

YUKON HOUSING CORPORATION

FINANCIAL STATEMENTS

March 31, 2010



Yukon Housing Corporation  
Management's Responsibility for Financial Reporting

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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 black ink, appearing to read "Ron MacMillan".

Ron MacMillan  
President

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

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

October 8, 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, 2010 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, 2010 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 on a basis consistent with that of the preceding year.

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.

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

Vancouver, Canada  
October 8, 2010



Yukon Housing Corporation  
Statement of Financial Position  
as at March 31, 2010

	2010	2009
	(thousands of dollars)	
<b>Financial assets</b>		
Cash and cash equivalents (Note 3)	\$ 11,106	\$ 3,241
Due from Canada Mortgage and Housing Corporation	308	365
Accounts receivable - other	1,709	688
Housing held for sale	358	982
Loans receivable (Note 4)	44,070	52,888
	<u>57,551</u>	<u>58,164</u>
<b>Liabilities</b>		
Bank indebtedness (Note 3)	-	1,950
Accounts payable and accrued liabilities	3,700	1,576
Due to Government of Yukon (Note 15 (c))	1,152	3,363
Deferred revenues	1,193	955
Deferred revenues - economic stimulus funding (Note 5)	10,543	-
Deferred revenues - Seniors' Housing Management Fund (Note 6)	3,609	3,609
Long-term debt (Note 7)	36,991	48,386
Post-employment benefits (Note 8)	1,331	809
Advances - Government of Yukon (Note 10)	11,125	10,510
	<u>69,644</u>	<u>71,158</u>
<b>Net debt</b>	<u>(12,093)</u>	<u>(12,994)</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 11)	34,840	24,548
Less deferred capital contributions (Note 12)	(22,826)	(11,554)
Prepaid expenses	79	-
	<u>12,093</u>	<u>12,994</u>
<b>Accumulated surplus</b>	<u>\$ -</u>	<u>\$ -</u>

Contractual obligations and contingencies (Note 16)

Approved by the Board of Directors

Director

Director



Yukon Housing Corporation  
Statement of Operations and Accumulated Surplus  
for the year ended March 31, 2010

	2010		2009
	Main Estimates (Note 1(c))	Actual	Actual
	(thousands of dollars)		
<b>Revenues</b>			
Rental income	\$ 3,577	\$ 4,565	\$ 4,433
Funding from Canada Mortgage and Housing Corporation			
- Social Housing Agreement	4,456	4,561	4,566
- Economic stimulus funding (Note 5)	-	2,795	-
Interest income	2,371	2,158	2,275
Recovery from Government of Yukon, Department of Health and Social Services	-	1,145	-
Recovery of corporate services costs (Note 15 (a))	-	1,107	-
Recovery for Flood Relief program	1,135	696	676
Recovery of subsidy expense	-	185	86
Amortization of deferred Canada Mortgage and Housing Corporation capital contributions	48	52	10
Other	20	33	83
	<u>11,607</u>	<u>17,297</u>	<u>12,129</u>
<b>Expenses (Note 13)</b>			
Program costs (Schedule A)	12,200	14,760	12,789
Corporate services costs (Schedule A)	-	2,472	-
Administration (Schedule A)	1,893	1,505	1,307
Interest on long-term debt	1,628	1,342	1,464
Grants to flood victims	1,261	1,218	1,052
Construction costs for Children's Receiving Home	-	1,145	-
Shared services costs (Note 15 (a))	1,787	-	1,676
	<u>18,769</u>	<u>22,442</u>	<u>18,288</u>
<b>Deficit for the year before government funding</b>	<u>\$ (7,162)</u>	<u>(5,145)</u>	<u>(6,159)</u>
<b>Government of Yukon funding</b>			
Operating grant		3,138	4,874
Amortization of deferred capital contributions		1,505	783
Rental assistance - in-kind (Note 15 (b))		502	502
		<u>5,145</u>	<u>6,159</u>
<b>Surplus for the year</b>		-	-
Accumulated surplus at beginning of year		-	-
<b>Accumulated surplus at end of year</b>		<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, 2010

