital assets	-	-	-
	<u>164</u>	<u>-</u>	<u>164</u>
Total expenses	<u>357,064</u>	<u>1,808</u>	<u>358,872</u>
Loss (gain) on disposal of fixed assets	370	-	370
Net operating results	<u>\$ (283,746)</u>	<u>\$ (1,208)</u>	<u>\$ (284,954)</u>
Capital investment	<u>\$ 1,336</u>	<u>\$ -</u>	<u>\$ 1,336</u>

(a) Budgets, as reported in the 2001-2002 Government and Lottery Fund Estimates, were approved on May 31, 2001. Budgets are presented using the 2001-2002 restated estimates in the 2002-03 Government and Lottery Fund Estimates.

(b) The Ministry received approval from Treasury Board for the following:

1. Surplus neutral revenue and expenses for directly managed surplus properties.
2. Sale of housing for reinvestment in social housing projects.
3. Grants in kind of land and buildings to municipalities.

MINISTRY OF SENIORS
RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

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

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

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

	Other Entities	
	2002	2001
Expenses - Directly Incurred		
Other services	\$ 2,365	\$ 610
Debt servicing costs	41,438	45,873
	<u>43,803</u>	<u>46,483</u>
Capital Assets Transferred	<u>5,115</u>	<u>608</u>
Receivable from Alberta Finance	<u>2,084</u>	<u>2,324</u>
Payable to Alberta Heritage Trust Fund	112,746	154,520
Payable to Alberta Finance	363,986	382,514
	<u>\$ 476,732</u>	<u>\$ 537,034</u>

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

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

	Other Entities	
	2002	2001
Expenses - Incurred by others		
Accommodation	\$ 405	\$ 802
Legal services	224	82
	<u>\$ 629</u>	<u>\$ 884</u>

MINISTRY OF SENIORS
ALLOCATED COSTS
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

Program	2002										2001
	Expenses - Incurred by Others					Valuation Adjustments					Total Expenses
	Expenses ⁽¹⁾	Debt Servicing Costs ⁽¹⁾	Grants in Kind ⁽¹⁾	Accommodation costs	Legal services	Recoveries	Vacation Pay	Doubtful Accounts	Total Expenses	Total Expenses	
Provide financial support and information services to seniors	\$ 174,530	\$ -	\$ -	\$ 200	\$ 93	\$ -	\$ 40	\$ 110	\$ 174,973	\$ 164,667	
Support provision and management of seniors, family and special purpose housing	118,350	49,448	9,123	201	129	(494)	45	1	176,803	146,619	
Provide planning and policy development for seniors and housing	754	-	-	1	1	-	5	-	761	742	
Ministry support services	2,947	-	-	3	1	-	12	-	2,963	1,831	
	\$ 296,581	\$ 49,448	\$ 9,123	\$ 405	\$ 224	\$ (494)	\$ 102	\$ 111	\$ 355,500	\$ 313,859	

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

Department of Seniors

Financial Statements

March 31, 2002

**DEPARTMENT OF SENIORS
FINANCIAL STATEMENTS
MARCH 31, 2002**

Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Changes in Financial Position

Notes to the Financial Statements

Schedule 1 Revenues

Schedule 2 Expense Detailed by Object

Schedule 3 Budget

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

Schedule 5 Schedule of Salary and Benefits

Schedule 6 Related Party Transactions

Schedule 7 Schedule of Allocated Costs



AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the statement of financial position of the Department of Seniors as at March 31, 2002 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Department's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly the financial position of the Department as at March 31, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Original Signed by Fred J. Dunn, CA

Auditor General

Edmonton, Alberta
May 23, 2002

DEPARTMENT OF SENIORS
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2002		2001
	Budget (Schedule 3)	Actual	Actual (Note 3)
Revenues (Schedule 1):			
Transfers from the Government of Canada	\$ 10,233	\$ 10,689	\$ 7,023
Other revenue	7,105	7,906	-
	<u>17,338</u>	<u>18,595</u>	<u>7,023</u>
Expenses-Directly Incurred (Note 2b and Schedule 7):			
Voted:(Schedules 2 and 4)			
Ministry Support Services	3,554	3,701	2,559
Seniors Services	173,990	174,530	164,112
Housing services	164,702	160,708	111,761
	<u>342,246</u>	<u>338,939</u>	<u>278,432</u>
Statutory:			
Valuation adjustments:			
Provision for doubtful accounts	164	110	179
Provision for vacation pay	-	102	48
	<u>164</u>	<u>212</u>	<u>227</u>
Total expenses	<u>342,410</u>	<u>339,151</u>	<u>278,659</u>
Net operating results	<u>\$ (325,072)</u>	<u>\$ (320,556)</u>	<u>\$ (271,636)</u>

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

DEPARTMENT OF SENIORS
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2002
(thousands of dollars)

	2002	2001 (Note 3)
Assets:		
Cash	\$ -	\$ 666
Accounts receivable (Note 4)	27,255	27,481
Capital assets (Note 5)	928	902
	\$ 28,183	\$ 29,049
Liabilities:		
Accounts payable and accrued liabilities	\$ 12,924	\$ 7,879
Unearned revenue	-	8
	12,924	7,887
Net assets:		
Net assets at beginning of the year (Note 3)	21,162	20,859
Net operating results	(320,556)	(271,636)
Net transfer from General Revenues	314,653	271,939
Net assets at end of year	15,259	21,162
	\$ 28,183	\$ 29,049

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

DEPARTMENT OF SENIORS
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	<u>2002</u>	<u>2001</u>
		(Note 3)
Operating transactions:		
Net operating results	\$ (320,556)	\$ (271,636)
Non-cash items:		
Amortization	359	314
Valuation adjustments	<u>212</u>	<u>227</u>
	(319,985)	(271,095)
Decrease (increase) in accounts receivable before valuation adjustments	116	(2,134)
Increase (decrease) in accounts payable and accrued liabilities before valuation adjustments	4,943	2,180
Increase (decrease) in unearned revenue	<u>(8)</u>	<u>8</u>
Cash used by operating transactions	<u>(314,934)</u>	<u>(271,041)</u>
Investing transactions:		
Proceeds from disposal of capital assets	267	-
Net transfers of capital assets	(249)	-
Purchases of capital assets (Schedule 4)	<u>(403)</u>	<u>(232)</u>
Cash used by investing transactions	<u>(385)</u>	<u>(232)</u>
Financing transactions:		
Net transfer from General Revenues	<u>314,653</u>	<u>271,939</u>
Cash provided by financing transactions	<u>314,653</u>	<u>271,939</u>
Net cash provided(used)	(666)	666
Cash at beginning of year	<u>666</u>	<u>-</u>
Cash at end of year	<u><u>\$ -</u></u>	<u><u>\$ 666</u></u>

