



Yukon Housing Corporation
Management's Responsibility for Financial Reporting

The financial statements contained in this annual report have been prepared by management in accordance with Canadian generally accepted accounting principles for the public sector. The integrity and objectivity of the data in these financial statements are management's responsibility.

In support of its responsibility, management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled and that transactions are in accordance with the *Financial Administration Act* as well as the *Housing Corporation Act* and the by-laws of the Corporation.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibility through the Financial and Risk Management Committee, which meets on a periodic basis with management and the independent external auditor to review the manner in which these groups are performing their responsibilities, and to discuss auditing, internal controls, and other relevant financial matters. The Financial and Risk Management Committee reviews the audited financial statements with the external auditor before making recommendations to the Board of Directors for their approval.

The Corporation's external auditor, the Auditor General of Canada, is responsible for auditing the financial statements and issuing a report which is included with the financial statements. The Auditor General of Canada provides her report to the Minister responsible for the Yukon Housing Corporation.

A handwritten signature in blue ink, appearing to read "Ron MacMillan".

Ron MacMillan
President

A handwritten signature in blue ink, appearing to read "F. Mark Davey".

F. Mark Davey, CA
Director, Finance, Systems and Administration

March 5, 2010



AUDITOR'S REPORT

To the Minister responsible for the Yukon Housing Corporation

I have audited the statement of financial position of the Yukon Housing Corporation as at March 31, 2008 and the statements of operations and accumulated surplus, change in net debt and cash flow 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, 2008 and the results of its operations, the change in its net debt and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Housing Corporation Act*, I report that, in my opinion, these principles have been applied, after giving retroactive effect to the change in accounting policies as explained in Note 2 to the financial statements, on a basis consistent with that of the preceding year.

Under sections 23(1) and 23(2) of the *Housing Corporation Act*, the Corporation is required to prepare an annual report after the end of its financial year so the Minister can table a copy of the report at the next ensuing session of the Legislative Assembly. The Corporation did not meet this deadline.

Further, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* and regulations, the *Housing Corporation Act* and the by-laws of the Corporation, with the exception that the Corporation did not meet its statutory deadline for preparing its annual report for tabling in the Legislative Assembly as described in the above paragraph.

Andrew Lennox, CGA, CMA
Assistant Auditor General
for the Auditor General of Canada

Vancouver, Canada
March 5, 2010



Yukon Housing Corporation
Statement of Financial Position
as at March 31, 2008

	2008	2007
		(Restated - Notes 2 & 3) (thousands of dollars)
Financial assets		
Cash and cash equivalents (Note 5)	\$ 3,100	\$ 3,539
Due from Canada Mortgage and Housing Corporation	549	415
Accounts receivable - other	1,086	527
Housing held for sale	90	85
Loans receivable (Note 6)	41,872	38,013
	<u>46,697</u>	<u>42,579</u>
Liabilities		
Accounts payable and accrued liabilities	1,932	1,400
Due to Government of Yukon	1,072	280
Deferred revenues	937	1,020
Deferred revenue - Seniors' Housing Management Fund (Note 7)	3,059	2,530
Long-term debt (Note 8)	43,316	42,401
Post-employment benefits (Note 9)	716	633
Advances - Government of Yukon (Notes 4(b) and 11)	10,123	10,021
	<u>61,155</u>	<u>58,285</u>
Net debt	<u>(14,458)</u>	<u>(15,706)</u>
Non-financial assets		
Tangible capital assets (Note 12)	24,824	24,395
Less deferred capital contributions (Note 13)	(10,499)	(8,689)
Prepaid expenses	133	-
	<u>14,458</u>	<u>15,706</u>
Accumulated surplus	<u>\$ -</u>	<u>\$ -</u>

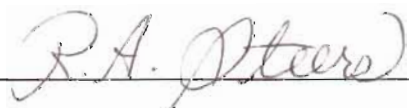
Contractual obligations and contingencies (Note 17)

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

Approved by the Board of Directors



Director



Director



Yukon Housing Corporation
Statement of Operations and Accumulated Surplus
for the year ended March 31, 2008

	2008		2007
	Main Estimates (Note 1(c))	Actual	Actual (Restated - Notes 2 & 3)
	(thousands of dollars)		
Revenues			
Funding from Canada Mortgage and Housing Corporation	\$ 4,298	\$ 4,656	\$ 5,321
Rental income	3,349	3,892	3,532
Interest income	2,273	2,277	1,956
Recovery for Flood Relief program	-	412	-
Recovery of subsidy expense	-	284	-
Other	20	41	52
	<u>9,940</u>	<u>11,562</u>	<u>10,861</u>
Expenses (Note 14)			
Program costs (Schedule A)	10,680	11,223	9,868
Interest on long-term debt	1,869	1,581	1,663
Corporate shared services costs (Note 16(a))	1,617	1,554	1,543
Administration (Schedule A)	1,156	1,136	1,026
Grants to flood victims	-	469	-
Affordable Housing contribution costs	-	-	875
	<u>15,322</u>	<u>15,963</u>	<u>14,975</u>
Deficit for the year before government funding	<u>\$ (5,382)</u>	<u>(4,401)</u>	<u>(4,114)</u>
Government of Yukon funding (Note 4(b))			
Operating grant		3,117	3,227
Amortization of deferred capital contributions		782	726
Rental assistance - in kind (Note 16(b))		502	161
		<u>4,401</u>	<u>4,114</u>
Surplus for the year		-	-
Accumulated surplus at beginning of year		-	-
Accumulated surplus at end of year		<u>\$ -</u>	<u>\$ -</u>