	2010		2009
	Main Estimates (Note 1(c))	Actual	Actual
	(thousands of dollars)		
<b>Surplus for the year</b>	\$ -	\$ -	\$ -
<b>Effect of change in tangible capital assets</b>			
Acquisitions	(9,200)	(12,829)	(1,943)
Capital contributions received and deferred (Note 12)	9,200	12,829	1,943
Amortization of tangible capital assets	2,162	2,199	2,082
Amortization of deferred capital contributions (Note 12)	-	(1,219)	(793)
Write-down of tangible capital assets	-	233	38
Disposal of tangible capital assets (net book value)	-	105	99
Reduction of deferred capital contributions (Note 12)	-	(338)	(95)
	<u>2,162</u>	<u>980</u>	<u>1,331</u>
<b>Effect of change in other non-financial assets</b>			
(Increase) decrease in prepaid expenses	-	(79)	133
	<u>-</u>	<u>(79)</u>	<u>133</u>
<b>Decrease in net debt</b>	<u>\$ 2,162</u>	<u>901</u>	<u>1,464</u>
Net debt at beginning of year		<u>(12,994)</u>	<u>(14,458)</u>
<b>Net debt at end of year</b>		<u>\$ (12,093)</u>	<u>\$ (12,994)</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, 2010

	2010	2009
	(thousands of dollars)	
<b>Operating transactions</b>		
Surplus for the year	\$ -	\$ -
Government of Yukon funding	(5,145)	(6,159)
Recovery of non-capitalized expenditures (Note 5)	(2,795)	-
Adjustments for non-cash items		
Building services - in-kind	502	502
Increase in post-employment benefits	522	93
Amortization of tangible capital assets	2,199	2,082
Amortization of deferred Canada Mortgage and Housing Corporation capital contributions	(52)	(10)
Mortgages receivable valuation (recovery) expenses	(253)	39
Loss on disposal and write-down of tangible capital assets	272	42
Loss on disposal of housing held for sale	9	-
	<u>(4,741)</u>	<u>(3,411)</u>
Changes in non-cash components of working capital	<u>(892)</u>	<u>2,668</u>
Cash used for operating transactions	<u>(5,633)</u>	<u>(743)</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(12,809)	(1,874)
Government of Yukon funding received for acquisition of tangible capital assets (Note 12)	537	1,943
Proceeds on sale of tangible capital assets	13	-
Cash (used for) provided by capital transactions	<u>(12,259)</u>	<u>69</u>
<b>Investing transactions</b>		
Proceeds on sale of housing held for sale	572	-
Additions to housing held for sale	-	(961)
Additions to mortgages and agreement receivable	(7,314)	(17,505)
Repayments of mortgages and agreements receivable	18,348	14,049
Cash provided by (used for) investing transactions	<u>11,606</u>	<u>(4,417)</u>
<b>Financing transactions</b>		
(Decrease) increase in bank indebtedness	(1,950)	1,950
Repayment of long-term debt	(13,282)	(2,529)
Advances - economic stimulus funding (Note 5)	25,630	-
Advances from the Government of Yukon (Note 10)	3,753	5,811
Cash provided by financing transactions	<u>14,151</u>	<u>5,232</u>
<b>Increase in cash and cash equivalents</b>	<b>7,865</b>	<b>141</b>
Cash and cash equivalents at beginning of year	<u>3,241</u>	<u>3,100</u>
<b>Cash and cash equivalents at end of year (Note 3)</b>	<b>\$ 11,106</b>	<b>\$ 3,241</b>
<b>Supplemental disclosure of cash flow information</b>		
Interest paid	\$ 1,364	\$ 1,488
Interest received	2,332	2,393

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, 2010

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**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, carry to completion, or 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. All costs of the Authority are borne by the Corporation which is also responsible for the capital and maintenance costs of social housing units operated by the Authority.

Pursuant to Section 45(1) of the *Housing Corporation Act*, the Commissioner in Executive Council 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 2009. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Legislative Assembly.

**2. Significant accounting policies**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant accounting policies are as follows:

(a) Reporting entity

The Corporation's financial results include the Whitehorse Housing Authority and Housing Advisory Boards.