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

DEPARTMENT OF SENIORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

Note 1 Authority and Purpose

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

The purpose of the Department is through leadership, teamwork, and innovation to advance the quality of life for Alberta's seniors and people in need of housing by providing information, programs, and services. This is done by:

- supporting the independence and well-being of seniors by ensuring seniors have access to the supports they need to live in a secure and dignified way, and
- supporting family and special purpose housing needs by effectively managing and coordinating family and special purpose housing to ensure individuals and families in need have access to basic housing accommodation, in partnership with community-based housing authorities.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

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

(a) Reporting Entity

The reporting entity is the Department of Seniors, which is part of the Ministry of Seniors and for which the Minister of Seniors is accountable. The other entity reporting to the Minister is the Alberta Social Housing Corporation. The Corporation's activities are not reported 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. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer from General Revenues is the difference between all cash receipts and all cash disbursements made.

DEPARTMENT OF SENIORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

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

(b) Basis of Financial Reporting

Revenues

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

Internal Government Transfers

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

Expenses

Directly Incurred Expenses

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

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

Expenses incurred by others

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

DEPARTMENT OF SENIORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

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

(b) Basis of Financial Reporting (continued)

Assets

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

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 assets is \$15,000. All land is capitalized.

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

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

Liabilities

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

Net Assets

Net assets represents the difference between the value of assets held by the Department 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 accounts receivable, accounts payable and accrued liabilities are estimated to approximate their book values.

DEPARTMENT OF SENIORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

Note 3 Government Restructuring

As a result of government restructuring announced on March 15, 2001, the Department of Seniors was established.

The 2001 figures are presented as if the Department of Seniors had been in existence on April 1, 2000 and throughout the two year period covered by these financial statements.

Transfer from the Department of Community Development	<u>\$20,859,000</u>
Net Assets as at April 1, 2000	<u>\$20,859,000</u>

Note 4 Accounts Receivable

Accounts receivable are unsecured and non-interest bearing.

	2002			2001
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
	(thousands of dollars)			
Alberta Social Housing Corporation	\$ 16,165	\$ -	\$ 16,165	\$ 26,518
Management Bodies	9,440	-	9,440	-
Canada Mortgage and Housing Corporation	1,176	-	1,176	619
Other receivables	591	(117)	474	344
	\$ 27,372	\$ (117)	\$ 27,255	\$ 27,481

DEPARTMENT OF SENIORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

Note 5 Capital Assets

	Estimated Useful Life (years)	2002			2001
		Cost	Accumulated Amortization (thousands of dollars)	Net Book Value	Net Book Value
Computer hardware and software	5	\$ 2,646	\$ (1,778)	\$ 868	\$ 896
Equipment	10	74	(14)	60	6
		<u>\$ 2,720</u>	<u>\$ (1,792)</u>	<u>\$ 928</u>	<u>\$ 902</u>

Note 6 Commitments

As at March 31, 2002, the Department has the following commitments.

	2002 (thousands of dollars)	2001 (thousands of dollars)
Agreements ^(a)	\$ 82,205	\$ 25,224
Long-term leases ^(b)	20	18
	<u>\$ 82,225</u>	<u>\$ 25,242</u>

^(a) The Department has agreements with non-profit organizations and providers of rent supplement units for the terms of the operating agreements.

^(b) The Department leases vehicles under operating leases that expire on various dates to 2005. The aggregate amounts payable for the unexpired terms of these leases are as follows:

	2002 (thousands of dollars)	2001 (thousands of dollars)
2001 - 2002	-	11
2002 - 2003	12	7
2003 - 2004	7	-
2004 - 2005	1	-
	<u>\$ 20</u>	<u>\$ 18</u>

DEPARTMENT OF SENIORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

Note 7 Defined Benefit Plans

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of \$621,000 for the year ended March 31, 2002 (2001 - \$566,000).

At December 31, 2001, the Management Employees Pension Plan reported a surplus of \$5,338,000 (2000 - \$170,858,000) and the Public Service Pension Plan reported a surplus of \$320,487,000 (2000 - \$635,084,000). At December 31, 2001, the Supplementary Retirement Plan for Public Service Managers had a deficiency of \$399,000 (2000 - surplus \$180,000).

The Department also participates in two multiemployer Long Term Disability Income Continuance Plans. At March 31, 2002, the Bargaining Unit Plan reported an actuarial deficiency of \$8,646,000 (2001 - \$12,710,000) and the Management, Opted Out and Excluded Plan an actuarial deficiency of \$2,656,000 (2001 - \$4,583,000). The expense for these two plans is limited to employer's annual contributions for the year.

DEPARTMENT OF SENIORS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2002

Note 8 Rental Properties - Contributions to and Recoveries from Management Bodies

The Department makes contributions to management bodies that have recorded expenses in excess of revenues and recovers amounts from management bodies that have revenues in excess of recorded expenses. Management bodies do not record expenses for interest on long-term debt and amortization on managed properties. These costs are incurred and recorded by Alberta Social Housing Corporation.

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

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

	2002
	(thousands of dollars)
Revenues	\$ 101,161
Expenses recorded by management bodies	96,016
Net operating results	5,145
Less amounts retained in the year by management bodies	7,754
	\$ (2,609)

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

	2002
	(thousands of dollars)
Recoveries from management bodies	\$ 7,581
Grants to management bodies	(10,190)
Net results	\$ (2,609)

Note 9 Program Transfer

Effective April 1, 2001, the administration of the Management Bodies and the non-profit programs were transferred from Alberta Social Housing Corporation to the Department of Seniors.

