

Financial Statements

Ottawa Community Housing Corporation
December 31, 2007

AUDITORS' REPORT

To the Board of Directors and the Shareholder of
Ottawa Community Housing Corporation

We have audited the balance sheet of **Ottawa Community Housing Corporation** as at December 31, 2007 and the statement of operations and surplus, the statement of reserves, and the statement of cash flows for the year then ended. These financial statements have been prepared to comply with requirements of the Directors of **Ottawa Community Housing Corporation**, the Service Manager and the Social Housing Reform Act. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

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

As required by the Ontario Business Corporations Act, we report that, in our opinion, these principles have been applied, on a basis consistent with that of the preceding year, except for the implementation of CICA 3855: Financial Instruments – Recognition and Measurement and CICA 3861: Financial Instruments – Disclosure and Presentation.

Ottawa, Canada,
March 14, 2008.

Chartered Accountants
«Licensed Public Accountants
Ontario purposes only»

Ottawa Community Housing Corporation
 Incorporated under the laws of Ontario

BALANCE SHEET

As at December 31

	2007	2006
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	15,896,513	13,962,934
Subsidies receivable		
City of Ottawa [Service Manager] [note 14]	198,215	468,464
Rents receivable	820,054	763,275
Other accounts receivable	184,478	266,690
GST receivable	799,325	1,119,883
Prepaid expenses	1,797,897	1,679,897
Total current assets	19,696,482	18,261,143
Marketable securities - available-for-sale [note 4]	40,958,903	39,041,477
Capital assets, net [notes 5 and 6]	326,434,754	339,436,113
	387,090,139	396,738,733
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current		
Accounts payable and accrued liabilities [note 14]	9,702,635	9,374,304
Accrued interest on long-term liabilities	1,015,980	1,123,430
Prepaid rents and subsidies	890,025	795,579
WSIB future benefit costs - current [note 12]	221,921	152,870
Current portion of long-term liabilities [note 6]	13,413,953	12,675,267
Total current liabilities	25,244,514	24,121,450
Vested employee benefits [notes 10 and 11]	2,394,618	2,398,583
WSIB future benefit costs [note 12]	1,529,994	1,486,168
Deferred capital contributions [notes 6 and 8]	2,114,437	2,175,268
Long-term liabilities [notes 6 and 8]	299,352,826	312,681,416
Total liabilities	330,636,389	342,862,885
Contingent liabilities [note 13]		
SHAREHOLDER'S EQUITY		
Share capital	100	100
Contributed surplus	1,650,135	1,650,135
Reserves [note 7]	54,803,515	52,225,613
	56,453,750	53,875,848
	387,090,139	396,738,733

See accompanying notes

On behalf of the Board:

Director

Director

Ottawa Community Housing Corporation

STATEMENT OF OPERATIONS AND SURPLUS

Year ended December 31

	2007	2006
	\$	\$
REVENUE		
Rents	61,323,297	60,310,472
Subsidies		
Service Manager [note 14]	66,763,270	55,911,733
Service Manager - Safer Communities	2,108,400	—
Other revenue	2,334,634	2,336,555
Total revenue	132,529,601	118,558,760
OPERATING COSTS		
Maintenance salaries, wages and benefits	9,167,291	8,794,977
Maintenance material and services	14,793,905	14,055,341
Administration	10,492,403	9,868,255
Safer communities	2,046,539	1,765,732
Other	1,948,173	1,696,155
Utilities	21,858,117	20,633,719
Total operating costs	60,306,428	56,814,179
FIXED COSTS		
Municipal taxes	19,285,276	19,119,667
Interest on long-term liabilities	18,476,154	19,781,024
Depreciation of capital assets	12,822,844	12,232,346
Less recoveries	(410,524)	(372,549)
Total expenses	110,480,178	107,574,667
Excess of revenue over expenses	22,049,423	10,984,093
Adjustment to prior year funding	—	11,990
Net revenues before reserve contributions	22,049,423	10,996,083
Reserve contributions - USF & RRSF	1,333,516	—
Transfer to capital reserve fund [note 7]	19,336,485	11,358,933
Transfer to capital reserve fund - Safer Communities	40,000	—
Transfer from reserves [note 7]	1,339,422	(362,850)
	22,049,423	10,996,083
Net surplus for the year	—	—

See accompanying notes

Ottawa Community Housing Corporation

STATEMENT OF RESERVES

As at December 31

	Capital reserves non-profit	Public	Vehicle	Investment in capital assets	Federal operating surplus	Community reinvestment fund	Rent revenue stabilization fund	Utility stabilization fund	Total	
									2007	
									2006	
Balance, beginning of year	26,001,600	1,055,817	93,464	10,080,327	14,994,405	—	—	—	52,225,613	55,556,400
Adjustment on adopting new accounting standards for financial instruments [note 2]	2,003,117	81,339	7,200	—	1,155,143	(14,554)	—	—	3,232,245	—
Balance, beginning of year, as restated	28,004,717	1,137,156	100,664	10,080,327	16,149,548	(14,554)	—	—	55,457,858	55,556,400
Contributions from operations	3,580,909	14,174,915	—	—	1,620,661	1,339,422	423,467	910,049	22,049,423	10,984,093
Other contributions	—	—	26,660	(330,005)	—	38,045	—	—	(265,300)	(290,476)
Income earned	1,202,420	388,819	7,596	—	948,142	177,250	—	—	2,724,227	6,133,390
Unrealized gains (losses) from financial instruments designated at fair value	(1,561,355)	(504,885)	(9,863)	—	(1,231,173)	(230,161)	—	—	(3,537,437)	—
Expenses	(12,510,785)	(9,086,788)	—	—	—	(27,683)	—	—	(21,625,256)	(20,157,794)
Interfund transfers	2,902,980	—	—	—	(1,620,661)	(1,282,319)	—	—	—	—
Balance, end of year	21,618,886	6,109,217	125,057	9,750,322	15,866,517	—	423,467	910,049	54,803,515	52,225,613