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



Yukon Housing Corporation
Statement of Change in Net Debt
for the year ended March 31, 2008

	2008		2007
	Main Estimates (Note 1(c))	Actual	Actual (Restated - Notes 2 & 3)
	(thousands of dollars)		
Surplus for the year	\$ -	\$ -	\$ -
Effect of change in tangible capital assets			
Acquisitions	(3,701)	(2,529)	(930)
Capital contributions received and deferred	3,701	2,592	857
Amortization of tangible capital assets	2,874	2,016	2,428
Amortization of deferred capital contributions	-	(782)	(726)
Loss (gain) on disposal of tangible capital assets	-	35	(80)
Proceeds on disposal of tangible capital assets	-	49	99
Write-down of tangible capital assets	-	-	9
	<u>2,874</u>	<u>1,381</u>	<u>1,657</u>
Effect of change in other non-financial assets			
Increase in prepaid expenses	-	(133)	-
	<u>-</u>	<u>(133)</u>	<u>-</u>
Decrease in net debt	<u><u>\$ 2,874</u></u>	<u>1,248</u>	<u>1,657</u>
Net debt at beginning of year		<u>(15,706)</u>	<u>(17,363)</u>
Net debt at end of year		<u><u>\$ (14,458)</u></u>	<u><u>\$ (15,706)</u></u>

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



Yukon Housing Corporation
Statement of Cash Flow
for the year ended March 31, 2008

	2008	2007
	(Restated - Notes 2 & 3)	
	(thousands of dollars)	
Operating transactions		
Surplus for the year	\$ -	\$ -
Adjustments for non-cash items		
Building services - in kind	502	161
Increase in post-employment benefits	83	69
Amortization of tangible capital assets	2,016	2,428
Mortgages receivable valuation expenses	(209)	98
Loss (gain) on disposal and write-down of tangible capital assets	35	(71)
Non-cash portion of government funding	(3,300)	(3,315)
	(873)	(630)
Changes in non-cash components of working capital	415	(336)
Cash used for operating transactions	(458)	(966)
Capital transactions		
Acquisition of tangible capital assets	(2,529)	(930)
Funding received for the acquisition of tangible capital assets	2,592	857
Proceeds on sale of tangible capital assets	49	99
Cash provided by capital transactions	112	26
Investing transactions		
Proceeds on sale of housing held for sale	188	51
Additions to mortgages and agreement receivable	(8,911)	(8,553)
Repayments of mortgages and agreements receivable	15,270	15,122
Funding received for Seniors' Housing Management Fund	529	480
Cash provided by investing transactions	7,076	7,100
Financing transactions		
Repayment of long-term debt	(9,286)	(9,774)
Advances from the Government of Yukon	2,117	214
Cash used for financing transactions	(7,169)	(9,560)
Decrease in cash and cash equivalents	(439)	(3,400)
Cash and cash equivalents at beginning of year	3,539	6,939
Cash and cash equivalents at end of year (Note 5)	\$ 3,100	\$ 3,539
Supplemental disclosure of Cash Flow information		
Interest paid	\$ 1,596	\$ 1,686
Interest received	2,075	1,951

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



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2008

1. Authority and operations

(a) Authority

Yukon Housing Corporation (the Corporation) was established in 1972 by the *Housing Corporation Act* of the Yukon to undertake and assist in the provision, development, maintenance and management of housing. Disbursements for operations and loans are authorized by the Yukon Legislative Assembly through the *Appropriation Acts*. The Corporation is subject to the *Financial Administration Act* of the Yukon.

(b) Mission

The mission of the Corporation is to improve the quality of housing in the Yukon and help Yukoners resolve their housing needs.

In carrying out its mission, the Corporation provides low rental housing at below market rents. Rental income received from housing tenants is less than the associated costs of supplying these rental units. The Corporation also provides loans for the purpose of housing. The Corporation is dependent on the Government of Yukon for funding its operations.

Pursuant to Order-in-Council 1982/343, the Whitehorse Housing Authority (the Authority) was created and designated as an agent of the Corporation. The Authority operates, manages and administers social housing units in the City of Whitehorse on behalf of the Corporation.

Pursuant to Section 45(2) of the *Housing Corporation Act*, the Corporation has established Housing Advisory Boards in the communities of Carcross, Carmacks, Dawson City, Faro, Haines Junction, Mayo, Ross River, Teslin and Watson Lake. Local Housing Advisory Boards are established for the purpose of involving local community members in the decision making process regarding housing in their community. They provide advisory, regulatory and adjudicative services to the Corporation.

(c) Main estimates

The Main Estimates comparative figures are from the Main Estimates approved in the Legislative Assembly in 2007. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Legislative Assembly.