DEPARTMENT OF SENIORS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

Note 10 Approval of Financial Statements

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

DEPARTMENT OF SENIORS
REVENUES
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	<u>2002</u>		<u>2001</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Transfer from the Government of Canada			
Recoveries from Canada Mortgage and Housing Corporation	\$ 10,233	\$ 10,689	\$ 7,023
	<u>10,233</u>	<u>10,689</u>	<u>7,023</u>
Other Revenue			
Recoveries from Management Bodies and non profit programs (Note 9)	7,105	7,700	-
Refunds of expenses	-	206	-
	<u>7,105</u>	<u>7,906</u>	<u>-</u>
	<u>\$ 17,338</u>	<u>\$ 18,595</u>	<u>\$ 7,023</u>

DEPARTMENT OF SENIORS
EXPENSE DETAILED BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	<u>2002</u>		<u>2001</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Voted Expenses:			
Salaries, wages and employee benefits	\$ 12,326	\$ 12,028	\$ 10,570
Supplies and services	5,119	5,289	5,347
Supplies and services from Support Service arrangements with Related Parties ^(a)	715	400	-
Grants	324,892	322,112	262,185
Financial transactions and other	64	67	16
Amortization of capital assets	446	359	314
Total Voted expenses before recoveries	343,562	340,255	278,432
Less: Recovery from Support Service arrangements with Related Parties ^(b)	(1,316)	(1,316)	-
Total Voted Expenses	<u>\$ 342,246</u>	<u>\$ 338,939</u>	<u>\$ 278,432</u>

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

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

DEPARTMENT OF SENIORS
BUDGET
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2001-02		
	Estimates ^{(a)(b)}	Authorized Supplementary	Authorized Budget
Revenues:			
Transfers from the Government of Canada	\$ 10,233	\$ -	\$ 10,233
Other revenue	7,105	-	7,105
	<u>17,338</u>	<u>-</u>	<u>17,338</u>
Expense - Directly incurred			
Voted Expenses:			
Ministry support services	3,554	-	3,554
Seniors services	173,990	-	173,990
Housing services	164,702	-	164,702
	<u>342,246</u>	<u>-</u>	<u>342,246</u>
Statutory Expenses			
Valuation adjustments:			
Provision for doubtful accounts	164	-	164
Provision for vacation pay	-	-	-
	<u>164</u>	<u>-</u>	<u>164</u>
Total expenses	<u>342,410</u>	<u>-</u>	<u>342,410</u>
Net operating results	<u>\$ (325,072)</u>	<u>\$ -</u>	<u>\$ (325,072)</u>
Capital investment	<u>\$ 336</u>	<u>\$ -</u>	<u>\$ 336</u>

(a) The estimates, as reported on the 2001-2002 Government and Lottery Fund Estimates, were approved on May 31, 2001.

(b) The estimates are presented using the 2001-2002 restated estimates on the 2002-03 Government and Lottery Fund Estimates.

DEPARTMENT OF SENIORS
COMPARISON OF EXPENSES
DIRECTLY INCURRED AND CAPITAL INVESTMENTS BY ELEMENT TO AUTHORIZED BUDGET
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2001-02 Estimates	2001-02 Supplementary	2001-02 Budget	2001-02 Actuals	Unexpended (Over - Expended)
Voted expenses and capital investment					
1.0.1 Minister's Office	\$ 308	\$ -	\$ 308	\$ 276	\$ 32
1.0.2 Deputy Minister's Office	337	-	337	340	(3)
1.0.3 Communications	256	-	256	231	25
1.0.4 Strategic Corporate Services	1,282	-	1,282	1,414	(132)
1.0.5 Finance and Administration					
- Operating Expense	479	-	479	550	(71)
- Capital Investment	276	-	276	347	(71)
1.0.6 Strategic Planning and Policy	892	-	892	754	138
1.0.7 Achievement Award Program	-	-	-	136	(136)
TOTAL PROGRAM	3,830	-	3,830	4,048	(218)
SENIORS SERVICES					
2.1 Management and Operations					
2.1.1 Program Support	280	-	280	183	97
2.1.2 Alberta Seniors Benefit Program Delivery					-
- Operating Expense	4,837	-	4,837	4,268	569
- Capital Investment	60	-	60	56	4
2.1.3 Seniors Advisory Council	243	-	243	242	1
2.1.4 Client and Information Services	1,263	-	1,263	1,471	(208)
2.1.5 Special Needs Assistance Program Delivery	782	-	782	889	(107)
Total Sub-Program	7,465	-	7,465	7,109	356
2.2 Income Support for Seniors					
2.2.1 Alberta Seniors Benefit	148,433	-	148,433	150,630	(2,197)
2.2.2 Seniors Special Project Grants	252	-	252	401	(149)
2.2.3 Special Needs Grants	17,900	-	17,900	16,446	1,454
Total Sub-Program	166,585	-	166,585	167,477	(892)
TOTAL PROGRAM	174,050	-	174,050	174,586	(536)

