

SWANSEA TOWN HALL RESIDENCES

FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2007

AUDITORS' REPORT

To the Directors of
Swansea Town Hall Residences
and The City of Toronto

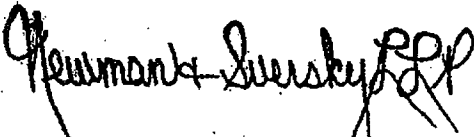
We have audited the statement of financial position of Swansea Town Hall Residences as at September 30, 2007 and the statements of operating fund, replacement reserve fund and cash flows for the year then ended. These financial statements have been prepared to comply with the provisions for non-profit housing as required by the City of Toronto - Social Housing Unit. 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 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 September 30, 2007 and the results of its operations for the year then ended in accordance with the accounting policies as disclosed in Note 1 to the financial statements.

These financial statements, which have not been, nor were intended to be prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Directors of Swansea Town Hall Residences, to comply with the provisions for non-profit housing as required by the City of Toronto. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

Toronto, Canada
November 26, 2007


CHARTERED ACCOUNTANTS
Licensed Public Accountants

SWANSEA TOWN HALL RESIDENCES

(An Ontario Corporation Without Share Capital)

STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2007

	2007	2006
ASSETS		
CURRENT		
Cash	\$ 324,129	\$ 224,269
Prepaid expenses and sundry	15,437	10,689
City of Toronto - Social Housing Unit receivable	44,221	42,623
Ministry of Municipal Affairs and Housing - Escrow Fund	-	89,810
	383,787	367,391
RESTRICTED CASH AND DEPOSITS		
Replacement reserve fund (Note 3)	512,189	456,086
PROPERTY, PLANT AND EQUIPMENT		
Land and building	7,472,757	7,472,757
Less: Accumulated amortization	1,334,151	1,188,048
	6,138,606	6,284,709
	\$ 7,034,582	\$ 7,108,186
LIABILITIES		
CURRENT		
Accounts payable	\$ 22,064	\$ 21,580
Last month rent deposits	40,520	40,186
Due to City of Toronto - Social Housing Unit	30,961	15,812
Accrued mortgage payment	43,963	43,963
	137,508	121,541
MORTGAGE PAYABLE (Note 4)	6,230,681	6,376,785
	\$ 6,368,189	\$ 6,498,326
NET ASSETS	\$ 666,393	\$ 609,860
NET ASSETS REPRESENTED BY:		
Operating fund (Page 3)	\$ 154,204	\$ 153,774
Replacement reserve fund (Page 4)	512,189	456,086
	\$ 666,393	\$ 609,860

See accompanying notes to the financial statements

APPROVED ON BEHALF OF THE BOARD:

DIRECTOR

DIRECTOR

SWANSEA TOWN HALL RESIDENCES

(An Ontario Corporation Without Share Capital)

STATEMENT OF OPERATING FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2007

	2007 Actual	2007 Budget (Note 6) (Unaudited)	2006 Actual
REVENUE			
Rent			
Subsidized	\$ 201,146	\$ 200,000	\$ 190,697
Market	303,535	294,000	296,442
City of Toronto subsidy	530,661	530,661	511,485
Laundry income	6,257	6,375	6,434
Parking income	4,750	5,400	4,536
Interest and other income	7,759	6,600	7,106
Total revenue	1,054,108	1,043,036	1,016,700
EXPENSES			
Maintenance wages and benefits	57,980	55,000	59,251
Maintenance, material and services (Page 7)	73,146	72,500	62,926
Hydro	63,009	65,000	53,880
Gas	88,872	90,000	94,476
Water	15,881	16,513	15,034
Insurance	9,837	9,000	9,474
General and office	8,061	5,952	8,967
Management fees	27,909	28,044	28,011
Professional fees	4,870	7,500	3,798
Telephone	2,256	2,500	2,236
	351,821	352,009	338,053
Mortgage interest	381,456	381,556	390,005
Amortization	146,103	146,000	137,554
Replacement reserve	38,471	38,471	37,112
Municipal taxes	104,866	125,000	115,691
	670,896	691,027	680,362
Total expenses	1,022,717	1,043,036	1,018,415
SURPLUS (DEFICIT) BEFORE AMOUNT REPAYABLE	31,391	-	(1,715)
Estimated amount repayable to City of Toronto - Social Housing Unit	30,961		15,812
SURPLUS (DEFICIT)	430		(17,527)
BALANCE - Beginning of year	153,774		171,301
BALANCE - End of year	\$ 154,204		\$ 153,774

SWANSEA TOWN HALL RESIDENCES

(An Ontario Corporation Without Share Capital)
STATEMENT OF REPLACEMENT RESERVE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	2007	2006
REVENUE		
Capital gains on marketable securities	\$ 10,278	\$ 10,112
Current year's funding	38,471	37,112
Interest	42,371	5,078
Unrealized gains on marketable securities	46,324	16,796
	<u>137,444</u>	<u>69,098</u>
EXPENSES		
Air ducts and motor unit	4,439	13,069
Appliances	2,047	2,765
Carpet and flooring	25,515	-
Consultant and cleaning equipment	155	2,253
Painting	21,125	-
Paving and road work	3,914	-
Phantom screens	4,975	4,062
Plumbing and heating	1,868	2,826
Security	3,835	3,853
Toilets and shower heads	13,468	-
	<u>81,341</u>	<u>28,828</u>
SURPLUS	56,103	40,270
BALANCE - Beginning of year	456,086	415,816
BALANCE - End of year	<u>\$ 512,189</u>	<u>\$ 456,086</u>