(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. Capital transfers received are for the purpose of acquiring assets to be used to provide housing services for many years in the future. As a result, 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 (Note 12). The free rental of a social housing building provided by the Government of Yukon to the Corporation is recorded as rental assistance in-kind revenue and offsetting building services in-kind expenses (Note 15 (b)). Advances provided by the Government of Yukon in excess of the operating grant are recorded as a liability of the Corporation (Note 10). Funding from the Seniors' Housing Management Fund is recorded as a reduction in the liability to the Government of Yukon with a corresponding increase in deferred revenue (Note 10 and Note 6).





Yukon Housing Corporation  
Notes to the financial statements  
for the year ended March 31, 2010

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(c) Cash and cash equivalents

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

(d) Loans receivable

Mortgages receivable are fully secured and recorded at cost. Based on historical loss experience, management establishes a valuation allowance for impaired loans. Mortgages 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 valuation allowance adjusts a mortgage's carrying value to the net realizable amount.

Under the Social Housing Agreement signed with Canada Mortgage and Housing Corporation (CMHC) in 1998, the Corporation may be required to subsidize a debtor's repayment of a Rural and Native Housing Home Ownership Program mortgage. These subsidies vary in amount depending on the income of the recipients and 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. Each year, the Corporation records a provision for Home Repair Program subsidies based on loans receiving a subsidy at year-end.

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. Housing held for sale also includes properties acquired for future sale. These properties are recorded at the lower of cost and net realizable value.

(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 a recovery 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 to 15 years
Computer systems	3 years



Yukon Housing Corporation  
Notes to the financial statements  
for the year ended March 31, 2010

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(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 and 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 when the 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 by CMHC under Canada's Economic Action Plan is recognized when the related expenses are incurred. The portion of this funding used to purchase tangible capital assets are recognized as revenue 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 is 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, 2010

**3. Cash and cash equivalents and bank indebtedness**

	<u>2010</u>	<u>2009</u>
	(thousands of dollars)	
Cash and cash equivalents		
Short-term investments	\$ -	\$ 3,229
Bank balances	11,103	9
Cash on hand	3	3
	<u>\$ 11,106</u>	<u>\$ 3,241</u>
 Bank indebtedness		
Bank balances	\$ -	\$ 300
Overdraft line of credit	-	1,650
	<u>\$ -</u>	<u>\$ 1,950</u>

The Corporation has an overdraft line of credit with its banker of up to \$11,000,000 at bank prime. At year-end, the bank prime rate was 2.25% (2009 - 2.50%). The overdraft line of credit is guaranteed by the Government of Yukon. This facility was not used as at March 31, 2010.

In 2009, the Corporation held a designated investment of \$3,229,000 for the Senior's Housing Management Fund (Note 6). In 2010, this investment was de-designated and transferred to bank balances.

**4. Loans receivable**

	<u>Stated % interest rates</u>	<u>2010</u>	<u>2009</u>
		(thousands of dollars)	
Mortgages receivable			
Home Ownership	0.00 - 7.00	\$ 23,097	\$ 28,165
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 2015. Rural and Native Home Ownership mortgages receiving subsidies (Note 2(d)) at March 31, 2010 were \$461,000 (2009 - \$648,000).			
Owner Build	1.75 - 7.00	4,378	3,611
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 2015.			
Repair and Upgrade	0.00 - 6.75	8,763	8,947
Loans with terms up to 12 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 2022. Mortgages receiving subsidies (Note 2(d)) and forgiveness at March 31, 2010 were \$346,000 (2009 - \$595,000).			



Yukon Housing Corporation  
 Notes to the financial statements  
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	Stated % interest rates	2010	2009
		(thousands of dollars)	
Energy Management	0.00 - 1.50	130	130
Loans with terms up to ten 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 2020.			
Housing Industry Loans	0.00 - 7.15	2,825	3,720
Loans with terms up to 20 years, secured by registered charges against real property or general security agreements, repayable in blended bi-weekly or monthly payments at fixed rates of interest with maturities up to 2025. The balance includes Joint Venture loans of \$1,925,000 (2009 - \$2,808,000).			
Subtotal mortgages receivable		39,193	44,573
Less: allowance for Home Repair Program subsidies		(263)	(524)
Less: valuation allowance		(241)	(309)
The valuation allowance relates primarily to the Home Ownership Program and Housing Industry Loans. The net recovery (charge) to income was \$68,000 (2009 - (\$124,000)).			
Net mortgages receivable		38,689	43,740
Land sales agreements receivable	3.00 - 7.25	5,381	9,148
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 2015.			
Total loans receivable		<u>\$ 44,070</u>	<u>\$ 52,888</u>
These loans receivable earn interest at the following weighted average rates:			
		2010	2009
Mortgages receivable		4.20%	4.72%
Land sales agreements receivable		5.41%	5.95%

