

YUKON HOUSING CORPORATION  
FINANCIAL STATEMENTS  
March 31, 2023  
(audited)

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## 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 public sector accounting standards. The integrity and objectivity of the data in these financial statements are management's responsibility.

Management is responsible for developing and maintaining 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 Yukon Housing Corporation (the Corporation).

The Board of Directors (the Board) is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibility through the Finance Audit 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 Finance Audit 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 her report thereon which is included with the audited financial statements. The Auditor General of Canada addresses her report to the Minister responsible for the Yukon Housing Corporation.

A handwritten signature in black ink, appearing to read "Justin Ferbey".

Justin Ferbey  
President

October 26, 2023

A handwritten signature in black ink, appearing to read "Marcel Holder Robinson".

Marcel Holder Robinson, CPA, CGA  
Director, Finance and Risk Management

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## INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Yukon Housing Corporation

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the Yukon Housing Corporation (the Corporation), which comprise the statement of financial position as at 31 March 2023, and the statement of operations and accumulated surplus, statement of change in (net debt) net financial assets and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2023, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **Report on Compliance with Specified Authorities**

### *Opinion*

In conjunction with the audit of the financial statements, we have audited transactions of the Yukon Housing Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Financial Administration Act* of Yukon and regulations, the *Housing Corporation Act* and regulations, and the by-laws of the Yukon Housing Corporation.

In our opinion, the transactions of the Yukon Housing Corporation that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Housing Corporation Act*, we report that, in our opinion, the accounting principles in Canadian public sector accounting standards have been applied, after giving retroactive effect to the change in method of accounting for asset retirement obligations as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by the Yukon Housing Corporation and the financial statements are in agreement therewith.

### *Responsibilities of Management for Compliance with Specified Authorities*

Management is responsible for the Yukon Housing Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Yukon Housing Corporation to comply with the specified authorities.

### *Auditor's Responsibilities for the Audit of Compliance with Specified Authorities*

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



David Irving, CPA, CA  
Principal  
for the Auditor General of Canada

Edmonton, Canada  
26 October 2023

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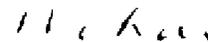
Yukon Housing Corporation  
Statement of Financial Position  
as at March 31, 2023

	2023	2022 Restated - Note 3
	(thousands of dollars)	
<b>Financial assets</b>		
Cash (Note 4)	\$ 6,804	\$ 4,504
Accounts receivable (Note 5)	691	4,970
Due from the Government of Yukon (Note 15(a))	1,281	3,152
Mortgages and loans receivable (Note 6)	29,515	32,417
	<u>38,291</u>	<u>45,043</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	7,033	7,534
Environmental liability (Note 7)	579	184
Asset retirement obligation (Note 20)	9,962	10,410
Deferred revenue (Note 8)	2,993	3,293
Long-term debt (Note 9)	9,638	10,794
Post-employment benefits (Note 10)	2,497	2,509
Advances - Government of Yukon (Note 12)	17,523	23,001
	<u>50,225</u>	<u>57,725</u>
<b>(Net debt) net financial assets</b>	<b><u>(11,934)</u></b>	<b><u>(12,682)</u></b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 13 and Schedule B)	114,754	113,043
Prepaid expenses (Note 19)	3,644	3,453
	<u>118,398</u>	<u>116,496</u>
<b>Accumulated surplus</b>	<b><u>\$ 106,464</u></b>	<b><u>\$ 103,814</u></b>
Contractual obligations and contingencies (Note 16)		
Contractual rights (Note 17)		

Approved by the Board of Directors



Director



Director

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



Yukon Housing Corporation  
Statement of Operations and Accumulated Surplus  
for the year ended March 31, 2023