DEPARTMENT OF SENIORS
COMPARISON OF EXPENSES
DIRECTLY INCURRED AND CAPITAL INVESTMENTS BY ELEMENT TO AUTHORIZED BUDGET
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2001-02 Estimates	2001-02 Supplementary	2001-02 Budget	2001-02 Actuals	Unexpended (Over - Expended)
Voted expenses and capital investment (continued)					
HOUSING SERVICES					
3.1 Management and Operations					
3.1.1 Program Support	2,373	-	2,373	2,219	154
3.1.2 Housing Innovation and Policy	1,217	-	1,217	1,109	108
3.1.3 Major Housing Initiatives and Program Delivery	2,805	-	2,805	2,745	60
Total Sub-program	6,395	-	6,395	6,073	322
3.2 Seniors Housing Operating Grants					
3.2.1 Lodge Assistance Grants	14,557	-	14,557	14,029	528
3.2.2 Support to Seniors Housing Providers	2,150	-	2,150	1,081	1,069
Total Sub-program	16,707	-	16,707	15,110	1,597
3.3 Social Housing Operating Grants					
3.3.1 Support to Community Housing Providers	13,951	-	13,951	15,664	(1,713)
3.3.2 Rent Supplement	15,017	-	15,017	15,543	(526)
Total Sub-program	28,968	-	28,968	31,207	(2,239)
3.4 Housing Development Capital Grants					
3.4.1 Seniors Supportive Housing Incentive Grants	31,700	-	31,700	29,469	2,231
3.4.2 Home Adaptation Program Grants	1,270	-	1,270	1,051	219
Total Sub-program	32,970	-	32,970	30,520	2,450
3.5 Other Housing Services Grants					
3.5.1 Special Needs Housing Grants	4,730	-	4,730	5,046	(316)
3.5.2 Homelessness Initiatives	3,000	-	3,000	3,055	(55)
3.5.3 Other Housing Grants	410	-	410	425	(15)
3.5.4 Assistance to Alberta Social Housing Corporation	71,522	-	71,522	69,272	2,250
Total Sub-program	79,662	-	79,662	77,798	1,864
TOTAL PROGRAM	164,702	-	164,702	160,708	3,994
Total Voted Expenses	\$ 342,582	\$ -	\$ 342,582	\$ 339,342	\$ 3,240
Program Operating expense	\$ 342,246	\$ -	\$ 342,246	\$ 338,939	\$ 3,307
Program capital investment	336	-	336	403	(67)
Total Voted Expenses	\$ 342,582	\$ -	\$ 342,582	\$ 339,342	\$ 3,240
Statutory Expenses					
Valuation Adjustments and Other Provisions	\$ 164	\$ -	\$ 164	\$ 212	\$ (48)

DEPARTMENT OF SENIORS
SCHEDULE OF SALARY AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2002

	2002		
	Salary ⁽¹⁾	Benefits and Allowances ⁽²⁾	Total
Senior officials:			
Deputy Minister ^{(3) (5)}	\$ 157,264	\$ 46,002	\$ 203,266
Executives:			
Assistant Deputy Minister, Housing ^{(4) (7)}	118,108	38,232	156,340
Assistant Deputy Minister, Seniors Services ⁽⁵⁾	108,805	23,298	132,103
Assistant Deputy Minister, Strategic Corporate Services Division ⁽⁶⁾	124,344	34,273	158,617
Executive Director, Strategic Planning and Policy ^{(4) (7)}	96,420	21,565	117,985
Executive Director, Corporate Management Services ^{(4) (7)}	96,420	31,335	127,755

Prepared in accordance with Treasury Board Directive 12/98.

Total salary and benefits relating to a position are disclosed.

- (1) Salary includes regular base pay, bonuses, overtime and lump sum payments.
- (2) Benefits and allowances include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition fees.
- (3) Automobile provided, no dollar amount included in benefits and allowances figures.
- (4) Benefits and allowances include vacation payments for the Assistant Deputy Minister, Housing \$9,315 , for the Executive Director, Strategic Planning and Policy \$3,609, and for the Executive Director, Corporate Management Services \$12,443.
- (5) Position created April 1, 2001.
- (6) The incumbent's services are shared with the Department of Community Development which contributes its own share of the cost of salary and benefits. Full salary and benefits are disclosed in this schedule.
- (7) Position originated under the former Seniors & Housing Services Division, Department of Community Development.

DEPARTMENT OF SENIORS
RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

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

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

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

	<u>Entities in Ministry</u>		<u>Other Entities</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Expenses - Directly Incurred				
Grants	\$ 69,272	\$ 62,720	\$ -	\$ -
Other services	-	-	1,844	180
	<u>\$ 69,272</u>	<u>\$ 62,720</u>	<u>\$ 1,844</u>	<u>\$ 180</u>
Capital Assets Transferred	<u>\$ (267)</u>	<u>\$ -</u>	<u>\$ 249</u>	<u>\$ -</u>
Receivable from	<u>\$ 16,165</u>	<u>\$ 26,518</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

	<u>Entities in Ministry</u>		<u>Other Entities</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Revenues:				
Other	<u>\$ 861</u>	<u>\$ 3,627</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses - Incurred by others				
Accommodation	\$ -	\$ -	\$ 387	\$ 688
Legal services	-	-	181	33
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 568</u>	<u>\$ 721</u>

DEPARTMENT OF SENIORS
 SCHEDULE OF ALLOCATED COSTS
 FOR THE YEAR ENDED MARCH 31, 2002
 (thousands of dollars)

Program	2002						2001	
	Expenses(1)	Services Provided	Expenses - Incurred by others	Legal Services	Valuation Adjustments	Total Expenses	Total Expenses	
			Accommodation Costs		Vacation Pay	Doubtful Accounts		
Ministry Support Services	\$ 3,701	\$ (19)	\$ 4	\$ 2	\$ 17	\$ -	\$ 3,705	
Seniors Services	174,530	-	200	93	40	110	\$ 174,973	
Housing Services	160,708	(842)	183	86	45	-	\$ 160,180	
	\$ 338,939	\$ (861)	\$ 387	\$ 181	\$ 102	\$ 110	\$ 338,858	
							\$ 275,684	

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

Alberta Social Housing Corporation

Financial Statements

March 31, 2002

**ALBERTA SOCIAL HOUSING CORPORATION
FINANCIAL STATEMENTS
MARCH 31, 2002**

Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Changes in Financial Position

Notes to the Financial Statements

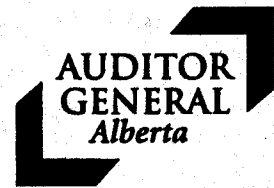
Schedule 1 Revenue Detailed by Type

Schedule 2 Expenses - Directly Incurred Detailed by Object

Schedule 3 Budget

Schedule 4 Related Party Transactions

Schedule 5 Allocated Costs



AUDITOR'S REPORT

To the Minister of Seniors

I have audited the statement of financial position of the Alberta Social Housing Corporation as at March 31, 2002 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Original Signed by Fred J. Dunn, CA