**5. Affordable housing initiative - economic stimulus funding**

On May 22, 2009, the Corporation entered into an agreement with CMHC to access funding for Economic Stimulus measures under Canada's Economic Action Plan through the Affordable Housing Initiative. Under this agreement, CMHC agreed to contribute up to \$51.29 million in economic stimulus funding for project commitments made by the Corporation from January 27, 2009 to March 31, 2011.

In 2010, the Corporation received \$25.63 million of economic stimulus funding from CMHC. Of the funding received, \$1.34 million was allocated to the Government of Yukon's Department of Health and Social Services to fund the renovation of an existing Children's Receiving Home and the construction of a new Children's Receiving Home.



Yukon Housing Corporation  
Notes to the financial statements  
for the year ended March 31, 2010

The following projects had received CMHC funding commitments as at year-end:

Project	2010				
	(thousands of dollars)				
	Non-capitalized expenditures	Tangible Capital Asset Acquisitions (Note 12)	Deferred Revenue	Funding Committed and Advanced	Construction In Progress (Note 11)
Renovation of existing social housing	\$ 1,707	\$ 634	\$ 1,129	\$ 3,470	\$ -
New social housing					
Ingram subdivision townhouses		571	1,529	2,100	571
Riverdale apartments		4,888	2,612	7,500	4,888
Watson Lake seniors facility		2,897	1,153	4,050	2,897
Faro seniors facility		1,588	412	2,000	1,588
Teslin seniors facility		1,584	666	2,250	1,584
Other		130	2,794	2,924	130
Government of Yukon - Department of Health and Social Services	1,088		248	1,336	
	<u>\$ 2,795</u>	<u>\$ 12,292</u>	<u>\$ 10,543</u>	<u>\$ 25,630</u>	<u>\$ 11,658</u>

**6. 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.

Until 2010, the Fund received 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 3). In May 2009, the Government directed the Corporation to use the balance of the Fund towards projects under the economic stimulus funding portion of the Affordable Housing Initiative. The Corporation expects to commit the balance of the Fund in the next fiscal year to cover project costs for various seniors housing projects that are not recoverable under the economic stimulus agreement with CMHC.

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

	2010	2009
	(thousands of dollars)	
Balance at beginning of year	\$ 3,609	\$ 3,059
Government of Yukon annual appropriation	-	100
Government of Yukon appropriation equal to interest revenue earned on Green Mortgage Program	-	377
Interest revenue earned on monies designated for the Fund	-	73
Balance at end of year	<u>\$ 3,609</u>	<u>\$ 3,609</u>



Yukon Housing Corporation  
Notes to the financial statements  
for the year ended March 31, 2010

7. Long-term debt

	Stated % interest rates	2010	2009
(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.	2.65 - 12.50	\$ 13,444	\$ 14,598
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	2,928	3,229
Loans payable - Government of Yukon Repayable without interest in periodic installments to 2027. The balance includes a loan of \$580,000 (2009 - \$733,000) secured by the Corporation's head office building.	0.00	14,053	14,671
Land sales agreements due to Government of Yukon Repayable without interest in periodic installments to 2015.	0.00	6,566	15,888
<b>Total long-term debt</b>		<b>\$ 36,991</b>	<b>\$ 48,386</b>

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

	2010	2009
Mortgages payable	7.71%	8.03%
CMHC loans	8.61%	8.66%

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)					
2011	\$ 305	\$ 1,259	\$ 619	\$ 2,706	\$ 4,889
2012	233	1,368	619	1,350	3,570
2013	168	1,482	619	1,196	3,465
2014	178	1,592	587	926	3,283
2015	161	1,696	466	388	2,711

At March 31, 2010, the Corporation owed the Government of Yukon a Land Sales Agreements principal payment of \$1,162,000 (2009 - \$6,740,000) for principal amounts collected during the year. The 2010 amount was subsequently paid to the Government of Yukon on June 1, 2010.