	2023		2022
	Main		Restated - Note 3
	Estimates	Actual	Actual
	(Note 1(c))		
	(thousands of dollars)		
<b>Revenues</b>			
Rental income	\$ 7,050	\$ 7,833	\$ 7,627
Funding from Canada Mortgage and Housing Corporation			
- National Housing Strategy	4,777	4,976	5,202
- Social Housing Agreement	3,518	3,518	3,594
- Northern Funding Agreement	-	140	210
- Investment in Affordable Housing	-	-	47
- Social Infrastructure Fund	-	-	248
- Community Housing Initiative	-	-	3,000
- Northern Carve Out	4,913	-	-
Interest income	1,511	1,305	1,409
Other	20	348	823
Tenant damage charge back recovery	60	59	93
Recovery of loan receivable allowances	-	27	-
	<u>21,849</u>	<u>18,206</u>	<u>22,253</u>
<b>Expenses (Note 14)</b>			
Social and staff housing operations (Schedule A)	18,406	18,691	13,205
Lending and grant programs (Schedule A)	17,094	6,685	6,615
Amortization (Note 14 and Schedule B)	3,900	4,563	4,186
Corporate services (Schedule A)	2,912	2,737	3,259
Administration (Schedule A)	2,822	2,186	2,178
Rent supplement programs	1,408	1,722	1,529
Subsidies - private social housing organizations	617	393	366
	<u>47,159</u>	<u>36,977</u>	<u>31,338</u>
<b>Deficit for the year before government funding</b>	<b>(25,310)</b>	<b>(18,771)</b>	<b>(9,085)</b>
<b>Government of Yukon funding</b>			
Capital transfer revenue	22,547	10,768	17,372
Operations and maintenance transfer revenue	7,626	8,116	6,468
Low Carbon Economy Fund	3,190	2,035	1,679
Rental assistance - in-kind (Note 15(b))	-	502	502
	<u>33,363</u>	<u>21,421</u>	<u>26,021</u>
<b>Surplus for the year</b>	<b>8,053</b>	<b>2,650</b>	<b>16,936</b>
Accumulated surplus at beginning of year, as restated	103,814	103,814	86,878
<b>Accumulated surplus at end of year</b>	<b>\$ 111,867</b>	<b>\$ 106,464</b>	<b>\$ 103,814</b>

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



Yukon Housing Corporation

Statement of Change in (Net Debt) Net Financial Assets

for the year ended March 31, 2023

	2023		2022
	Main		Restated - Note 3
	Estimates	Actual	Actual
	(Note 1(c))		
	(thousands of dollars)		
<b>Surplus for the year</b>	\$ 8,053	\$ 2,650	\$ 16,936
<b>Effect of change in tangible capital assets</b>			
Acquisitions	(11,953)	(6,885)	(22,638)
Change in ARO estimate	-	555	-
Amortization of tangible capital assets	3,900	4,563	4,186
Disposal of tangible capital assets (net book value)	-	-	-
Write-down of tangible capital assets	-	56	16
	(8,053)	(1,711)	(18,436)
<b>Effect of change in other non-financial assets</b>			
Consumption of prepaid expenses	-	186	73
Purchase of prepaid expenses	-	(377)	(128)
	-	(191)	(55)
<b>Increase (decrease) in net financial assets (net debt)</b>	-	<b>748</b>	<b>(1,555)</b>
Net debt at beginning of year, as restated	(12,682)	(12,682)	(11,127)
<b>Net debt at end of year</b>	<b>\$ (12,682)</b>	<b>\$ (11,934)</b>	<b>\$ (12,682)</b>

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, 2023

	2023	2022
		Restated - Note 3
	(thousands of dollars)	
<b>Operating transactions</b>		
Surplus for the year	\$ 2,650	\$ 16,936
Adjustments for non-cash items		
Transfer revenue from Government of Yukon (Note 12)	(3,799)	(16,090)
Amortization of tangible capital assets (Note 13 and Schedule B)	4,563	4,186
Change in estimate of environmental liabilities (Note 7)	395	-
Accretion expense (Note 20)	256	250
Post-employment benefits expense (Note 10)	265	385
Bad debt expense (Schedule A)	(161)	157
Gains from tangible capital asset additions (Note 13)	-	(669)
Write-downs (Schedule B)	56	16
Mortgages receivable allowances / discounts (Note 6)	(62)	(370)
	<u>4,163</u>	<u>4,801</u>
Changes in accruals of operating cash receipts or (payments)	4,751	1,822
Cash provided by operating transactions	<u>8,914</u>	<u>6,623</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(8,422)	(21,768)
Cash (used for) capital transactions	<u>(8,422)</u>	<u>(21,768)</u>
<b>Investing transactions</b>		
Issuances of mortgages receivable	(4,185)	(3,997)
Repayments of mortgages receivable	6,707	8,409
Repayments of land sales agreements receivable	442	958
Cash provided by investing transactions	<u>2,964</u>	<u>5,370</u>
<b>Financing transactions</b>		
Repayments of long-term debt	(714)	(710)
Repayments of land sales agreements payable	(442)	(958)
Cash (used for) provided by financing transactions	<u>(1,156)</u>	<u>(1,668)</u>
<b>Increase (decrease) in cash</b>	<b>2,300</b>	<b>(11,443)</b>
Cash at beginning of year (Note 4)	4,504	15,947
<b>Cash at end of year (Note 4)</b>	<b>\$ 6,804</b>	<b>\$ 4,504</b>
Interest received in the year	\$ 1,305	\$ 1,527
Interest paid in the year	50	69

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, 2023

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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 Yukon to undertake, carry to completion, or assist in the provision, development, maintenance and management of housing. The Corporation is subject to the *Financial Administration Act* of Yukon. Disbursements for operations and loans are authorized by the Yukon Legislative Assembly through the *Appropriation Acts*.