See accompanying notes

Ottawa Community Housing Corporation

STATEMENT OF CASH FLOWS

Year ended December 31

	2007	2006
	\$	\$
OPERATING ACTIVITIES		
Net revenue for the year	22,049,423	10,996,083
Add charges to operations not requiring a cash payment		
Debenture subsidy	(4,358,040)	(4,085,023)
Depreciation	12,822,844	12,232,346
	<u>30,514,227</u>	<u>19,143,406</u>
Change in non-cash working capital balances related to operations		
Subsidies receivable		
Service Manager	270,249	1,645,391
Rents receivable, accounts receivable, rebates, and other current assets	227,991	(265,510)
Accounts payable and accrued liabilities	328,331	(493,585)
Accrued interest on long-term liabilities	(107,450)	(78,671)
Prepaid rents and subsidies	94,446	191,097
Increase (decrease) in vested employee benefits	(3,965)	255,173
Increase (decrease) in WSIB future benefit costs	112,877	(19,205)
Cash provided by operating activities	<u>31,436,706</u>	<u>20,378,096</u>
INVESTING ACTIVITIES		
Change in marketable securities held-for-trading	1,314,819	4,163,334
Expenses charged to reserves	(21,772,873)	(20,416,372)
Interest earned on reserves	2,724,227	6,133,390
Non-cash item		
Unrealized losses from investments	(3,537,437)	—
Cash used in investing activities	<u>(21,271,264)</u>	<u>(10,119,648)</u>
FINANCING ACTIVITIES		
Mortgages, debentures and loan issues	—	1,852,500
Mortgage, debenture and loan repayments	(8,231,863)	(7,859,143)
Cash used in financing activities	<u>(8,231,863)</u>	<u>(6,006,643)</u>
Net increase in cash during the year	1,933,579	4,251,805
Cash and cash equivalents, beginning of year	13,962,934	9,711,129
Cash and cash equivalents, end of year	<u>15,896,513</u>	<u>13,962,934</u>
Supplemental disclosure		
Cash paid for interest	18,583,605	19,859,695

See accompanying notes

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

1. ORGANIZATION

Ottawa Community Housing Corporation [the "Corporation"] provides and manages quality, safe and affordable housing for low and moderate income households in Ottawa.

Effective June 28, 2002, Ottawa Housing Corporation changed its name to Ottawa Community Housing Corporation. The Corporation acquired the assets and liabilities of the non-profit housing corporation, City of Ottawa Non-Profit Housing Corporation ["City Living"], on September 3, 2002. However, pending receipt of the consent of mortgagees and some title and other related matters, the transfer of title to some of the real properties has been delayed. Pending the transfer of title to such properties, the Corporation has authority to manage and enter into all contracts and agreements as agent for City Living at its sole discretion. Assets and liabilities were transferred at their net book value as recorded in the Corporation's records as at September 3, 2002. The capital stock and contributed surplus of City Living were transferred to the Ottawa Community Housing Corporation.

Most of the mortgaged properties of the Corporation are governed by operating agreements with the Province of Ontario and/or Canada Mortgage and Housing Corporation ["CMHC"]. These agreements include provision for approval of rental rates, depreciation charges and contributions to the capital reserve. The operating agreements are administered by the Service Manager ["City of Ottawa"] under the Social Housing Reform Act which has replaced operating agreements for some programs.

The Corporation is a non-profit organization under paragraph 149(1)(d) of the Income Tax Act of Canada and, as such, is not subject to income taxes.

2. CHANGE IN ACCOUNTING POLICY

On January 1, 2007, Ottawa Community Housing Corporation prospectively adopted the Canadian Institute of Chartered Accountants ["CICA"] Handbook Sections 3855 Financial Instruments – Recognition and Measurement, and 3861 Financial Instruments – Disclosure and Presentation. In accordance with the applicable transitional provisions, the financial statements presented for comparison purposes have not been restated. The accounting consequences of these new standards on the Corporation's financial statements are presented below.

As a result of the change, as at January 1, 2007, investments were increased by \$3,232,245 and capital reserves non-profit, public reserve, vehicle reserve, federal operating surplus and community reinvestment fund were increased (decreased) by \$2,003,117, \$81,339, \$7,200, \$1,155,143, and (\$14,554), respectively.

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

Under the new standards, derivatives embedded in other financial instruments are valued as separate derivatives when their economic characteristics and risks are not considered to be closely related to the host contract. These embedded derivatives are classified as part of the host instrument and measured at fair value with changes therein recognized in the statement of operations and surplus. As permitted by the applicable transitional provisions, the Corporation selected March 31, 2004 as its transition date for embedded derivatives. There were no derivatives identified.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are the representation of management, prepared in accordance with accounting policies prescribed or appropriate for such organizations on a basis consistent with that of the preceding year. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of the financial statements necessarily involves the use of estimates which have been made using careful judgment by management.

The equity program is not governed by the Social Housing Reform Act and is accounted for in accordance with Canadian generally accepted accounting principles for non-profit organizations. For all other programs, these financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the requirements of the Board of Directors, Service Manager and the Social Housing Reform Act, which differs from Canadian generally accepted accounting principles because:

- [a] Due to the requirements of the operating directives as administered by the Service Manager, purchases of office furniture and equipment are charged directly to the capital reserve fund rather than being capitalized on the balance sheet and amortized over their useful lives and transfers to reserves are reported as operating costs.
- [b] Capital assets are recorded at cost, less any external grants and funding from the reserves.
- [c] Amortization of capital assets governed by the Social Housing Reform Act is provided for on a sinking fund basis, which matches the same basis as principal repayments on mortgages, debentures and loans during the year.
- [d] Investment income is recorded directly in the reserves rather than being recorded in the statement of operations and surplus.

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

The following is a summary of the significant accounting policies used in the preparation of the Corporation's financial statements:

Accrual accounting

The Corporation uses the accrual basis of accounting. Under this basis, rental income and subsidies are recognized in the year in which they are earned, and expenses are recognized in the year incurred as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Financial instruments

Section 3855, Financial Instruments – Recognition and Measurement

Under Section 3855, Financial Instruments – Recognition and Measurement, all financial assets and liabilities are required to be classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities. In addition, the standards require that all financial instruments be measured at fair value with the exception of loans and receivables, held-to-maturity assets, other financial liabilities and available-for-sale equities that do not have quoted market values in an active market. The fair value of a financial instrument on initial recognition is normally the transaction price, i.e. the fair value of the consideration given or received. Subsequent to initial recognition, the fair values of financial instruments quoted in active markets are generally based on bid prices for financial assets and offer prices for financial liabilities. Transaction costs related to available for sale investments are expensed as incurred. Fees and costs related to loans and receivables under the equity program are generally capitalized and amortized over the expected life of the instrument using the effective interest rate method. Settlement date accounting continues to be used for all securities.

[a] Marketable securities

Prior to January 1, 2007, marketable securities were carried at the lower of cost and market value. They were only written down when there was a permanent impairment to the carrying value on a portfolio basis. Commencing January 1, 2007, marketable securities have been classified as available-for-sale and include bonds and equity instruments. These investments are carried at fair value. Changes in fair value are recorded in gains (losses) from financial instruments on the statement of reserves. All income, including realized gains and losses, is recorded directly to the reserves.