2. Change in accounting policies

Effective 2007-08, the Corporation changed the basis of accounting used to prepare its financial statements. The Corporation which is classified as an "other government organization" under the Public Sector Accounting Handbook has chosen to adopt generally accepted accounting principles (GAAP) for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants to prepare its financial statements. Previously, the Corporation had been using GAAP for the private sector to prepare its financial statements. The change in the basis of accounting has been applied retrospectively with restatement of prior period amounts.

The significant accounting policy changes that have resulted from the adoption of public sector accounting standards are as follows:

- (a) Until 2006-07, the Corporation netted a certain portion of the annual funding received from the Canada Mortgage and Housing Corporation (CMHC) to the cost of acquired tangible capital assets and did not record the funding as revenue. With the adoption of public sector accounting standards, netting is no longer permitted. The effect of this change in accounting policy on the statement of financial position is to increase the 2007-08 opening tangible capital assets and deferred capital contributions by \$1,774,000. The effect of this change in accounting policy on the statement of operations is to increase revenues and decrease operating grants by \$250,000 for 2006-07 and \$192,000 for 2007-08 and to increase amortization expense and amortization of deferred capital contributions by \$203,000 for 2006-07 and \$216,000 for 2007-08. There was no impact on the surplus for the year or the opening accumulated surplus.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2008

- (b) Until 2006-07, the Corporation reported the assets set aside for the Seniors' Housing Management Fund separately. With the adoption of public sector accounting standards, the Corporation classifies these assets as a designated asset. Consequently, the assets designated for the Seniors' Housing Management Fund are not separately presented on the Statement of Financial Position. There was no impact on the revenues, expenses, surplus for the year or the opening accumulated surplus.
- (c) Until 2006-07, it was the Corporation's accounting policy to record the difference between the working capital advance payments provided by the Government of Yukon and the operating grant funding used to purchase tangible capital assets and funding for the Seniors' Housing Management Fund as a contributed surplus.

In 2007-08, the Corporation changed this accounting policy and the excess of advances are now recorded as a liability - Advances from the Government of Yukon (Note 11). The Corporation is obligated to reduce this liability by requesting less working capital advances from the Government of Yukon than the operating grant whenever the Corporation has sufficient cash to operate.

The effect of this accounting change was an increase of liabilities at March 31, 2007 by \$10,021,000 and a decrease of accumulated surplus by the same amount.

- (d) Until 2006-07, the Corporation recognized funding received from CMHC under the 1998 Social Housing Agreement as revenue matching to losses on interest and mortgages guarantees using a straight-line basis of amortization over the life of the agreement. Upon adoption of GAAP for the public sector, it was determined that the Corporation had met all eligibility criteria when the funding was received in 1998. The effect of this change in accounting policy on the statement of financial position was a decrease of the 2007-08 opening deferred revenues and an increase of advances from the Government of Yukon by \$334,000. The effect of this change in accounting policy on the statement of operations was a decrease of revenues and an increase of operating grants by \$17,000 in both 2006-07 and 2007-08. There was no impact on the surplus for the year or the opening accumulated surplus.

3. Correction of prior period error

It was determined that there was an error in the formula for the calculation of straight-line amortization in the tangible capital asset schedules; the schedules starting from 2005-06 were revised.

The effect of this error on the statement of financial position is to decrease the 2007-08 opening tangible capital assets and advances from the Government of Yukon by \$547,000. The effect of this error on the 2006-07 statement of operations is to increase amortization and decrease operating grants by \$315,000. There was no impact on the surplus for the year or the opening accumulated surplus.

4. Significant accounting policies

- (a) Reporting entity and method of consolidation

The Corporation's financial results include the Housing Advisory Boards and the Whitehorse Housing Authority, consolidated using the full consolidation method (Note 1 (b)). With the full consolidation method, revenue and expense transactions, capital, investing and financing transactions, and related assets and liability accounts between consolidated entities have been eliminated.

- (b) Funding and advances from the Government of Yukon

The *Housing Corporation Act* authorizes the Government of Yukon to make advances and pay the Corporation an operating grant equal to the deficit for the year before government funding less the amortization of deferred capital contributions and in-kind rental assistance. The portion of advances used to purchase depreciable assets is recorded as deferred capital contributions and amortized on the same basis and over the same periods as the tangible capital assets. Advances provided by the Government of Yukon in excess of the operating grant, funding used to purchase tangible capital assets and funding for the Seniors' Housing Management Fund are recorded as a liability of the Corporation (Note 11). The free rental of a social housing building by the Government of Yukon to the Corporation is recorded as rental assistance in-kind revenue and offsetting building services in-kind expenses (Note 16).



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2008

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term investments that have terms to maturity of less than 90 days from the dates of acquisition.

(d) Loans receivable

Mortgages receivable under the Home Ownership Program are fully secured and are recorded at cost.

Mortgages receivable under the Rural and Native Housing Home Ownership Programs are fully secured and are stated at the lower of cost and estimated realizable value. Under the Social Housing Agreement signed with CMHC in 1998, the Corporation may be required to subsidize a debtor's repayment of a Rural and Native Housing Home Ownership mortgage. Rural and Native Housing Home Ownership Program subsidies are expensed when incurred. CMHC funding provided to the Corporation includes an amount for subsidies.