SWANSEA TOWN HALL RESIDENCES

(An Ontario Corporation Without Share Capital)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2007

	2007	2006
OPERATING ACTIVITIES		
Surplus (deficit) for the year - operating fund	\$ 430	\$(17,527)
Adjustment for:		
Amortization	146,103	137,554
	146,533	120,027
Changes in non-cash working capital:		
Prepaid expenses and sundry	(4,748)	3,956
City of Toronto - Social Housing Unit receivable	(1,598)	767
Ministry of Municipal affairs and Housing - Escrow Fund	89,810	-
Accounts payable	483	2,058
Last month rent deposit	334	2,447
Cash provided by operating activities	230,814	129,255
FINANCING ACTIVITIES		
Due to City of Toronto - Social Housing Unit	15,149	549
Mortgage payable	(146,103)	(137,553)
Surplus for the year - replacement reserve fund	56,103	40,270
Cash used in financing activities	(74,851)	(96,734)
NET INCREASE (DECREASE) IN CASH	155,963	32,521
CASH - Beginning of year	680,355	647,834
CASH - End of year	\$ 836,318	\$ 680,355
CASH IS REPRESENTED BY:		
Cash	\$ 324,129	\$ 224,269
Replacement reserve fund	512,189	456,086
	\$ 836,318	\$ 680,355

SWANSEA TOWN HALL RESIDENCES

(An Ontario Corporation Without Share Capital)

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

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1. DESCRIPTION OF BUSINESS

The primary operation of the entity is to provide affordable housing for senior citizens in the Toronto area on a non-profit basis.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared to meet the requirements of the City of Toronto - Social Housing Unit. This basis of accounting differs materially from Canadian generally accepted accounting principles.

a) Property, plant and equipment

The property, plant and equipment are recorded at cost.

Amortization taken on property, plant and equipment equals the annual principal reduction on the mortgage payable to the Toronto-Dominion Bank.

In November 1991, the corporation entered into a lease with the City of Toronto to lease for a forty-nine year period, the land which the residences are located. The cost of the land lease is included in the cost of the land and building.

b) Revenue and expenses

Revenue and expenses are recorded according to the accrual basis of accounting.

c) Revenue recognition

Rental income is recorded at the beginning of each month.

d) Replacement reserve fund

The replacement reserve fund include a cash balance as well as investment in marketable securities. The City of Toronto - Social Housing Unit requires a set amount to be paid out of the operating fund annually to cover replacement or repairs to property, plant and equipment. The amount will be charged to the Statement of Operations each year. Property, plant and equipment purchased from the replacement reserve are charged against this account rather than being capitalized on the balance sheet and amortized over their estimated useful lives.

SWANSEA TOWN HALL RESIDENCES

(An Ontario Corporation Without Share Capital)

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at that date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

f) Income taxes

The corporation is exempt from filing income tax returns under the Income Tax Act.

3. REPLACEMENT RESERVE FUND

The replacement reserve fund is fully invested with Philips Hager & North as required by the Social Housing Reform Act.

4. MORTGAGE PAYABLE

The mortgage on land and buildings bears interest at 6.122%, is being amortized over 30 years and is payable in blended monthly instalments of \$43,963 and is due June 1, 2028.

5. UNAUDITED BUDGETED FIGURES

The budgeted figures for the year ending September 30, 2007 have been prepared by management. We have not audited or reviewed these figures and accordingly they are excluded from the opinion expressed in our Auditors' Report dated November 26, 2007.

6. FINANCIAL INSTRUMENTS

Fair value

The company's carrying value of cash and cash equivalents and accounts payable approximates its fair value due to the immediate or short-term maturity of these instruments.

The carrying value of the long-term debt approximates the fair value as the interest rates are consistent with the current rates offered to the company for debt with similar terms.

7. COMPARATIVE FIGURES

Certain figures in the 2006 financial statements have been restated to conform with the basis of presentation used in 2007.

SWANSEA TOWN HALL RESIDENCES
 (An Ontario Corporation Without Share Capital)
SCHEDULE OF MAINTENANCE, MATERIAL AND SERVICES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	2007 Actual	2007 Budget (Note 6) (Unaudited)	2006 Actual
Building general	\$ 19,881	\$ 21,000	\$ 15,089
Elevators	14,593	13,000	13,820
Electrical	885	500	3,748
Grounds	15,522	9,000	9,247
Heating and plumbing	13,376	16,000	14,699
Painting	2,869	4,000	3,362
Security	6,020	4,000	2,041
Other	-	5,000	920
	\$ 73,146	\$ 72,500	\$ 62,926