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

[b] Long-term liabilities

Prior to January 1, 2007, long-term liabilities were recorded at cost. Commencing January 1, 2007, long-term liabilities for sites where operating agreements are governed by the Social Housing Reform Act continue to be recorded at cost. Long-term liabilities under the equity program are classified as loans and receivables and are carried at amortized cost. Where loans contain forgiveness clauses, they are recorded net of the forgiveness.

[c] Other financial instruments

For all other financial instruments, the carrying value approximates fair value due to the short term nature.

Capital assets

Housing developments under the Social Housing Reform Act are recorded at cost less any related grants and less accumulated depreciation. Capital assets under the equity program are recorded at cost. Cost includes the original cost of the land and buildings, and other related costs. The cost of major improvements necessary to renovate and refurbish buildings which are financed by mortgages are also included in housing development costs.

Depreciation

For sites where operating agreements are governed by the Social Housing Reform Act, the depreciation of capital assets is provided on the same basis as the principal repayments on mortgages, debentures and loans during the year. The depreciation of capital assets acquired by the Corporation under the equity program is calculated on a straight-line method based on the useful life of the asset which ranges from 30 to 40 years.

Interest on long-term liabilities

Interest on long-term liabilities includes interest accrued from the dates of the latest interest payments to the end of the financial year.

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

Reserves and investment in capital assets

The Corporation has the following reserves:

Capital reserves for the renovation or improvement of the contributing property, for work which meets the definition of capital repairs and maintenance. In addition, acquisitions of new capital assets required to maintain and manage the portfolio are expensed against the capital reserves. Contributions are made on an annual basis in accordance with program requirements or operating agreements.

A **Vehicle reserve** to equalize vehicle operating costs from one operating budget year to another. Contributions are made at year end in amounts set down in the operating budget.

The **Utility Stabilization Fund** to equalize utility costs in the public housing program from one operating budget year to another. Contributions are made at year end in amounts set down in the utility budget. This is a new reserve created in 2007 for the public program. Prior to 2007, the Service Manager considered utility costs in the public program as pass through costs for settlement purposes. In 2007, the surplus resulting from the Service Manager funded utility expenses for the Public program and actual utility expenses are contributed to the Utility Stabilization Fund. There is no longer a reconciliation of budgeted utility expenses to actual costs for the public program.

The **Rent Revenue Stabilization Fund** to equalize tenant revenue in the Public Housing program from one operating budget year to another. Contributions are made at year end in amounts set down in the operating budget. This is a new reserve created in 2007 for the Public program. Prior to 2007, the Service Manager considered tenant revenue in the public program as pass through revenue for settlement purposes. In 2007, the surplus resulting from the Service Manager funded rent subsidy, and tenant revenue are contributed to the Rent Revenue Stabilization Fund. There is no longer a reconciliation of budgeted tenant revenue to actual tenant revenue for the public program.

The **Community Reinvestment Fund** is a discretionary fund that exists to maintain or develop housing or services. The fund consists of retained earnings from housing programs not subject to operating agreements. Contributions from operations to the Community Reinvestment Fund are included in the determination of excess revenues or expenses for the year.

The **Federal Operating Surplus** consists of the cumulative operating surpluses generated in the Community Sponsored and the Limited Dividend Apartment programs, for sites where operating agreements still exist.

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

Investment in Capital assets consists of housing acquisitions within the equity program. The account relates to contributions that were made toward the purchase of new rental units from retained earnings of housing programs not subject to operating agreements. The fund balance reflects the depreciation of the assets.

Employee-related costs

The Corporation has adopted the following policies with respect to employee benefit plans:

- [i] The Corporation's contributions to a multi-employer, defined benefit pension plan are expensed when contributions are due;
- [ii] The costs of termination benefits and compensated absences are recognized when an event that obligates the Corporation occurs; costs include projected future income payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis;
- [iii] The costs of other employee benefits are actuarially determined using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation, expected health care costs and plan investment performance;
- [iv] Employee future benefit liabilities are discounted using current interest rates on long-term bonds; and
- [v] The costs of the workplace safety and insurance obligations are actuarially determined by the Workplace Safety and Insurance Board ["WSIB"] and expensed.

4. MARKETABLE SECURITIES

Investments in financial instruments result in investment risks to the Corporation. These include the risk arising from changes in interest rates, in rates of exchange for foreign currency, and in the equity markets both domestic and foreign. These also include the risks arising from the failure of a party to a financial instrument to discharge an obligation when it is due.

Concentration of risk exists when a significant proportion of the portfolio is invested in securities with similar characteristics or subject to similar economic, political or other conditions. Management believes that the concentrations described above do not represent excessive risk.

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

The Corporation adopted an investment policy to establish principles and guidelines appropriate for the management of assets accumulated by the Corporation for the purpose of maintaining and preserving its residential properties. The objectives of the policy are:

- [a] to maintain the safety of capital;
- [b] to effectively utilize the assets that have accumulated; and
- [c] to maximize return at an acceptable level of risk.

	2007		2006	
	Amortized cost \$	Fair value \$	Amortized cost \$	Fair value \$
Marketable securities				
Liquid assets	909,279	909,279	2,187,331	2,187,331
Government of Canada Fixed Income	1,306,754	1,323,080	321,172	323,549
Provincial Fixed Income	1,638,078	1,581,626	2,584,665	2,629,858
Municipal Fixed Income	—	—	946,191	947,730
Corporate Fixed Income	2,878,225	2,937,437	3,475,687	3,531,881
Canadian Common Equities	3,180,129	5,269,801	3,416,845	5,694,255
Foreign Common Equities	15,150,249	14,444,198	11,344,456	12,268,105
Mutual Funds	15,819,272	14,261,694	14,497,577	14,428,549
Other	267,555	231,788	267,553	262,465
Total	41,149,541	40,958,903	39,041,477	42,273,723

5. CAPITAL ASSETS

Capital assets as at December 31 were as follows:

	2007 \$	2006 \$
Land	71,786,905	71,786,905
Prepaid land leases	1,103,996	1,103,996
Buildings and equipment	378,297,387	378,297,387
Leasehold improvements	764,438	825,269
	451,952,726	452,013,557
Less: accumulated depreciation	(125,517,972)	(112,577,444)
Net book value	326,434,754	339,436,113

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

Capital assets in the equity program are capitalized at their full cost, and depreciated. Capital assets in the equity program, net of accumulated depreciation and reserves at December 31, 2007 decreased by \$330,005 to \$9,750,322 [2006 - \$10,080,327].