Under the Home Repair Program, the Corporation may subsidize a debtor's repayment. These subsidies, reviewed annually, are based on the debtor's ability to pay. Mortgages receivable under the Home Repair Program are stated at the lower of cost and net recoverable value by providing allowances for payment subsidies.

The Corporation subsidizes principal and interest payments due from loan recipients under the legal terms and conditions of Home Repair Program and Rural and Native Housing Home Ownership mortgages, agreements and loans. These subsidies vary in amount depending on the income of the recipients. Each year the Corporation records an estimated expense, based on historical subsidy experience, for Home Repair Program subsidies.

Based on historical loss experience, management establishes a valuation allowance for impaired loans. Loans are classified as impaired when the Corporation no longer has reasonable assurance of timely collection of the full amount of principal and interest due. The impaired loan allowance adjusts the loan carrying value to the net recoverable amount.

Loans receivable from lots sold to purchasers for residential, commercial and recreational purposes under land sales agreements, are recorded at cost.

(e) Housing held for sale

Housing held for sale includes houses repossessed under the Home Ownership Program and the Rural and Native Housing Home Ownership Program. These houses are recorded at the lower of cost and net realizable value which approximates their fair value at the foreclosure date.

(f) Tangible capital assets

Tangible capital assets are valued at cost, net of accumulated amortization. Interest on loans during construction of capital assets is capitalized. Assets under construction are not amortized until available for use.

Funding received to acquire tangible capital assets is recorded as a deferred capital contribution. This deferred capital contribution is amortized as revenue on the same basis as the related asset.

Amortization is calculated using the straight-line method, over the estimated useful lives of assets.

Social housing projects		35 years
Social housing betterment		15 years
Staff housing projects and other facilities:		
	Standard construction	35 years
	Mobile home units	15 years
Office building		20 years
Other facilities		15 years
Furnishings and equipment		5 years
Computer systems		3 years



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2008

(g) Post-employment benefits

Post-employment benefits are expected to be provided to employees of the Corporation after employment but before retirement. These benefits include severance benefits, accumulated sick and vacation leave benefits that are paid in cash when employment is terminated. The Corporation recognizes the obligation for these benefits as a liability and uses an actuary to estimate the amount of the obligation. Expenses related to post-employment benefits are recognized in the period in which the employee's service is rendered and the benefit is earned. The accrued benefit liability for these benefits is calculated as the accrued benefit obligation adjusted by unamortized actuarial gains or losses.

(h) Retirement benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Corporation's contribution to the Plan reflects the full cost as employer. This amount is currently based on a multiple of the employees' required contributions, and may change over time depending on the experience of the Plan. The Corporation's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Corporation. The Corporation is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

(i) Revenue recognition

Funding provided by CMHC under the Social Housing Agreement is recognized as revenue when related expenses are incurred. Funding provided by CMHC under the Affordable Housing Agreement is recognized on a straight-line basis over the life of the related home repair loan agreements. This funding is based on the difference between market rate and the rate given by the Corporation to clients.

Funding provided to purchase tangible capital assets is recognized on the same basis as the related assets are amortized.

Interest income on mortgages is recorded on an accrual basis. When a mortgage becomes impaired, recognition of interest ceases; thereafter interest income for impaired loans is recognized on a cash basis.

Income from rentals are recorded on an accrual basis.

Recoveries from the Government of Canada for the Flood Relief program are recognized in the year in which the related expenses are incurred. Any adjustments upon finalization are reflected in the accounts in the year they are identified.

(j) Measurement uncertainty

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, liabilities, revenue, expenses and contingencies. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant although, at the time of preparation of these statements, the Corporation believes the estimates and assumptions to be reasonable.

Management estimates are used for the valuation for loans receivable, allowances for Home Repair Program subsidies, accounts receivable - other, amortization, post-employment benefits and contingencies.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2008

5. Cash and cash equivalents

	<u>2008</u>	<u>2007</u>
	(Restated - Note 2)	
	(thousands of dollars)	
Short-term investments	\$ 2,739	\$ 2,239
Bank balances	358	1,297
Cash on hand	<u>3</u>	<u>3</u>
	<u>\$ 3,100</u>	<u>\$ 3,539</u>

The Corporation has an operating demand overdraft facility with its banker of up to \$11,000,000 at bank prime. At year-end, the bank prime rate was 5.25% (2007 - 6.00%). The overdraft facility is guaranteed by the Government of Yukon. None of this facility was used as at March 31, 2008 or 2007.

The Corporation holds a designated asset for the Seniors' Housing Management Fund (Note 7). The short-term investments of \$2,739,000 (2007 - \$2,239,000) represent a designated investment held for this Fund.