Yukon Housing Corporation  
Notes to the financial statements  
for the year ended March 31, 2010

**8. 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 and cash payments 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, 2010 are summarized as follows:

	2010	2009
	(thousands of dollars)	
Accrued benefit liability, beginning of year	\$ 809	\$ 716
Add: Shared services staff transferred from Public Service Commission (Note 15 (a))	421	-
Current service costs	54	52
Interest on accrued benefit liability	49	43
Contributions made by the Corporation	49	7
Less: Benefits paid during the year	(49)	(7)
Amortization of net actuarial gains	(2)	(2)
Accrued benefit liability, end of year	<u>\$ 1,331</u>	<u>\$ 809</u>
Less: Unamortized net actuarial gain	<u>(16)</u>	<u>(18)</u>
Accrued benefit obligation, end of year	<u>\$ 1,315</u>	<u>\$ 791</u>

The significant actuarial assumptions were:

	2010	2009
Discount rate	5.75%	5.75%
Salary escalation rate	See below *	See below *
Expected average remaining service life of active employees	8.9 years	8.9 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 April 1, 2010.

**9. 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:

	2010	2009
	(thousands of dollars)	
Employer's contribution	\$ 520	\$ 316
Employees' contribution	264	157



Yukon Housing Corporation  
Notes to the financial statements  
for the year ended March 31, 2010

**10. 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>2010</u>	<u>2009</u>
	(thousands of dollars)	
Balance at beginning of year	<u>\$ 10,510</u>	<u>\$ 10,123</u>
Cash advances from Government of Yukon	3,753	5,811
Operating grant	(3,138)	(4,874)
Funding for Seniors' Housing Management Fund (Note 6)	<u>-</u>	<u>(550)</u>
	<u>615</u>	<u>387</u>
Balance at end of year	<u><u>\$ 11,125</u></u>	<u><u>\$ 10,510</u></u>

**11. Tangible capital assets**

			<u>2010</u>	<u>2009</u>
			(thousands of dollars)	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 1,706	\$ -	1,706	\$ 1,531
Social housing	49,993	25,459	24,534	14,170
Staff housing	15,032	7,734	7,298	7,715
Office building	1,893	969	924	1,030
Other facilities	796	774	22	23
Furnishings and equipment	451	118	333	20
Computer systems	199	176	<u>23</u>	<u>59</u>
(Schedule B)	<u><u>\$ 70,070</u></u>	<u><u>\$ 35,230</u></u>	<u><u>\$ 34,840</u></u>	<u><u>\$ 24,548</u></u>

At March 31, 2010, there were construction projects in progress in the amount of \$11,658,000 (2009 - \$148,000) (Note 5). There was no interest incurred for the construction of tangible capital assets in the current year or previous year.

The Corporation purchases insurance for all tangible capital assets that are quadruplexes and larger. This accounts for 297 out of 705 units in total (2009 - 297 out of 717) with a net book value of \$8,954,000 (2009 - \$10,258,000). The balance of units are not insured as any single loss would be insignificant.





Yukon Housing Corporation  
Notes to the financial statements  
for the year ended March 31, 2010

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**12. Deferred capital contributions**

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

Changes in the deferred capital contributions balance are as follows:

	<u>2010</u>	<u>2009</u>
	(thousands of dollars)	
Balance at beginning of year	\$ 11,554	\$ 10,499
Add: Funding used to acquire tangible capital assets		
CMHC - economic stimulus funding	12,292	-
Government of Yukon	537	1,943
Less: Amortization of deferred capital contributions related to tangible capital assets	(1,219)	(793)
Reduction due to impairment of related tangible capital assets	(233)	-
Reduction due to disposal of related tangible capital assets	(105)	(95)
Balance at end of year	<u>\$ 22,826</u>	<u>\$ 11,554</u>

**13. Expenses by object**

	<u>2010</u>	<u>2009</u>
	(thousands of dollars)	
Materials, supplies and utilities	\$ 6,818	\$ 6,012
Personnel	5,367	3,240
Transfer payments	2,990	1,450
Amortization expenses	2,199	2,082
Contract and special services	1,887	2,347
Interest on long-term debt	1,342	1,464
Communication and transportation	345	278
Other	1,494	1,415
	<u>\$ 22,442</u>	<u>\$ 18,288</u>

**14. Financial instruments**

The balances in Cash and cash equivalents, Bank indebtedness, 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 fair values of the Corporation's long-term financial instruments were based on management's best estimates and were determined using the present value of future cash flows discounted at the March 31, 2010 average market rate for mortgages and loans with similar maturities.