6. LONG-TERM LIABILITIES AND DEFERRED CAPITAL CONTRIBUTIONS

Long-term liabilities, and deferred capital contributions are comprised of the following:

	2007 \$	2006 \$
Mortgages	228,148,871	236,380,735
Forgivable loan – Canada-Ontario Affordable Housing program	1,740,000	1,740,000
Forgivable loans – RRAP	374,437	435,268
Debentures	84,617,908	88,975,948
	314,881,216	327,531,951
Less: Current portion	(13,413,953)	(12,675,267)
Long-term liabilities and deferred capital contributions	301,467,263	314,856,684

Mortgages payable include all mortgages for which agreements have been signed.

The forgivable loans include all funding related to the Residential Rehabilitation Assistance Program [“RRAP”]. Schedule A [page 7] details the amounts and terms by site. Schedule A [page 9] details the forgivable loan received by the Corporation for 380 Somerset Street. The loan was provided by the Ministry of Municipal Affairs and Housing under the Canada-Ontario Affordable Housing Program. The loan has a term of 20 years, and on each anniversary date of the interest adjustment date, the amount of interest is forgiven. The loan amount shall be fully forgiven on the last day of the month at the end of the term of the loan provided that the Corporation has fulfilled all the requirements of the loan agreement.

The capital assets are pledged as collateral for the mortgages payable. Under the terms of the operating agreements and the Social Housing Reform Act, the Corporation may not further mortgage the capital assets of subject properties without the prior written approval of the Ministry of Municipal Affairs and Housing for the Province of Ontario and/or CMHC.

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

Principal repayments required for the years 2008 to 2012 and thereafter for all mortgages, debentures and loans outstanding as at December 31, 2007 are expected to be approximately as follows:

	\$
2008	13,413,953
2009	14,315,565
2010	15,239,957
2011	16,149,758
2012	17,059,159
Thereafter	238,702,824
	<u>314,881,216</u>

7. RESERVES

Ottawa Community Housing has the following reserves:

[a] Capital reserves

Contributions from operations:

Non-profit program: For the year ended December 31, 2007, the contributions from operations for the non-profit program amounted to \$3,568,724 [2006 - \$3,456,124].

Safer communities program: During the year, the Corporation has identified a capital reserve contribution for the safer communities program of \$40,000 [2006 - nil] to cover the replacement costs for security vehicles and hardware purchases for the program. The non-profit program was allocated \$12,185 of the contribution and the public program received \$27,815. In addition to this contribution, \$292,016 was spent on capital work related to safer communities for digital video equipment, cameras and access systems.

Public program: The annual approved capital spending for the public program is contributed to the capital reserves for the program. Capital spending is funded from the reserve. The remaining balance is carried forward into the next year. During the year, the Service Manager approved \$8,147,100 in capital spending for the public program. In addition, the Service Manager approved a special one-time contribution of \$6,000,000 to fund emergency capital repairs for the public program. The additional funds of \$6,000,000 have been earmarked for large building envelope repairs in two communities, Rochester Heights and Ridgemont Terrace.

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

For 2007, \$9,086,788 [2006 - \$6,933,088] was spent on capital repairs and capital maintenance. There remains a balance of \$6,109,217 in the capital reserves for the public program as at December 31, 2007.

[b] Vehicle reserve

In 2007, \$26,660 [2006 - expense of \$140,317] was contributed to the Vehicle reserve.

[c] Utility Stabilization Fund

In 2007, \$910,049 [2006 - nil] was contributed to the Utility Stabilization Fund.

[d] Rent Revenue Stabilization Fund

In 2007, \$423,467 [2006 - nil] was contributed to the Rent Revenue Stabilization Fund.

[e] Community Reinvestment Fund

[i] The Corporation contributed to (received from) the Community Reinvestment Fund an amount equal to the excess revenue of all projects in certain programs.

The contributions by program were:

	2007	2006
	\$	\$
Equity programs	1,605,223	1,630,044
Municipal non-profit	(140,188)	(433,537)
Provincial reformed	(125,613)	(354,457)
Public	—	(1,216,891)
	1,339,422	(374,841)

[ii] The balance in the Community Reinvestment Fund was contributed to the capital reserves in the equity program. There remains no balance in the Community Reinvestment Fund as at December 31, 2007 [2006 - nil].

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

[f] Internal borrowings

- [i] In 1999, the Corporation refinanced a mortgage for the Somerset Rooming House in the amount of \$251,577 from the Community Reinvestment Fund. This liability is being repaid at an interest rate set annually in May at the prime rate plus 1% for a term of 15 years, calculated semi-annually and amortized over a period of 15 years. The payments are charged to the Somerset Rooming House operations. Interest and principal repayment is credited back to the Community Reinvestment Fund. As at December 31, 2007 a principal balance of \$127,861 [2006 - \$145,535] is outstanding and committed to the Community Reinvestment Fund.
- [ii] In 1996, the Corporation refinanced a mortgage for the Bronson Rooming House in the amount of \$118,700 from the Community Reinvestment Fund. This liability is being repaid at an interest rate set annually in May at the prime rate plus 1% for a term of 15 years, calculated semi-annually and amortized over a period of 15 years. As at December 31, 2007, a principal balance of \$33,377 [2006 - \$43,386] was outstanding and is committed to the Community Reinvestment Fund.

[g] Federal operating surplus

Operating surpluses in the Federal program are contributed either to the capital reserves for the sites in the program, or to the federal operating surplus. The federal operating surplus was identified in 2004 and consists of the cumulative operating surpluses generated in the Community sponsored and the Limited Dividend Apartment programs, for sites where operating agreements still exist. For 2007, the operating surplus of \$1,620,661 [2006 - \$1,277,310] generated by these sites, was contributed to the capital reserves for the sites in this program.

[h] Interfund transfer

The Interfund transfer identified in the statement of reserves includes the transfer of \$1,620,661 from the Federal Operating Surplus to the site capital reserves in the Federal Program. The balance of \$1,282,319 was transferred from the Community Reinvestment Fund to the capital reserves. The net impact of these two items is a contribution of \$2,902,980 to the non-profit capital reserves.

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

8. CAPITAL GRANTS AND FORGIVABLE LOANS

Canada Mortgage and Housing Corporation

In prior years, the Corporation has received capital contributions totalling \$1,564,700 from CMHC for Community Sponsored family housing funded through mortgage agreements with CMHC. The Corporation received loans totalling \$748,366 under the Federal Government's RRAP which are forgivable. These amounts have been recorded as leasehold improvements which are depreciated at the same rate that the loans are forgiven. As at December 31, 2007, a principal balance of \$374,437 [2006 - \$435,268] remains as forgivable.

The capital contributions of \$1,564,700 and the unforgiven portion of the RRAP loans are not repayable as long as the projects are managed and operated within the terms and conditions of the mortgage and operating agreements entered into with CMHC.