6. Loans receivable

	<u>Stated % interest rates</u>	<u>2008</u>	<u>2007</u>
		(thousands of dollars)	
Mortgages receivable			
Home Ownership	2.25 - 7.00	\$ 24,091	\$ 22,236
Loans with terms up to five years, secured by registered charges against real property, repayable in blended weekly, bi-weekly or monthly payments at fixed rates of interest and with maturities up to 2013. Rural and Native Home Ownership mortgages receiving subsidies (Note 4(d)) at March 31, 2008 were \$871,000 (2007 - \$1,238,000).			
Owner Build	0.00 - 6.25	1,544	2,190
Loans are advanced during the construction phase of a home for a maximum period of two years. During the first six months of the construction period, loans are provided at the interest rate of 0%, with gradual increases, reaching to a market rate in the last six months. Repayment terms are up to five years, secured by registered charges against real property with maturities up to 2012.			
Repair and Upgrade	0.00 - 7.25	7,199	7,232
Loans with terms up to twelve years, secured by registered charges against real property or chattel mortgages, repayable in blended weekly, bi-weekly or monthly payments at fixed rates of interest with maturities up to 2016. Mortgages receiving subsidies and forgiveness at March 31, 2008 were \$910,000 (2007 - \$1,134,000).			



Yukon Housing Corporation
 Notes to the financial statements
 for the year ended March 31, 2008

	Stated % interest rates	2008	2007
		(thousands of dollars)	
Energy Management	1.00 - 2.50	15	50
Loans with terms up to six years, secured by registered charges against real property or chattel mortgages, repayable in blended monthly payments at fixed rates of interest with maturities up to 2010.			
Housing Industry Loans	0.00 - 5.75	1,403	1,776
Loans with terms up to 18 years, secured by registered charges against real property or general security agreements, repayable in blended bi-weekly and monthly payments at fixed rates of interest with maturities up to 2023.			
Subtotal mortgages receivable		34,252	33,484
Less: allowance for Home Repair Program subsidies		(723)	(1,146)
Less: valuation allowance		(190)	(115)
The valuation allowance of \$190,000 relates primarily to the Home Ownership Program. The net charge to income in 2008 was \$75,000.			
Net mortgages receivable		33,339	32,223
Land sales agreements receivable	4.75 - 7.25	8,533	5,790
Loans on residential, commercial and recreational lots, secured by retention of the land title certificate, repayable in blended annual payments at fixed rates of interest with maturities up to 2013.			
Total loans receivable		<u>\$ 41,872</u>	<u>\$ 38,013</u>
These loans receivable earn interest at the following weighted average rates:			
		2008	2007
Mortgages receivable		4.63%	4.70%
Land sales agreements receivable		6.90%	6.57%



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2008

7. Seniors' Housing Management Fund

The Seniors' Housing Management Fund was established under section 9 of the *Housing Corporation Act* to provide for the future housing needs of Yukon's seniors. The Government of Yukon approved the establishment of the Fund in October 2000.

The Fund receives Government of Yukon funding through an annual appropriation and an appropriation equal to interest revenue generated by the Corporation's Green Mortgage Program and interest revenue earned on monies held for the Fund (Note 5). As at the year-end, the Corporation had not yet secured Government of Yukon approval on the parameters for the operation of the fund; therefore, there have been no payments made out of the Fund. Subsequently in May 2009, the Government directed the Corporation to utilize the balance of the Fund towards projects under the economic stimulus portion of the Affordable Housing Initiative.

Changes in the Seniors' Housing Management Fund are as follows:

	2008	2007
	(thousands of dollars)	
Balance at beginning of year	\$ 2,530	\$ 2,050
Government of Yukon annual appropriation	100	100
Government of Yukon appropriation equal to interest revenue earned on Green Mortgage Program	314	289
Interest revenue earned on monies designated for the Fund	115	91
Balance at end of year	<u>\$ 3,059</u>	<u>\$ 2,530</u>

8. Long-term debt

	Stated % interest rates	2008	2007
		(thousands of dollars)	
Mortgages payable (guaranteed by the Government of Yukon) Loans with a variety of terms, secured by fixed charges against housing projects, repayable in blended monthly payments at fixed rates of interest and with maturities up to 2029.	4.32 - 12.50	\$ 15,680	\$ 16,683
CMHC loans (guaranteed by the Government of Yukon) Loans repayable in blended annual payments at fixed rates of interest to maturity, and with maturities up to 2028.	5.00 - 13.25	3,504	3,755
Loans payable - Government of Yukon Repayable without interest in periodic installments to 2027.	0.00	15,289	15,909
Land sales agreements due to Government of Yukon Repayable without interest in periodic installments to 2013.	0.00	8,843	6,054
Total long-term debt		<u>\$ 43,316</u>	<u>\$ 42,401</u>



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2008

The mortgages and loans payable bear interest at the following weighted average interest rates:

	2008	2007
Mortgages payable	8.08%	8.11%
CMHC loans	8.70%	8.74%

Principal repayments required over the next five years are as follows:

	CMHC Loans	Mortgages	Government of Yukon Loans	Land Sales Agreements	Total
	(thousands of dollars)				
2009	\$ 275	\$ 1,078	\$ 619	\$ 2,665	\$ 4,637
2010	301	1,152	619	1,806	3,878
2011	305	1,254	619	1,874	4,052
2012	233	1,364	619	1,422	3,638
2013	167	1,478	619	1,093	3,357

9. Post-employment benefits

The Corporation provides post-employment benefits to its employees based on years of service and salary. These benefits consist of severance benefits, cash payment of unused sick and vacation leave.