Auditor General

Edmonton, Alberta
May 23, 2002

ALBERTA SOCIAL HOUSING CORPORATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2002		2001
	Budget (Schedule 3)	Actual	Actual
Revenues (Schedule 1)			
Seniors housing programs (Note 14)	\$ 25,578	\$ 31,190	\$ 37,654
Special Purpose programs (Note 14)	30,517	32,892	34,419
Other asset administration	255	1,092	1,048
Transfers from Department of Seniors	71,522	69,272	62,720
	<u>127,872</u>	<u>134,446</u>	<u>135,841</u>
Expenses - Directly incurred (Note 2b, Schedule 2 and 5)			
Seniors housing programs (Note 14)	16,049	16,482	16,351
Special Purpose programs (Note 14)	9,774	10,863	23,367
Other asset administration	2,050	335	805
Grants in kind	8,716	9,123	3,539
Debt servicing costs	49,587	49,448	54,399
	<u>86,176</u>	<u>86,251</u>	<u>98,461</u>
Valuation adjustments			
Provision for (recovery of) losses on:			
Capital assets	-	(61)	(115)
Guarantees, indemnities and mortgages	-	(433)	(1,408)
Doubtful accounts	-	1	49
	<u>-</u>	<u>(493)</u>	<u>(1,474)</u>
Total expenses	<u>86,176</u>	<u>85,758</u>	<u>96,987</u>
Loss (gain) on disposal of capital assets	<u>370</u>	<u>(46)</u>	<u>(6,635)</u>
Net operating results	<u>\$ 41,326</u>	<u>\$ 48,734</u>	<u>\$ 45,489</u>

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

ALBERTA SOCIAL HOUSING CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2002
(thousands of dollars)

	2002	2001
ASSETS:		
Cash (Note 3)	\$ 19,929	\$ 8,330
Accounts receivable (Note 4)	977	13,383
Loans and advances (Note 5)		
Mortgages	25,016	29,395
Other receivables	274	928
Deferred financing charges	2,084	2,324
Capital assets (Note 6)	840,463	867,565
	\$ 888,743	\$ 921,925
 LIABILITIES AND EQUITY:		
Liabilities:		
Accrued interest payable	\$ 10,812	\$ 11,784
Accounts payable and accrued liabilities	4,097	8,142
Due to Department of Seniors	16,165	26,518
Allowance for losses on guarantees and indemnities (Note 7)	748	1,112
Advance from Alberta Finance (Note 8)	35,635	40,185
Long-term debt (Note 9)	514,698	576,330
	582,155	664,071
 Equity		
At beginning of year	257,854	212,365
Net operating results	48,734	45,489
At end of year	306,588	257,854
	\$ 888,743	\$ 921,925

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

ALBERTA SOCIAL HOUSING CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2002	2001
Operating transactions:		
Net operating results	\$ 48,734	\$ 45,489
Non-cash items:		
Amortization of capital assets	23,889	24,078
Amortization of deferred financing charges	240	245
Grants in kind	9,123	3,539
Valuation adjustments	(493)	(1,474)
Gain on disposal of capital assets	(46)	(6,635)
	81,447	65,242
Decrease in accounts receivable before valuation adjustments	12,405	1,402
Decrease in accrued interest payable	(972)	(1,452)
Increase (decrease) in accounts payable and accrued liabilities before valuation adjustments	(4,036)	2,630
Increase (decrease) in due to Department of Seniors	(10,353)	1,470
Decrease in short term notes payable to Alberta Finance	-	(9,911)
	(2,956)	(5,861)
Cash provided by operating transactions	78,491	59,381
Investing transactions:		
Decrease in other receivables	654	1,870
Mortgage repayments	4,298	11,019
Proceeds from disposition of capital assets	972	3,410
Purchases of capital assets	(362)	(1,095)
Transfer of assets from Department of Infrastructure	(4,866)	(608)
Contributions in kind from Management Bodies	(1,406)	-
	(710)	14,596
Cash provided (used) by investing activities	(710)	14,596
Financing transactions:		
Repayment of advance from Alberta Finance	(4,550)	(5,075)
Repayment of long term debt	(61,632)	(61,228)
	(66,182)	(66,303)
Cash used by financing activities	(66,182)	(66,303)
Net cash provided	11,599	7,674
Cash at beginning of year	8,330	656
Cash at end of year	\$ 19,929	\$ 8,330

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

ALBERTA SOCIAL HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

Note 1 Authority and Purpose

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

The Corporation's primary purpose is to facilitate the provision of social housing accommodation, through housing providers, to seniors, low income families and individuals, and those with special needs.

The Corporation intends to dispose of assets that are surplus to its social housing program needs.

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

Note 2 Significant Accounting Policies and Reporting Practices

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

(a) Reporting Entity

The reporting entity is the Alberta Social Housing Corporation, which is part of the Ministry of Seniors and for which the Minister of Seniors is responsible. 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

Rental amounts, for agency managed and directly managed properties, are recorded as revenue when rental services are provided.

ALBERTA SOCIAL HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Revenues (continued)

Interest on mortgages is recognized on an accrual basis until a mortgage's interest or principal payments are past due (non-accrual). Rural and Native mortgages are classified as non-accrual at 60 days and mortgages for sale at 30 days. Interest on non-accrual loans is recognized as revenue on a cash basis.

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. These include:

- Amortization of capital assets.
- Interest expense on long-term debt.
- Valuation adjustments comprise 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 estimates of future payments arising from obligations relating to guarantees and indemnities.

Incurred by Others

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

Assets

Cash and Accounts Receivable

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

ALBERTA SOCIAL HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Assets (continued)

Loans and Advances

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

Capital Assets

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

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

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

Deferred Charges

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

Liabilities

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

Equity

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

ALBERTA SOCIAL HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Basis of Financial Reporting (continued)

Measurement Uncertainty

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. The provision for writedown on surplus land (Note 6), recorded as \$1,561,000 is subject to measurement uncertainty. Allowance for losses on guarantees and indemnities (Note 7), recorded as \$748,000 in these financial statements, is also subject to measurement uncertainty. Management considers that the recognized amounts for the items are unlikely to change by a material amount within one year from the date of the financial statements.

Valuation of Financial Assets and Liabilities

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

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

Long-term debt has a fair value of \$325,915,000 for note payable to Alberta Finance, \$169,679,000 for Alberta Heritage Savings Trust Fund debentures and \$113,539,000 for Canada Mortgage and Housing Corporation debentures. 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 3 Cash

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

ALBERTA SOCIAL HOUSING CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2002

Note 4 Accounts Receivable

	2002			2001
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
	(thousands of dollars)			
Sales Receivable	\$ 800	\$ -	\$ 800	\$ -
Management Bodies	113	-	113	13,016
Other	159	(95)	64	367
	<u>\$ 1,072</u>	<u>\$ (95)</u>	<u>\$ 977</u>	<u>\$ 13,383</u>

Accounts receivable are unsecured and non-interest bearing.