Ministry of Municipal Affairs and Housing

The Corporation received a capital contribution totalling \$1,740,000 in 2005 from the Ministry of Municipal Affairs and Housing ["MMAH"] under the Canada-Ontario Affordable Housing Program for the 60 units of housing developed at 380 Somerset Street. The capital contribution and interest have a term of 20 years. The loan is not repayable as long as the project is operated within the terms and conditions of the agreement entered into with MMAH.

Ontario Mortgage Corporation

In prior years, the Corporation received a forgivable interest-free first mortgage loan totalling \$378,146 from the Ontario Mortgage Corporation for the Bruyere Street Rooming House. This amount has been netted against the capital cost of the rooming house. The mortgage has a term of 25 years from December 1, 1988 and is forgivable at the rate of 1/15 of the loan amount on each anniversary date after the first 10 years as long as the project is managed and operated within the terms and conditions of the Permanent Housing for the Homeless Program.

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

9. PENSION AGREEMENTS

The Corporation makes matching contributions to the Ontario Municipal Employees Retirement Fund ["O.M.E.R.S."] which is a multi-employer plan on behalf of 254 [2006 - 252] members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay.

O.M.E.R.S. contributions resumed in 2003 after a contribution holiday that started in August 1998 and ended in December 2002. The 2003 contributions were resumed on a phase-in basis over three years to their full amount in 2005 as required by the plan actuarial valuation. However, in 2003 O.M.E.R.S. decided after reviewing the plan's funded status and considering under-performing investment markets over the past three years that full contributions would resume in 2004 rather than 2005.

The amount contributed to O.M.E.R.S. for 2007 was \$1,019,313 [2006 - \$935,771] for current year service and is included as an expense in the statement of operations and surplus.

10. LIABILITY FOR ANNUAL LEAVE BENEFITS

The Corporation recognizes sick leave and annual leave expenses as they accrue to employees. This results in the creation of a liability for vested employee benefits. The balance of the liability stood at \$781,189 [2006 - \$824,817] as at December 31, 2007. Banked sick leave has no cash value and is not payable upon termination.

11. LIABILITY FOR FUTURE EMPLOYEE BENEFIT COSTS – MEDICAL COVERAGE

The Corporation provides medical coverage to bargaining unit employees who retire between the ages of 55 and 65 with an unreduced pension. The cost of the benefit is expensed over the life of the employee's service with the Corporation. Prior to 2004, the cost was expensed when paid. However, for 2004 the Corporation performed an actuarial valuation of this benefit which was updated annually thereafter and estimated the liability at \$1,613,429 [2006 - \$1,573,766] as at December 31, 2007. The net periodic benefit cost was \$48,735 in 2007 [2006 - \$153,885].

The discount rate used to determine the accrued benefit obligation was 5.50% [2006 - 5.00%]. The amount of the employee future benefits and related accrued benefit obligation are affected by escalation of health care costs. The assumed health care cost trend for 2007 used to measure the expected cost of benefits covered by the plan is 9%, grading linearly to 5% in 2015.

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

12. LIABILITY FOR FUTURE BENEFIT COSTS – WORKPLACE SAFETY AND INSURANCE BOARD

As at December 31, 2007, the Corporation reported a liability of \$1,751,915 [2006 - \$1,639,038] as actuarially determined for the WSIB for the valuation of the benefits liabilities, of which \$221,921 is current [2006 - \$152,870].

13. CONTINGENT LIABILITIES

In the normal course of operations, the Corporation becomes involved in various claims and legal proceedings. While the final outcome with respect of claims and legal proceedings pending at December 31, 2007 cannot be predicted with certainty, it is the opinion of management that their resolution will not have a material adverse effect on the Corporation's financial position or results of operations.

The Corporation has a surplus of \$1,333,516 between the rent revenue stabilization fund and the utility stabilization fund. In the past, this type of surplus would be repaid to the City of Ottawa [the "City"]. In 2007, the City authorized the Corporation to keep the funds as they are moving towards a "block funding" approach. This approach is still subject to council approval.

14. RELATED PARTY TRANSACTIONS

The Corporation transacts with its sole shareholder the City. The City also acts as the Service Manager for the subsidized programs. The transactions include receipt of subsidy payments from the City and payments of property taxes and water and sewage charges to the City. These transactions are all in the normal course of business for the Corporation. Total subsidies received amounted to \$68,871,670 [2006 - \$55,911,733], with a balance of \$198,215 [2006 - \$468,464] receivable as at December 31, 2007. Property taxes of \$19,285,276 [2006 - \$19,119,667] and water and sewage charges of \$8,384,415 [2006 - \$7,810,475] were expensed in 2007, with a balance of \$1,106,412 [2006 - \$1,001,898] payable as at December 31, 2007.

Public program

Funding for the program is within the annual amount approved by the shareholder, with the exception of property tax which is reconciled to actual costs. Surpluses in utility and tenant revenue budgets, as approved by the shareholder, will be contributed to a Utility Stabilization Fund and Tenant Revenue Stabilization Fund. During the year, \$37,824,241 [2006 - \$25,511,427] was recorded as subsidy revenue, of which \$14,174,915 [2006 - \$6,625,500] was allocated to fund capital maintenance expenditures.

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

15. COMPARATIVE FIGURES

Certain amounts were reclassified to conform to the presentation adopted in the current year.

SCHEDULE OF MORTGAGES, DEBENTURES AND LOANS

As at December 31

INSTITUTION

Program & Property	Maturity date	Interest rate	Principal Dec 31/2006	Mortgage ren. issue 2007	Repayments 2007 interest	Principal	Yrly payment	Principal Dec 31/2007
BANK OF MONTREAL								
Equity General								
Ron Kolbus Place	2013-12-01	5.750%	3,064,482		171,972	72,439	244,411	2,992,043
Provincial Reformed								
Hintonburg Place	2028-03-01	6.011%	6,891,904		401,805	166,651	568,456	6,725,253
Head Office	2016-05-01	4.910%	1,837,824		87,906	40,248	128,154	1,797,576
Total Bank of Montreal			11,794,210	—	661,683	279,338	941,021	11,514,872
CANADA MORTGAGE AND HOUSING CORPORATION								
Limited Dividend - Apartments								
	2015/08/01 &	5.125% &						
MacDonald Manor	2017/10/01	5.875%	733,448		39,124	57,286	96,410	676,162
Pere Charlebois	2017-10-01	5.875%	185,696		10,444	12,688	23,132	173,008
Queen Mary Court	2013-07-01	5.125%	136,876		6,527	17,970	24,497	118,906
	2017/01/01 &	5.375% &						
Donald Court	2017/10/01	6.125%	387,689		20,899	28,538	49,437	359,151
Blair House	2017-10-01	6.125%	260,109		15,251	17,536	32,787	242,573
Community Sponsored								
	2014/07/01 &							
Beausejour 1 & 2	2029/02/01	8.000%	3,811,164		285,864	81,067	366,931	3,730,097
Carson/Paul	2027-09-01	8.000%	2,238,666		170,600	34,904	205,504	2,203,762
Donald, 68	2013-05-01	8.000%	28,274		1,688	3,366	5,054	24,908
Marguerite, 965	2013-04-01	8.000%	28,034		1,690	3,408	5,098	24,626
Tweedsmuir	2028-02-01	8.000%	527,668		40,295	7,852	48,147	519,816
Riddell	2027-10-01	8.000%	186,665		14,231	2,884	17,115	183,781
Edgeworth, 460	2027-10-01	8.000%	309,421		23,590	4,779	28,369	304,642
Breezhill, 170	2013-04-01	8.000%	51,064		3,080	6,206	9,286	44,858
Flora, 331	2013-02-01	8.000%	29,353		1,748	3,696	5,444	25,657