The actuarial obligation for sick and vacation leave and severance benefits is calculated using the projected benefit method prorated on service. Post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from future appropriations or other sources of revenue.

The results measured at March 31, 2008 are summarized as follows:

	2008	2007
	(thousands of dollars)	
Accrued benefit liability, beginning of year	\$ 633	\$ 564
Add: Current service costs	51	29
Interest on accrued benefit obligation	37	30
Contributions made by the Corporation	53	14
Less: Benefits paid during the year	(53)	(14)
Amortization of net actuarial (gains) losses	(5)	10
Accrued benefit liability, end of year	<u>\$ 716</u>	<u>\$ 633</u>
Less: Unamortized actuarial gain	(20)	(47)
Accrued benefit obligation, end of year	<u>\$ 696</u>	<u>\$ 586</u>



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2008

The significant actuarial assumptions were:

	<u>2008</u>	<u>2007</u>
Discount rate	5.75%	5.75%
Salary escalation rate	See below *	2.50%
Expected average remaining service life of active employees	8.9 years	6.8 years

*1.2% on June 1, 2008, 1.8% on January 1, 2009, 1.2% on June 1, 2009 and 2.5% per annum thereafter.

The most recent actuarial valuation made for these post-employment benefits was as of April 1, 2007. The next required valuation would be as of March 31, 2010.

10. Retirement benefits

The Corporation and all eligible employees contribute to the Public Service Pension Plan of the Government of Canada. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. Contributions during the year were as follows:

	<u>2008</u>	<u>2007</u>
	(thousands of dollars)	
Employer's contribution	\$ 264	\$ 227
Employees' contribution	136	117

11. Advances - Government of Yukon

Advances from the Government of Yukon represent series of working capital advances by the Government of Yukon to the Corporation. These advances are without interest and have no repayment terms.

	<u>2008</u>	<u>2007</u>
	(Restated - Notes 2 & 3)	
	(thousands of dollars)	
Balance at beginning of year	<u>\$ 10,021</u>	<u>\$ 12,235</u>
Cash advances from Government of Yukon	6,340	2,000
Operating grant	(3,117)	(3,227)
Funding used to purchase tangible capital assets (Note 13)	(2,592)	(507)
Funding for Seniors' Housing Management Fund (Note 7)	<u>(529)</u>	<u>(480)</u>
	<u>102</u>	<u>(2,214)</u>
Balance at end of year	<u><u>\$ 10,123</u></u>	<u><u>\$ 10,021</u></u>



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2008

12. Tangible capital assets

			<u>2008</u>	<u>2007</u>
			(Restated - Notes 2 & 3)	
			(thousands of dollars)	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 1,431	\$ -	\$ 1,431	\$ 1,451
Social housing	37,571	22,745	14,826	14,774
Staff housing	14,272	6,904	7,368	6,878
Office building	1,893	775	1,118	1,203
Other facilities	769	753	16	27
Furnishings and equipment	108	80	28	33
Computer systems	131	94	37	29
(Schedule B)	<u>\$ 56,175</u>	<u>\$ 31,351</u>	<u>\$ 24,824</u>	<u>\$ 24,395</u>

There were construction projects in progress in the amount of \$2,606,000 at March 31, 2008 (2007 - \$413,000). These construction projects in progress were for a social housing project, which was completed in May 2008 with a total cost of \$2.4 million, and various staff housing projects that were completed in the following fiscal year with total costs of \$1.8 million. There was no interest incurred for the construction of tangible capital assets in the current year or previous year.

13. Deferred capital contributions

Deferred capital contributions represents the unamortized portion of Government of Yukon and CMHC contributions used to purchase depreciable tangible capital assets.

Changes in the deferred capital contributions balance are as follows:

	<u>2008</u>	<u>2007</u>
	(Restated - Note 2)	
	(thousands of dollars)	
Balance at beginning of year	\$ 8,689	\$ 8,558
Add: Funding used to acquire depreciable tangible capital assets		
Government of Yukon	2,592	507
CMHC contribution	-	350
Less: Amortization of deferred capital contributions related to tangible capital assets and related write-downs	<u>(782)</u>	<u>(726)</u>
Balance at end of year	<u>\$ 10,499</u>	<u>\$ 8,689</u>



Yukon Housing Corporation
Notes to the financial statements
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14. Expenses by object

	<u>2008</u>	<u>2007</u>
	(Restated - Notes 2 & 3)	
	(thousands of dollars)	
Materials, supplies and utilities	\$ 5,539	\$ 4,357
Personnel	2,895	2,670
Amortization expenses	2,016	2,428
Contract and special services	1,811	1,800
Interest on long-term debt	1,581	1,663
Transfer payments	858	1,355
Communication and transportation	212	176
Other	<u>1,051</u>	<u>526</u>
	<u>\$ 15,963</u>	<u>\$ 14,975</u>

15. Financial instruments

The fair values of the financial instruments were determined using the present value of future cash flows discounted at the March 31, 2008 average market rate for mortgages and loans with similar maturities.