Yukon Housing Corporation  
Notes to the financial statements  
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The carrying amount and estimated fair values of the long term financial instruments are as follows:

	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Loans receivable				
Mortgages receivable net of valuation allowance and allowance for repayment subsidies	\$ 38,689	\$ 38,087	\$ 43,740	\$ 43,456
Land sales agreements receivable	5,381	5,298	9,148	9,248
	<u>\$ 44,070</u>	<u>\$ 43,385</u>	<u>\$ 52,888</u>	<u>\$ 52,704</u>
Long-term debt				
Mortgages payable	\$ 13,444	\$ 13,887	\$ 14,598	\$ 15,013
CMHC loans	2,928	3,154	3,229	3,674
Loans payable - Government of Yukon	14,053	6,642	14,671	6,934
Land sales agreements due to Government of Yukon	6,566	5,800	15,888	14,651
	<u>\$ 36,991</u>	<u>\$ 29,483</u>	<u>\$ 48,386</u>	<u>\$ 40,272</u>

These financial instruments do not have active markets.

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

**15. Related party transactions and balances**

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

Until 2009, the Corporation and two other government organizations were party to a Shared Services agreement with the Government of Yukon which provided functions such as finance, system and administration, policy and communications and human resources services. The amount charged by the Government of Yukon to the Corporation for shared services for the year was nil (2009 - \$1,676,000). As at April 1, 2009, the Shared Services group was dissolved and staff were transferred to the Corporation.

In 2010, a new Corporate Services arrangement was created within the Corporation which consolidated functions such as finance, systems and administration, policy and communications and human resources services. As a result, the Corporation incurred corporate service costs of \$2,472,000 (2009 - nil). Under the new arrangement the Corporation provides corporate services to Yukon Liquor Corporation. The amount charged by the Corporation to Yukon Liquor Corporation for corporate services for the year was \$1,107,000 (2009 - nil). Of the amount charged to Yukon Liquor Corporation, \$991,000 was receivable at year-end.

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.



Yukon Housing Corporation  
Notes to the financial statements  
for the year ended March 31, 2010

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(b) Other transactions

The value of administrative services provided without charge by the Government of Yukon to the Corporation is estimated in 2010 to be \$22,000 (2009 - \$22,000). This amount has been included in the Statement of Operations under Other revenues and Administration expenses. The value of territorial agent services provided without charge by the Corporation to the Government of Yukon for 2010 is estimated to be \$42,000 (2009 - \$41,000). 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 2008, the Corporation entered into an agreement with Government of Yukon for the care and maintenance of the new 48 unit seniors' social housing constructed as part of the Athletes' Village in Whitehorse. The Corporation has assumed responsibility for the facilities operation and maintenance costs. The value of services provided without charge, relating to the use of this building by the Corporation, is estimated in 2010 to be \$502,000 (2009 - \$502,000) based on the Government of Yukon's amortization expense.

Under the new Corporate Services arrangement, the Government of Yukon charged the Corporation \$254,000 (2009 - nil) for information technology support services. In 2009, these services were included in the shared services

(c) Due to Government of Yukon

	<u>2010</u>	<u>2009</u>
	(thousands of dollars)	
Advance received in excess of operating grant	\$ 2,260	\$ 2,005
Accounts payable	2,187	2,638
Accounts receivable	(1,651)	(192)
Amount due from Community Services - Disaster Financial Assistance	(1,644)	(1,088)
Net amount Due to Government of Yukon	<u>\$ 1,152</u>	<u>\$ 3,363</u>

**16. Contractual obligations and contingencies**

	<u>2010</u>	<u>2009</u>
	(thousands of dollars)	
Outstanding contractual obligations to complete the funding of mortgages receivable as at end of year.	\$ 1,108	\$ 3,800
Outstanding contractual obligations to complete committed contracts as at end of year.	4,890	-
Subsidies to private social housing organizations	387	380

Pursuant to a Supreme Court of Yukon Territory court order, the Whitehorse Housing Authority (the 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, 2010 was \$1,081,000 (2009 - \$1,127,000). 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.