SCHEDULE OF MORTGAGES, DEBENTURES AND LOANS

As at December 31

INSTITUTION

Program & Property	Maturity date	Interest rate	Principal Dec 31/2006	Mortgage ren. issue 2007	Repayments interest 2007	Principal	Yrly payment	Principal Dec 31/2007
Frank	2013-02-01	8.000%	127,511		7,596	16,054	23,650	111,457
McLeod, 571	2013-04-01	8.000%	25,736		1,552	3,129	4,681	22,607
Spruce, 51	2013-05-01	8.000%	21,873		1,306	2,604	3,910	19,269
Kilborn, 1670	2013-02-01	8.000%	452,425		26,952	56,966	83,918	395,459
Ashgrove	2029-02-01	8.000%	3,645,953		280,423	51,955	332,378	3,593,998
Municipal Non-Profit								
Beausejour 4	2011-06-01	6.330%	222,173		13,574	10,826	24,400	211,347
Haley Court	2011-06-01	6.330%	656,961		40,216	29,268	69,484	627,693
Bruyère & Bélanger Manor	2013-12-01	5.140%	2,176,888		107,495	138,991	246,486	2,037,897
Bathgate Court	2011-06-01	6.330%	1,910,562		115,977	119,664	235,641	1,790,898
Cairine Court	2016-04-01	4.480%	2,050,959		88,430	128,902	217,332	1,922,057
Dubau Court	2016-04-01	4.480%	883,511		38,094	55,528	93,622	827,983
Spadina Place	2015-10-01	4.170%	842,040		33,900	48,354	82,254	793,686
Eva Taylor	2013-12-01	5.140%	1,842,732		90,968	118,771	209,739	1,723,961
Loretta/Young	2017-06-01	4.720%	1,064,732		46,123	81,224	127,347	983,508
Lebreton 1	2012-06-01	4.550%	1,055,885		38,801	110,757	149,558	945,128
Christie Place	2011-06-01	6.330%	2,690,580		164,765	117,784	282,549	2,572,796
Lebreton 3	2017-08-01	4.720%	957,575		41,511	71,619	113,130	885,956
Nepean, Place	2015-10-01	4.170%	2,873,763		115,772	161,078	276,850	2,712,685
Woodland Place	2011-06-01	6.330%	3,045,072		186,473	133,302	319,775	2,911,770
Cahill Place	2016-02-01	4.320%	3,824,230		159,696	207,194	366,890	3,617,036
Tapiola Court	2009-09-01	4.330%	3,875,674		161,717	235,485	397,202	3,640,189
Shearwater Court	2017-06-01	4.720%	1,967,438		85,227	150,088	235,315	1,817,350

SCHEDULE OF MORTGAGES, DEBENTURES AND LOANS

As at December 31

INSTITUTION

Program & Property	Maturity date	Interest rate	Principal Dec 31/2006	Mortgage ren. issue 2007	Repayments 2007 interest	Principal	Yrly payment	Principal Dec 31/2007
Provincial Reformed								
Strathcona: Wiggins, 301-427	2016-02-01	4.320%	3,870,109	—	163,051	135,842	298,893	3,734,267
Strathcona: Renovations 1	2008-06-01	4.460%	1,507,220	—	65,729	43,494	109,223	1,463,726
Strathcona: Goulburn, 300	2016-04-01	4.480%	4,173,260	—	182,976	111,859	294,835	4,061,401
Strathcona: Sentier	2012-12-01	5.340%	3,435,708	—	179,248	91,851	271,099	3,343,857
Strathcona: Nancy Smith	2013-12-01	5.140%	1,703,801	—	85,632	44,010	129,642	1,659,791
Strathcona: Renovations 2	2008-03-01	4.580%	240,097	—	10,751	6,873	17,624	233,224
Gilmour	2008-06-01	4.460%	4,026,789	—	175,606	116,202	291,808	3,910,587
May Nickson Place	2008-06-01	4.460%	5,952,129	—	259,569	171,762	431,331	5,780,367
Orchard Grove	2013-12-01	5.140%	2,110,174	—	106,064	54,163	160,227	2,056,011
Cameron Court	2011-06-01	6.330%	3,941,946	—	242,288	141,081	383,369	3,800,865
Fairlea Court	2012-03-01	4.310%	4,354,919	—	197,746	200,085	397,831	4,154,834
Lavigne Court	2009-09-01	4.330%	3,662,867	—	154,398	142,684	297,082	3,520,183
Revell Court	2013-12-01	5.140%	2,822,518	—	141,063	107,289	248,352	2,715,229
Esson Place	2011-06-01	6.330%	3,727,244	—	229,092	133,397	362,489	3,593,847
Total CMHC			90,657,181	—	4,674,812	3,832,315	8,507,127	86,824,866

NATIONAL LIFE

Equity General								
Cumberland 312	2011-04-01	4.448%	3,412,371	—	148,101	114,456	262,557	3,297,915
Total National Life			3,412,371	—	148,101	114,456	262,557	3,297,915

CO-OPERATORS

Equity General								
Cumberland 312	2011-04-01	4.448%	2,005,778	—	87,044	67,709	154,753	1,938,069
Total Co-operators			2,005,778	—	87,044	67,709	154,753	1,938,069