The balances in Cash and cash equivalents, Due from Canada Mortgage and Housing Corporation, Accounts receivable - other, Accounts payable and accrued liabilities and Due to Government of Yukon are non-interest bearing and have fair values that approximate their carrying amount due to their short term to maturity. These balances are the result of transactions incurred in the normal course of business and have no significant credit risks.

The carrying amount and estimated fair values of the Corporation's remaining financial instruments are as follows:

	<u>2008</u>		<u>2007</u>	
	(thousands of dollars)			
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Loans receivable				
Mortgages receivable net of allowances for repayment subsidies on Home Repair loans and valuation	\$ 33,339	\$ 31,743	\$ 32,223	\$ 32,207
Land sales agreements receivable	<u>8,533</u>	<u>8,482</u>	<u>5,790</u>	<u>5,052</u>
	<u>\$ 41,872</u>	<u>\$ 40,225</u>	<u>\$ 38,013</u>	<u>\$ 37,259</u>



Yukon Housing Corporation
Notes to the financial statements
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	2008		2007	
	(thousands of dollars)			
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt				
Mortgages payable	\$ 15,680	\$ 15,659	\$ 16,683	\$ 16,815
CMHC loans	3,504	3,883	3,755	4,128
Loans payable - Government of Yukon	15,289	6,379	15,909	6,884
Land sales agreements due to Government of Yukon	8,843	8,792	6,054	5,317
	<u>\$ 43,316</u>	<u>\$ 34,713</u>	<u>\$ 42,401</u>	<u>\$ 33,144</u>

These financial instruments do not have active markets and fair values are based on management's best estimates.

Until settled, the fair value of loans receivable will fluctuate with changes in interest rates. Management believes that any unrealized losses are short term in nature and the net carrying amount of loans receivable will be fully recovered.

16. Related party transactions

The Corporation is related in terms of common ownership to all Government of Yukon departments, corporations and agencies. In addition to those related party transactions disclosed elsewhere in these financial statements, the Corporation enters into transactions with related entities in the normal course of business.

a) Shared services costs

The Corporation is party to a Shared Services arrangement with two other government organizations which consolidates functions such as finance and administration, policy and human resources services. The amount charged by the Government of Yukon to the Corporation for shared services for the year 2008 was \$1,554,000 (2007- \$1,543,000). These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

b) Other transactions

The value of administrative services provided without charge by the Government of Yukon to the Corporation is estimated in 2008 to be \$20,000 (2007 - \$14,000). This amount has been included in the Statement of Operations under other revenues. The value of territorial agent services provided without charge by the Corporation to the Government of Yukon for 2008 is estimated to be \$40,000 (2007 - \$39,000). This amount has been included in the Statement of Operations under Administration expenses.

The employees of the Corporation are paid by the Government of Yukon. The Corporation reimburses the Government on a monthly basis for salaries and benefits expenses paid.

In April 2007, the Corporation entered into an agreement with Government of Yukon for the management and maintenance of the new 48 unit seniors' social housing that was initially constructed as part of the 2007 Canada Winter Games Athletes' Village in Whitehorse. Pursuant to this agreement, effective December 4, 2006, the Corporation assumed responsibility for the building's operation and maintenance costs. Rents collected from tenants of this building are reported by the Corporation as rental income on the Statement of Operations. The value of foregone rent by the Government of Yukon is estimated at \$502,000 (2007 - \$161,000) based on the amortization expense recorded by the Government for this building. This amount is reported as rental assistance in-kind from the Government of Yukon and as part of program costs (building services in-kind expenses on Schedule A) on the Statement of Operations.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2008

17. Contractual obligations and contingencies

	<u>2008</u>	<u>2007</u>
	(thousands of dollars)	
Outstanding contractual obligations to complete the funding of mortgages receivable as at March 31	\$ 4,787	\$ 1,702
Subsidies to private social housing organizations	425	425

Pursuant to a Supreme Court of the Yukon Territory court order, the Whitehorse Housing Authority, a fully-consolidated entity of the Corporation, was appointed Receiver/Manager of an independent third party entity, the Whitehorse Housing Co-operative Association Limited (the Co-operative), effective December 9, 2003. In May 2009, the Authority was discharged from the responsibility as Receiver/Manager of the Co-operative.

Pursuant to an agreement signed with CMHC in 1998, the Corporation is liable for a mortgage payable by the Co-operative in the event of a default. The amount of the mortgage payable as at March 31, 2008 was \$1,170,000 (2007 - \$1,232,000). Management believes that the Corporation would be able to repay the mortgage in full through the sale of the Co-operative's assets (against which the mortgage is made) in the event of a default.

The Corporation purchases insurance for all tangible capital assets that are quadruplexes and larger. This accounts for 291 out of 655 units in total with a net book value of \$9,320,000. The balance of units are not insured as any single loss would be insignificant.

In the normal course of operations, the Corporation is subject to legal claims and possible claims and no provision for any claim is included in these financial statements.

18. Government of Yukon transfer payments

The following table reconciles funding provided by the Government of Yukon as shown in these financial statements to that recorded by the Government in its Public Accounts.