Note 5 Loans and Advances

Mortgages

	2002			2001
	Accrual	Non- Accrual	Allowance for losses	Net Realizable Value
	(thousands of dollars)			
Rural and Native(a)	\$ 23,232	\$ 1,315	\$ (44)	\$ 24,503
Mortgages held for sale	-	611	(98)	513
	<u>\$ 23,232</u>	<u>\$ 1,926</u>	<u>\$ (142)</u>	<u>\$ 25,016</u>
				<u>\$ 29,395</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.

ALBERTA SOCIAL HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

Note 5 Loans and Advances (continued)

Other Receivables

Other receivables result from the Corporation financing the following:

	2002	2001
	(thousands of dollars)	
Sale of land to:		
Municipalities	\$ -	\$ 9
Others	10	576
Sale of surplus housing	264	343
	\$ 274	\$ 928

Note 6 Capital Assets

	2002			2001		
Estimated Useful Life (years)	Cost	Accumulated Amortization	Allowance for Losses	Net Book Value	Net Book Value	
	(thousands of dollars)					
<u>Seniors Housing Program Assets (a)</u>						
Self contained units	50	\$ 671,887	\$ (231,655)	\$ -	\$ 440,232	\$ 451,409
Lodges	50	171,914	(45,190)	-	126,724	134,066
					-	
<u>Special Purpose Housing Program Assets (a)</u>						
Community housing	40 to 50	373,207	(132,921)	-	240,286	247,631
Rural and native units	20 to 25	18,912	(7,536)	-	11,376	12,051
Special needs housing	50	12,298	(3,419)	-	8,879	9,094
Rural mobile homes	10	1,807	(1,257)	-	550	847
Total social housing assets		1,250,025	(421,978)	-	828,047	855,098
<u>Surplus Assets</u>						
Surplus land		13,977	-	(1,561)	12,416	12,467
Total surplus assets		13,977	-	(1,561)	12,416	12,467
		\$ 1,264,002	\$ (421,978)	\$ (1,561)	\$ 840,463	\$ 867,565

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

ALBERTA SOCIAL HOUSING CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2002

Note 7 Guarantees and Indemnities

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

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

	2002	2001
	(thousands of dollars)	
Mortgages, on single family properties, guaranteed to 2015	\$ 186	\$ 252
Mortgages, on multi-unit rental properties and land, guaranteed to:		
2001	-	893
2003	1,973	2,041
2004	2,045	2,111
2007	31,775	32,382
2008	686	708
2009	330	373
2011	36,983	59,150
2018	1,244	1,286
	75,036	98,944
	\$ 75,222	\$ 99,196

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, 2002 amount to \$5,478,000 (2001 \$8,025,000). This program was terminated effective October 1, 1993. However, the Corporation has an ongoing commitment on the insurance policies remaining in force.

An allowance for losses has been made on these guarantees and indemnities in the amount of \$748,000 (2001 \$1,112,000).

ALBERTA SOCIAL HOUSING CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2002

Note 8 Advance from Alberta Finance

The advance is interest free and is repayable on demand.

Note 9 Long-Term Debt

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

	2002	2001
	(thousands of dollars)	
Debentures payable:		
Alberta Heritage Savings Trust Fund ^(a)	\$ 104,622	\$ 145,590
Canada Mortgage and Housing Corporation ^(b)	82,523	89,244
Note payable to Alberta Finance ^(c)	327,553	341,496
	\$ 514,698	\$ 576,330

- a) maturing June 2011 to January 2012 with a weighted average interest rate of 16.70%.
- b) maturing 2023 to 2030, with a weighted interest rate of 9.39%.
- c) maturing September 16, 2016, with a stated 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.

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

	(thousands of dollars)	
2002-2003	\$	20,240
2003-2004		22,007
2004-2005		23,975
2005-2006		26,170
2006-2007		28,626
thereafter		393,680
	\$	514,698

ALBERTA SOCIAL HOUSING CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2002

Note 10 Program Recoveries

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

Note 11 Salary and Benefits

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

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

Note 12 Commitments

	2002	2001
	(thousands of dollars)	
Lease Commitments ^(a)	\$ 49,460	\$ 50,760
Contract commitments ^(b)	-	56,393
	\$ 49,460	\$ 107,153

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

	2002	2001
	(thousands of dollars)	
2001 - 2002	\$ -	\$ 1,300
2002 - 2003	1,300	1,300
2003 - 2004	1,300	1,300
2004 - 2005	1,300	1,300
2005 - 2006	1,300	1,300
2006 - 2007	1,300	-
Thereafter	42,960	44,260
	\$ 49,460	\$ 50,760

- (b) The Corporation had standard agreements with non profit organizations to fund costs for the terms of the operating agreement.

ALBERTA SOCIAL HOUSING CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2002

Note 13 Contingencies

At March 31, 2002 the Corporation is a defendant in six legal claims (2001-seven legal claims). These claims have specified amounts totaling \$1,021,500 (2001-seven claims with a specified amount of \$1,902,000). In all legal claims the Corporation has been jointly named with other entities. Two claims amounting to \$182,500 are covered by the Alberta Risk Management fund.

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

Note 14 Program Transfer

Effective April 1, 2001, the Corporation transferred the non-profit programs and responsibility for the programs administered by the management bodies to the Department of Seniors. The 2001 comparatives contain the following amounts for programs transfer

	Revenues	Expenses	Net Revenue (Expense)
	(thousands of dollars)		
Seniors housing programs	\$ 11,216	\$ 126	\$ 11,090
Special Purpose programs	2,293	12,478	(10,185)
	\$ 13,509	\$ 12,604	\$ 905
Non- Profit programs (Schedule 1 and 2)	\$ 2,977	\$ 8,422	\$ (5,445)
Programs administered by management bodies (Schedule 1 and 2)	10,532	4,182	6,350
	\$ 13,509	\$ 12,604	\$ 905

Note 15 Subsequent Event

The Corporation is in the process of negotiating cost recovery agreements with Canada Mortgage and Housing Corporation.