SCHEDULE OF MORTGAGES, DEBENTURES AND LOANS

As at December 31

INSTITUTION

Program & Property	Maturity date	Interest rate	Principal Dec 31/2006	Mortgage ren. issue 2007	Repayments 2007 interest	Principal	Yrly payment	Principal Dec 31/2007
FIRST NATIONAL								
Provincial Reformed								
St. Peter's Court	2007-09-01	11.250%	3,241,128	(3,144,579)	266,678	96,549	363,227	—
Blohm Court	2007-07-01	11.250%	3,303,628	(3,197,530)	210,904	106,098	317,002	—
Lebreton, 55-65	2007-03-01	11.250%	1,016,890	(1,009,711)	27,887	7,179	35,066	—
Total First National			7,561,646	(7,351,820)	505,469	209,826	715,295	—
SCOTIA MORTGAGE								
Equity General								
King Edward, 303	2017-01-01	5.990%	321,887		20,027	21,741	41,768	300,146
Municipal Non-Profit								
Mackay, 375	2016-08-01	5.033%	115,542		5,539	9,545	15,084	105,997
Woodland Place	2008-09-01	4.479%	1,977,276		85,772	97,888	183,660	1,879,388
Provincial Reformed								
Rockingham, 1126	2012-07-01	5.844%	3,293,218		187,913	85,927	273,840	3,207,291
Hasenack Place	2012-07-01	5.844%	3,474,330		198,247	90,653	288,900	3,383,677
Allard Place	2012-12-01	5.418%	4,026,301		213,129	106,659	319,788	3,919,642
St. Laurent Place	2016-08-01	5.033%	8,578,965		421,394	261,958	683,352	8,317,007
Marion Dewar Place	2024-05-01	5.830%	9,089,876		519,151	170,871	690,022	8,919,005
Cumberland/George	2017-01-01	4.366%	3,428,674		147,296	138,068	285,364	3,290,606
Hunt Club Park	2007-11-01	4.920%	5,825,856	(5,675,366)	257,038	150,490	407,528	—
Winthrop Court	2008-09-01	4.479%	3,443,901		149,931	143,818	293,749	3,300,083
Bronson Terrace	2016-05-01	4.894%	1,289,458		61,452	46,356	107,808	1,243,102
Mayview, 1433	2016-05-01	4.894%	2,250,797		107,266	80,918	188,184	2,169,879
Lexington	2016-05-01	4.894%	3,448,384		164,340	123,960	288,300	3,324,424
St. Peter's Court	2017-09-01	4.946%		3,144,579	38,339	35,749	74,088	3,108,830

SCHEDULE OF MORTGAGES, DEBENTURES AND LOANS

As at December 31

INSTITUTION

Program & Property	Maturity date	Interest rate	Principal Dec 31/2006	Mortgage ren. issue 2007	Repayments 2007 interest	Principal	Yrly payment	Principal Dec 31/2007
Lebreton, 55-65	2012-03-01	4.368%		1,009,711	32,254	36,470	68,724	973,241
Karsh Court	2017-06-01	4.713%		3,336,965	77,122	77,762	154,884	3,259,203
McCartin Place	2017-06-01	4.713%		4,370,969	101,357	66,937	168,294	4,304,032
Total Scotia Mortgage			50,564,465	6,186,858	2,787,567	1,745,770	4,533,337	55,005,553
TORONTO-DOMINION BANK								
Equity General								
380 Somerset St	2015-12-01	4.800%	3,425,208		161,089	78,425	239,514	3,346,783
Arlington	2008-12-01	4.660%	1,427,973		65,099	38,360	103,459	1,389,613
Provincial Reformed								
Silver Heights	2014-11-01	5.035%	4,104,418		201,217	145,616	346,833	3,958,802
Strathcona: Wiggins, 300	2011-03-01	6.123%	2,591,703		154,668	73,942	228,610	2,517,761
Strathcona: Wiggins 310, 320 & 430	2017-03-01	4.547%	10,984,040		504,155	334,682	838,837	10,649,358
Karsh Court	2007-06-01	5.543%	3,408,025	(3,336,965)	92,320	71,060	163,380	—
McCartin Place	2007-06-01	5.543%	4,430,682	(4,370,969)	120,392	59,713	180,105	—
Lady Stanley Place	2023-08-01	6.005%	5,377,472		313,689	194,987	508,676	5,182,485
Brian Bourns, Place	2009-08-01	6.014%	2,004,680		117,631	53,499	171,130	1,951,181
McAuley Place	2024-06-01	6.100%	10,781,322		642,471	254,617	897,088	10,526,705
Strathcona: Wiggins, 206-296	2009-08-01	6.014%	3,456,763		203,302	75,032	278,334	3,381,731
Scotthill	2024-12-01	6.752%	8,787,817		579,056	201,944	781,000	8,585,873
Vachon Place	2023-11-01	5.967%	4,024,355		234,497	100,745	335,242	3,923,610
Total Toronto-Dominion Bank			64,804,458	(7,707,934)	3,389,586	1,682,622	5,072,208	55,413,902

SCHEDULE OF MORTGAGES, DEBENTURES AND LOANS

As at December 31

INSTITUTION

Program & Property	Maturity date	Interest rate	Principal Dec 31/2006	Mortgage ren. issue 2007	Repayments 2007 interest	Principal	Yrly payment	Principal Dec 31/2007
GREAT WEST LIFE								
Provincial Reformed								
Thorncliffe Court	2015-08-01	4.360%	4,591,138		195,615	140,673	336,288	4,450,465
Total Great West Life			4,591,138	—	195,615	140,673	336,288	4,450,465
Royal Bank								
Municipal Non-Profit								
Beausejour 3	2016-06-01	4.821%	226,834		10,408	19,337	29,745	207,497
Lebreton 2	2016-06-01	4.821%	762,654		34,994	65,015	100,010	697,639
Blohm Court	2012-07-01	5.072%		3,197,530	65,735	60,855	126,590	3,136,675
2-50 Jessica	2017-11-01	4.963%		5,675,366	23,233	13,948	37,181	5,661,418
Total Royal Bank			989,488	8,872,896	134,370	159,155	293,526	9,703,229
GRAND TOTAL ALL MORTGAGES			236,380,735	—	12,584,247	8,231,864	20,816,112	228,148,871

SCHEDULE OF MORTGAGES, DEBENTURES AND LOANS

As at December 31

Forgivable Loan	Interest rate	Maturity date	Forgivable loan	Principal		Forgivable portion 2007	Principal Dec 31/07
				Dec 31/06	Dec 31/07		
Sites							
504 Albert	7.500%	2009-01-01	58,381	12,960	6,479	6,481	
494 Albert	7.500%	2008-01-01	36,755	4,584	4,584	—	
48 Bruyere	7.500%	2008-01-01	20,257	2,532	2,532	—	
506 Bronson	7.500%	2007-12-01	8,848	1,012	1,012	—	
495-497 Cumberland	7.500%	2008-04-01	43,465	6,780	5,424	1,356	
17 Willow	8.250%	2008-10-01	36,000	12,600	7,200	5,400	
17 Willow	8.250%	2018-10-01	504,000	394,800	33,600	361,200	
Total RRAP Loans			707,706	435,268	60,831	374,437	