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



Yukon Housing Corporation  
Notes to the financial statements  
for the year ended March 31, 2010

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**17. 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 no bad debts written off during the year ended March 31, 2010. Bad debts written off during the current year and past four years are as follows:

<u>Year</u>	<u>Amount</u>
2010	\$ -
2009	5,287
2008	11,626
2007	-
2006	164,347

**18. Comparative figures**

Certain comparative figures for 2009 have been reclassified to conform with the 2010 presentation.



Yukon Housing Corporation

Schedule of Program Costs, Corporate Services Costs and Administration Expenses  
for the year ended March 31, 2010

Schedule A

	2010	2009
	(thousands of dollars)	
<b>Program costs</b>		
<b>Housing operations</b>		
General maintenance	\$ 3,976	\$ 3,168
Personnel	3,029	2,809
Amortization	2,029	1,940
Utilities	1,627	1,842
Contributions - Government of Yukon		
Department of Health and Social Services	1,088	-
Subsidies - private social housing organizations	684	380
Property taxes	584	567
Building services - in-kind (Note 15(b))	502	502
Property rentals	390	422
Garbage collection and janitorial	219	166
Insurance	170	158
Direct lending program administration	77	643
Bad debts - housing operations including rental tenants	76	54
Housing program administration	28	96
	<u>14,479</u>	<u>12,747</u>
<b>Other</b>		
Write-down of tangible capital assets	233	38
Loss on sale of tangible capital assets	39	4
Loss on sale of housing held for sale	9	-
	<u>281</u>	<u>42</u>
	<u>\$ 14,760</u>	<u>\$ 12,789</u>
<b>Corporate services costs (Note 15 (a))</b>		
Personnel	\$ 1,941	\$ -
Information technology systems and support	360	-
Professional fees	171	-
	<u>\$ 2,472</u>	<u>\$ -</u>



Yukon Housing Corporation

Schedule of Program Costs, Corporate Services Costs and Administration Expenses  
for the year ended March 31, 2010

Schedule A

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	<u>2010</u>	<u>2009</u>
	(thousands of dollars)	
<b>Administration expenses</b>		
Personnel	\$ 397	\$ 431
Rentals - office and equipment	269	254
Travel and transportation	191	173
Amortization	170	142
Communications	154	105
Office and sundry	134	114
Professional fees	112	29
Program promotion	45	22
Boards and committees	33	37
	<u>\$ 1,505</u>	<u>\$ 1,307</u>



Yukon Housing Corporation  
 Schedule of Tangible Capital Assets  
 for the year ended March 31, 2010

Schedule B

	Land	Social Housing	Staff Housing	Office Building	Other Facilities	Furnishings and Equipment	Computer Systems	2010 Total	2009 Total
(thousands of dollars)									
Cost of tangible capital assets, opening <sup>1</sup>	\$ 1,531	\$ 38,253	\$ 15,067	\$ 1,893	\$ 786	\$ 108	\$ 199	\$ 57,837	\$ 56,175
Acquisitions <sup>1</sup>	175	12,169	132	-	10	343	-	12,829	1,943
Write-downs	-	(66)	(167)	-	-	-	-	(233)	(38)
Disposals	-	(363)	-	-	-	-	-	(363)	(243)
Cost of tangible capital assets, closing <sup>1</sup>	1,706	49,993	15,032	1,893	796	451	199	70,070	57,837
Accumulated amortization, opening	-	24,083	7,352	863	763	88	140	33,289	31,351
Amortization	-	1,634	382	106	11	30	36	2,199	2,082
Disposals	-	(258)	-	-	-	-	-	(258)	(144)
Accumulated amortization, closing	-	25,459	7,734	969	774	118	176	35,230	33,289
Net book value <sup>1</sup>	<b>\$ 1,706</b>	<b>\$ 24,534</b>	<b>\$ 7,298</b>	<b>\$ 924</b>	<b>\$ 22</b>	<b>\$ 333</b>	<b>\$ 23</b>	<b>\$ 34,840</b>	<b>\$ 24,548</b>
Construction in progress	\$ -	\$ 11,658	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,658	\$ 148

<sup>1</sup> Includes construction in progress