Note 16 Comparative figures

Certain 2001 figures have been reclassified to conform to the 2002 presentation.

ALBERTA SOCIAL HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

Note 17 Transfer of Ministry

On March 15, 2001 the government announced new ministry structures. As a result, effective March 19, 2001 the Corporation was transferred to the Ministry of Seniors from the Ministry of Community Development.

Since the 2000-01 fiscal year was substantially completed prior to this announcement, these financial statements have been prepared as if the restructuring took place on April 1, 2001.

Note 18 Approval of Financial Statements

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

ALBERTA SOCIAL HOUSING CORPORATION
 REVENUE DETAILED BY TYPE
 FOR THE YEAR ENDED MARCH 31, 2002
 (thousands of dollars)

Schedule 1

	2002		2001
	Budget	Actual	Actual
Internal Government Transfers			
Transfers from Department of Seniors(Note 17)	\$ 71,522	\$ 69,272	\$ 62,720
Transfers from the Government of Canada			
Recoveries from Canada Mortgage and Housing Corporation (Note 10)	55,125	53,726	55,172
Recoveries from Canada Mortgage and Housing Corporation - non profit housing(Note 14)	-	-	2,977
	<u>55,125</u>	<u>53,726</u>	<u>58,149</u>
Investment Income			
Mortgages	775	956	1,232
Bank and Other	300	936	902
	<u>1,075</u>	<u>1,892</u>	<u>2,134</u>
Other revenue			
Transfers from the Department of Infrastructure		4,866	608
Contributions in kind from management bodies	-	1,406	-
Refunds of expenses	-	1,559	-
Miscellaneous	150	1,249	741
Rental properties	-	476	957
Recoveries from Management Bodies (Note 14)	-	-	10,532
	<u>150</u>	<u>9,556</u>	<u>12,838</u>
Total revenue	<u>\$ 127,872</u>	<u>\$ 134,446</u>	<u>\$ 135,841</u>

ALBERTA SOCIAL HOUSING CORPORATION
 EXPENSES - DIRECTLY INCURRED BY OBJECT
 FOR THE YEAR ENDED MARCH 31, 2002
 (thousands of dollars)

Schedule 2

	2002		2001
	Budget	Actual	Actual
Financial transactions and other	\$ 51,237	\$ 49,448	\$ 54,786
Amortization of capital assets	23,818	23,889	24,078
Other grants	9,641	10,801	5,049
Supplies and services	1,480	2,113	1,944
Grants to non-profit organizations(Note 14)	-	-	8,422
Contributions to Management Bodies (Note 14)	-	-	4,182
 Total Expenses	 \$ 86,176	 \$ 86,251	 \$ 98,461

ALBERTA SOCIAL HOUSING CORPORATION
BUDGET
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2002		
	Estimates ^(a)	Treasury Board Approvals ^(b)	Authorized Budget
Revenues:			
Internal Government Transfers	71,522	-	71,522
Transfers from the Government of Canada	55,125	-	55,125
Investment Income	1,075	-	1,075
Other revenue	150	600	750
	<u>127,872</u>	<u>600</u>	<u>128,472</u>
Expenses:			
Seniors housing programs	16,049	-	16,049
Special Purpose programs	9,774	1,401	11,175
Other asset administration	2,050	-	2,050
Grants in kind	8,716	407	9,123
Debt servicing costs	49,587	-	49,587
	<u>86,176</u>	<u>1,808</u>	<u>87,984</u>
Valuation adjustments:			
Recovery of losses on:			
Capital assets	-	-	-
Guarantees, indemnities and mortgages	-	-	-
Doubtful accounts	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>86,176</u>	<u>1,808</u>	<u>87,984</u>
Loss (gain) on disposal of capital assets	<u>370</u>	<u>-</u>	<u>370</u>
Net operating results	<u>\$ 41,326</u>	<u>\$ (1,208)</u>	<u>\$ 40,118</u>
Capital investment	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,000</u>

^(a) Budgets, as reported in the 2001-2002 Government and Lottery Fund Estimates, were approved on May 31, 2001. Budgets are presented using the 2001-2002 restated estimates in the 2002-03 Government and Lottery Fund Estimates.

^(b) The Corporation received approval from Treasury Board for the following:

1. Surplus neutral revenue and expenses for directly managed surplus properties.
2. Sale of housing for reinvestment in social housing projects.
3. Grants in kind of land and buildings to municipalities.

ALBERTA SOCIAL HOUSING CORPORATION
RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

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

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

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

	Entities in the Ministry		Other Entities	
	2002	2001	2002	2001
Revenues:				
Transfers from the Department of Seniors	\$ 69,272	\$ 62,720	\$ -	\$ -
Expenses - directly incurred				
Other services	-	-	521	430
Debt servicing costs	-	-	41,438	45,873
	-	-	41,959	46,303
Capital Assets Transferred	1,673	-	4,866	608
Receivable from:				
Alberta Finance (deferred financing charges)	-	-	2,084	2,324
Payable to:				
Alberta Finance(debt and accrued interest on debt) (Note 16)	-	-	363,986	382,514
Alberta Heritage Trust Fund (debt) (Note 16)	-	-	112,746	154,520
Department of Seniors	16,165	26,518	-	-
	\$ 16,165	\$ 26,518	\$ 476,732	\$ 537,034

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

	Entities in the Ministry		Other Entities	
	2002	2001	2002	2001
Expenses - incurred by others				
Salaries and wages	\$ 535	\$ 2,754	\$ -	\$ -
Supplies and services	225	862	-	-
Accommodation	-	-	18	114
Legal services	-	-	43	59
Other services	101	11	-	-
	\$ 861	\$ 3,627	\$ 61	\$ 173

ALBERTA SOCIAL HOUSING CORPORATION
 ALLOCATED COSTS
 FOR THE YEAR ENDED MARCH 31, 2002
 (thousands of dollars)