SCHEDULE OF MORTGAGES, DEBENTURES AND LOANS

As at December 31

	Interest rate	Maturity date	Repayable loan	Principal		Repayments 2007		Principal Dec 31/2007
				Dec 31/06	Matured 2006	Principal	Interest	
Debentures Payable – Public Program								
Various Projects	various	2001-01-14 to 26	—	88,975,948	—	4,358,040	6,076,737	84,617,908
Total Debentures – Public Program			—	88,975,948	—	4,358,040	6,076,737	84,617,908

SCHEDULE OF MORTGAGES, DEBENTURES AND LOANS

As at December 31

SCHEDULE OF FORGIVABLE LOAN CANADA-ONTARIO AFFORDABLE HOUSING PROGRAM

Forgivable Loan	Interest rate	Maturity date	Forgivable loan	Forgivable portion	
				Principal Dec 31/06	2007 Principal Dec 31/2007
Sites 380 Somerset Street	---	2025-12-01	1,740,000	1,740,000	---
Total Forgivable Loans			1,740,000	1,740,000	---

ACCOUNTANTS' REPORT

Our audit of the financial statements of **Ottawa Community Housing Corporation** for the year ended December 31, 2007 was made for the purpose of forming an opinion on the financial statements referred to in our Auditors' Report to the Board of Directors and the Shareholder dated March 14, 2008.

The following Schedule of Program Summaries comprising Schedule B, is provided for purposes of additional analysis and is not a required part of the financial statements. This information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion on the fair presentation of the information referred to above.

PROGRAM SUMMARIES

[unaudited - see Accountants' Report]

As at December 31

	2007 Budget	2007 Actual	Federal	Equity	Municipal Non-profit	Provincial Reformed	Public
OPERATING COSTS							
Maintenance salaries, wages and benefits	8,902,200	9,167,291	600,065	819,581	546,457	1,605,023	5,596,165
Maintenance material and services	14,838,100	14,793,905	1,126,903	1,590,667	1,156,821	3,279,887	7,639,627
Administration	11,011,900	10,492,403	730,956	1,015,855	775,036	1,907,937	6,062,619
Safer Communities	1,964,300	2,046,539	141,319	197,154	145,282	374,215	1,188,569
Insurance	1,246,400	1,165,644	78,627	127,314	80,635	207,845	671,223
Bad debts	641,400	782,529	55,199	106,079	68,977	104,816	447,458
Total manageable costs	38,604,300	38,448,311	2,733,069	3,856,650	2,773,208	7,479,723	21,605,661
Utilities							
Electricity	7,427,100	6,739,148	489,892	351,172	110,613	768,027	5,019,444
Fuel	7,153,000	6,734,554	275,743	262,410	158,427	563,390	5,474,584
Water and sewage	8,356,700	8,384,415	599,701	848,798	579,378	1,499,517	4,857,021
Total	22,936,800	21,858,117	1,365,336	1,462,380	848,418	2,830,934	15,351,049
Total operating costs	61,541,100	60,306,428	4,098,405	5,319,030	3,621,626	10,310,657	36,956,710
FIXED COSTS							
Municipal taxes	19,108,600	19,285,276	1,248,515	2,011,750	1,487,525	3,822,349	10,715,137
Interest & mortgages	12,717,700	12,399,417	950,012	672,290	1,658,714	9,118,401	6,076,737
Interest and debentures	6,077,100	6,076,737	—	—	—	—	—
Principal and mortgages	8,530,800	8,464,804	412,888	666,317	2,110,621	5,274,978	4,358,040
Principal and debentures	4,357,900	4,358,040	—	—	—	—	—
Capital reserve contribution	11,716,100	17,715,824	692,900	627,224	607,000	1,641,600	14,147,100
Capital reserve contribution - safer communities	—	40,000	2,366	2,142	2,072	5,605	27,815
Reserve contribution to USF & RRSF	1,387,600	1,333,516	—	—	—	—	1,333,516
Transfer to capital reserve fund	1,620,661	1,620,661	—	—	—	—	—
Total shelter expenses	125,436,900	131,600,703	9,025,747	9,298,753	9,487,558	30,173,590	73,615,055
Less: Recoveries	(448,100)	(410,524)	—	(410,524)	—	—	—
Total expenses	124,988,800	131,190,179	9,025,747	8,888,229	9,487,558	30,173,590	73,615,055
REVENUE							
Rents	(60,768,600)	(61,323,297)	(4,160,680)	(8,610,391)	(5,427,817)	(8,789,189)	(34,335,220)
Subsidies	—	—	—	—	—	—	—
Service Manager and CMHC	(1,051,600)	(1,047,606)	—	—	(1,047,606)	—	—
Service Manager	(60,791,600)	(65,715,664)	(4,635,121)	(1,376,628)	(2,683,431)	(20,425,370)	(36,595,114)
Service Manager - Safer Communities	—	(2,108,400)	(145,191)	(201,384)	(148,899)	(383,799)	(1,229,127)
Other revenue	(2,377,000)	(2,334,634)	(84,755)	(305,049)	(39,617)	(449,619)	(1,455,594)
Total revenue	(124,988,800)	(132,529,601)	(9,025,747)	(10,493,452)	(9,347,370)	(30,047,977)	(73,615,055)
Grand total (surplus)/deficit	—	(1,339,422)	—	(1,605,223)	140,188	125,613	—

PROGRAM SUMMARIES

[unaudited – see Accountants' Report]

As at December 31

	Actual	Federal	Equity	Municipal	Provincial	Public
	\$	\$	\$	Non-profit	Non-profit	\$
CAPITAL RESERVES						
Beginning balance	(27,057,414)	(1,456,850)	(1,444,890)	(4,991,769)	(18,108,088)	(1,055,817)
Adjustment on adopting new accounting standards	(2,084,456)	(155,433)	(68,112)	(384,557)	(1,395,015)	(81,339)
Beginning balance, as restated	(29,141,870)	(1,612,283)	(1,513,002)	(5,376,326)	(19,503,103)	(1,137,156)
Contributions from operations	(17,755,828)	(695,266)	(629,366)	(609,072)	(1,647,209)	(14,174,915)
Interfund transfer	(2,902,980)	(1,620,661)	(1,282,319)	—	—	—
Total expenses	21,597,573	2,980,812	1,730,267	3,313,934	4,485,772	9,086,788
Interest income and realized (gains) losses	(1,591,238)	(50,945)	(22,128)	(147,109)	(982,238)	(388,818)
Unrealized (gains) losses from investments	2,066,241	66,152	28,733	191,023	1,275,448	504,885
Revised year end balance	(27,728,102)	(932,191)	(1,687,815)	(2,627,550)	(16,371,330)	(6,109,216)