	<u>2008</u>	<u>2007</u>
	(Restated - Notes 2 & 3)	
	(thousands of dollars)	
Government of Yukon - Operations and Maintenance transfer payment		
Deficit for the year before government funding	\$ 4,401	\$ 4,114
Less: Amortization	(2,016)	(2,428)
Rental assistance - in kind	(502)	(161)
Home repair mortgage provision for subsidies recoveries (expenses)	284	(72)
Flood Relief grants, net of recovery	(57)	-
Add: Government of Yukon funding for Seniors' Housing Management Fund	<u>429</u>	<u>380</u>
Government of Yukon - Operations and Maintenance transfer payment	2,539	1,833
Adjustments processed after Government of Yukon Public Accounts publication	(56)	233
Adjustments for prior-year transfer payment	<u>-</u>	<u>(149)</u>
Government of Yukon - Operations and Maintenance transfer payment, as reported by the Government	<u>\$ 2,483</u>	<u>\$ 1,917</u>



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2008

	<u>2008</u>	<u>2007</u>
	(thousands of dollars)	
Government of Yukon - Capital transfer payment		
Add: Home repair mortgage provision for subsidies (recoveries) expenses	\$ (284)	\$ 72
Flood Relief grants, net of recovery	57	-
Government of Yukon funding for Seniors' Housing Management Fund	100	100
Funding provided to repay principal portion of long-term debt	1,425	1,488
Funding for acquisition of tangible capital assets (Notes 11 and 13)	2,592	507
Less: Net book value of disposed tangible capital assets	<u>(84)</u>	<u>(19)</u>
Government of Yukon - Capital transfer payment	3,806	2,148
Adjustments processed after Government of Yukon Public Accounts publication	<u>(177)</u>	<u>(250)</u>
Government of Yukon - Capital transfer payment, as reported by the Government	<u>\$ 3,629</u>	<u>\$ 1,898</u>

19. Bad debts write-offs

Section 14(4) of the *Financial Administration Act* requires accounts written off during the fiscal year to be reported in the public accounts of the Yukon. There were \$11,626 of bad debts written off during the year ended March 31, 2008. Bad debts written off during the current year and past four years are as follows:

<u>Year</u>	<u>Amount</u>
2008	\$ 11,626
2007	-
2006	164,347
2005	10,845
2004	58,664

20. Comparative figures

Certain comparative figures for 2007 have been reclassified to conform with the 2008 presentation.



Yukon Housing Corporation
Schedule of Program Costs and Administration Expenses
for the year ended March 31, 2008

Schedule A

	<u>2008</u>	<u>2007</u>
		(Restated - Notes 2 & 3)
		(thousands of dollars)
Program costs		
Housing operations		
General maintenance	\$ 2,997	\$ 1,893
Personnel	2,495	2,348
Amortization	1,875	2,301
Utilities	1,629	1,516
Building services - in kind (Note 16(b))	502	161
Property taxes	472	521
Subsidies - Private social housing organizations	389	408
Direct lending program administration	274	169
Garbage collection and janitorial	161	146
Insurance	160	144
Property rentals	160	145
Bad debts - housing operations including rental tenants	46	94
Housing program administration	28	30
	<u>11,188</u>	<u>9,876</u>
Other		
Home Repair mortgage provision for repayment subsidies expense	-	72
Loss (gain) on sale of tangible capital assets	35	(80)
	<u>35</u>	<u>(8)</u>
	<u>\$ 11,223</u>	<u>\$ 9,868</u>
Administration expenses		
Personnel	\$ 400	\$ 322
Rentals - office and equipment	203	195
Amortization	141	127
Travel and transportation	132	101
Communications	80	75
Office and sundry	74	79
Professional fees	41	39
Program promotion	34	37
Boards and committees	31	51
	<u>\$ 1,136</u>	<u>\$ 1,026</u>



Schedule B

Yukon Housing Corporation
 Schedule of Tangible Capital Assets
 for the year ended March 31, 2008

	Land	Social Housing	Staff Housing	Office Building	Other Facilities	Furnishings and Equipment	Computer Systems	2008 Total	2007 Total
(thousands of dollars)									
Cost of tangible capital assets, opening ¹	\$ 1,451	\$ 36,122	\$ 13,407	\$ 1,881	\$ 769	\$ 103	\$ 89	\$ 53,822	\$ 52,987
Acquisitions ¹	-	1,509	961	12	-	5	42	2,529	930
Write-downs	-	-	-	-	-	-	-	-	(9)
Disposals	(20)	(60)	(96)	-	-	-	-	(176)	(86)
Cost of tangible capital assets, closing ¹	1,431	37,571	14,272	1,893	769	108	131	56,175	53,822
Accumulated amortization, opening	-	21,348	6,529	678	742	70	60	29,427	27,066
Amortization expense	-	1,457	407	97	11	10	34	2,016	2,428
Disposals	-	(60)	(32)	-	-	-	-	(92)	(67)
Accumulated amortization, closing	-	22,745	6,904	775	753	80	94	31,351	29,427
Net book value¹	\$ 1,431	\$ 14,826	\$ 7,368	\$ 1,118	\$ 16	\$ 28	\$ 37	\$ 24,824	\$ 24,395
Construction in progress	\$ -	\$ 1,705	\$ 901	\$ -	\$ -	\$ -	\$ -	\$ 2,606	\$ 413

¹ Includes construction in progress