Schedule 5

Program	2002							2001		
	Program Expenses ⁽¹⁾	Debt Servicing Costs ⁽¹⁾	Grants in Kind ⁽¹⁾	Other Services	Accommodation costs	Legal services	Recoveries	Doubtful Accounts	Total Expenses	Total Expenses
Seniors housing programs	16,482	30,370	8,716	555	12	28	-	-	56,163	51,581
Family and special purpose programs	10,863	18,977	-	298	6	15	(35)	1	30,125	46,230
Other asset administration	335	101	407	8	0	0	(459)	-	392	3,002
	27,680	49,448	9,123	861	18	43	(494)	1	86,680	100,813

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

Alphabetical List of Entities' Financial Statements in Ministry 2001-02 Annual Reports

Entities included in the consolidated government reporting entity

Ministry, Department, Fund or Agency

Agriculture Financial Services Corporation
 Alberta Alcohol and Drug Abuse Commission
 Alberta Dairy Control Board
 Alberta Energy and Utilities Board
 Alberta Foundation for the Arts
 Alberta Gaming and Liquor Commission
 Alberta Government Telephones Commission, The
 Alberta Heritage Foundation for Medical Research Endowment Fund
 Alberta Heritage Savings Trust Fund
 Alberta Heritage Scholarship Fund
 Alberta Heritage Science and Engineering Research Endowment Fund
 Alberta Historical Resources Foundation, The
 Alberta Insurance Council
 Alberta Municipal Financing Corporation
 Alberta Opportunity Company
 Alberta Pensions Administration Corporation
 Alberta Petroleum Marketing Commission
 Alberta Research Council Inc.
 Alberta Risk Management Fund
 Alberta School Foundation Fund
 Alberta Science and Research Authority
 Alberta Securities Commission
 Alberta Social Housing Corporation
 Alberta Sport, Recreation, Parks and Wildlife Foundation
 Alberta Treasury Branches
 ATB Investment Services Inc.
 Child and Family Services Authorities:
 Awasak Child and Family Services Authority
 Calgary Rocky View Child and Family Services Authority
 Child and Family Services Authority Region 13
 Child and Family Services Authority Region 14
 Diamond Willow Child and Family Services Authority
 Hearthstone Child and Family Services Authority
 Keystone Child and Family Services Authority
 Ma' Mowe Capital Region Child and Family Services Authority
 Metis Settlements Child and Family Services Authority
 Neegan Awas'sak Child and Family Services Authority
 Ribstone Child and Family Services Authority
 Sakaigun Asky Child and Family Services Authority
 Sakaw-Askiy Child and Family Services Authority
 Silver Birch Child and Family Services Authority
 Southeast Alberta Child and Family Services Authority
 Sun Country Child and Family Services Authority
 West Yellowhead Child and Family Services Authority
 Windsong Child and Family Services Authority

Ministry Annual Report

Agriculture, Food and Rural Development
 Health and Wellness
 Agriculture, Food and Rural Development
 Energy
 Community Development
 Gaming
 Finance
 Revenue
 Revenue
 Revenue
 Revenue
 Community Development
 Finance
 Finance
 Agriculture, Food and Rural Development
 Finance
 Energy
 Innovation and Science
 Revenue
 Learning
 Innovation and Science
 Revenue
 Seniors
 Community Development
 Finance
 Finance
 Children's Services

Credit Union Deposit Guarantee Corporation	Finance
Crop Reinsurance Fund of Alberta	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Learning	Learning
Department of Revenue	Revenue
Department of Seniors	Seniors
Department of Solicitor General	Solicitor General
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation, The	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCore Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Aboriginal Affairs and Northern Development ¹	Aboriginal Affairs and Northern Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development ¹	Economic Development
Ministry of Energy	Energy
Ministry of Environment ¹	Environment
Ministry of Finance	Finance
Ministry of Executive Council ¹	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services ¹	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment ¹	Human Resources and Employment
Ministry of Infrastructure ¹	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations ¹	International and Intergovernmental Relations
Ministry of Justice ¹	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs ¹	Municipal Affairs
Ministry of Revenue	Revenue
Ministry of Seniors	Seniors
Ministry of Solicitor General	Solicitor General
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Transportation ¹	Transportation
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Community Boards	Community Development
Calgary Community Board	Community Development
Central Community Board	Community Development
Edmonton Community Board	Community Development
Northeast Community Board	Community Development
Northwest Community Board	Community Development

South Community Board
 Persons with Developmental Disabilities Foundation²
 Persons with Developmental Disabilities Michener Centre Facility Board
 Persons with Developmental Disabilities Provincial Board
 Provincial Judges and Masters in Chambers Reserve Fund
 S C Financial Ltd.
 Supplementary Retirement Plan Reserve Fund
 Victims of Crime Fund
 Wild Rose Foundation, The

Community Development
 Community Development
 Community Development
 Community Development
 Finance
 Finance
 Finance
 Solicitor General
 Community Development

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

² Dissolved June 2001

Entities NOT included in the consolidated government reporting entity

Ministry, Department, Fund or Agency

Alberta Cancer Board
 Alberta Foundation for Health Research
 Alberta Heritage Foundation for Medical Research
 Alberta Heritage Foundation for Science and Engineering Research
 Alberta Mental Health Board
 Alberta Teachers' Retirement Fund Board
 Improvement Districts' Trust Account
 Local Authorities Pension Plan
 Long-Term Disability Income Continuance Plan - Bargaining Unit
 Long-Term Disability Income Continuance Plan - Management, Opted Out and Excluded
 Management Employees Pension Plan
 Provincial Judges and Masters in Chambers Pension Plan
 Public Post Secondary Institutions
 Public Service Management (Closed Membership) Pension Plan
 Public Service Pension Plan
 Regional Health Authorities
 School Boards
 Special Areas Trust Account, The
 Special Forces Pension Plan
 Supplementary Retirement Plan for Provincial Judges and Masters in Chambers
 Supplementary Retirement Plan for Public Service Managers
 Universities Academic Pension Plan
 Workers' Compensation Board

Ministry Annual Report

Health and Wellness
 Innovation and Science
 Innovation and Science
 Innovation and Science
 Health and Wellness
 Learning
 Municipal Affairs
 Finance
 Human Resources and Employment
 Human Resources and Employment
 Finance
 Finance
 Learning
 Finance
 Finance
 Finance
 Health and Wellness
 Learning
 Municipal Affairs
 Finance
 Finance
 Finance
 Finance
 Human Resources and Employment