(b) Mission

The mission of the Corporation is to work collaboratively to provide responsive and innovative solutions to diverse housing needs and vulnerabilities.

In carrying out its mission, the Corporation provides rental housing at below market rents to applicants who qualify for social housing. 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 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, Watson Lake and Whitehorse. Local Housing Advisory Boards involve local community members in the decision making process regarding housing in their community. They provided advisory services to the Corporation and a review function in appeals of decisions made by the Corporation. In 2021-22, these housing advisory boards became inactive.

(c) Main estimates

The Main Estimates figures are from the Main Estimates approved in the Yukon Legislative Assembly in 2022. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Yukon Legislative Assembly.

**2. Significant accounting policies**

These financial statements have been prepared in accordance with Canadian public sector accounting standards. Significant accounting policies are as follows:

(a) Funding and advances from the Government of Yukon

A funding agreement between the Corporation and the Government of Yukon authorizes the Government of Yukon to provide the Corporation with an annual operations and maintenance transfer payment and a capital transfer payment. The transfer payments are equal to the Corporation's actual net operating deficit and net capital expenditures calculated in accordance with the funding agreement and reported to the Government of Yukon in the Corporation's final Period 12 Variance Report. The transfer payments are recognized in accordance with the Corporation's policy for the recognition of government transfers (Note 2(j)). Advances provided by the Government of Yukon in excess of the transfer payments are recorded as a liability of the Corporation (Note 12).



Yukon Housing Corporation  
Notes to the financial statements  
for the year ended March 31, 2023

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**2. Significant accounting policies (continued)**

(a) Funding and advances from the Government of Yukon (continued)

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) and Schedule A).

(b) Cash

Cash includes cash on hand, bank balances and bank indebtedness repayable on demand.

(c) Housing inventory

The Corporation recognizes a house for sale as inventory when all of the following criteria are met prior to the date of the financial statements: sale of the asset is approved; the asset is in a condition to be sold; the asset is publicly seen to be for sale; there is an active market for the asset; there is a plan in place for selling the asset; and it is reasonably anticipated that the sale to the third party will be completed within one year. The asset held for sale is measured at the lower of cost less any valuation allowance or fair value less cost to sell.

(d) Mortgages and loans receivable

Mortgages receivable are fully secured and recorded at amortized cost less any amount for valuation allowances. 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 its net recoverable value.

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 an allowance for Home Repair Program subsidies based on loans receiving a subsidy at year end.

Loans with concessionary terms are reviewed annually.

Concessionary loans are recorded at the discounted value of the loan after the grant portion has been charged to concessionary loan discount expense. For concessionary loans, subsequent to initial valuation, the loans are carried at amortized costs using the effective interest method. The discounted value and the effective interest rate are determined using the Corporation's average borrowing rate at the date of issuance. The grant portion is calculated as the difference between the face value and the discounted value of the loan and is recorded as concessionary loans discount expense at the date of issue. The amortization of the discount would be recorded as an increase in the loan balance and an increase to interest income.

Housing industry loans are provided to private organizations and individuals as a way to finance the construction of more affordable rental units. These loans are also provided to organizations that are seeking financing to build shelters to accommodate social programs.

Loans receivable from lots sold to purchasers for residential, commercial and recreational purposes under land sales agreements are recorded at the lower of cost or net recoverable value.



**2. Significant accounting policies (continued)**

(e) Tangible capital assets

Tangible capital assets are recorded at cost, net of accumulated amortization. Interest on loans during construction of capital assets is capitalized. Costs include all cost directly attributable to acquisition, construction, development or betterment of the tangible capital asset, including installing the asset at the location and in the condition necessary for its intended use. Cost incurred for maintenance and repairs are accounted for as expenses in the Statement of Operations and Accumulated Surplus. Assets under construction are not amortized until available for use. On an annual basis, the Corporation reassess the useful life of their assets, during the year the housing assets have been revised.

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

Social housing projects	40 - 50 years
Social housing betterment	15 years
Staff housing projects and other facilities:	
Standard construction	40 - 50 years
Mobile home units	20 - 30 years
Office building	40 - 50 years
Other facilities	15 years
Furnishings and equipment	5 to 15 years
Vehicles	6 years
Computer systems	3 years
Leasehold improvements	remaining lease term

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide services. The write-downs are accounted for as expenses in the Statement of Operations and Accumulated Surplus.

(f) Environmental liabilities

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. The Corporation recognizes a provision for environmental clean-up when all of the following conditions are prevalent: an environmental standard exists; the level of contamination has been determined to exceed the environmental standard; the Corporation is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made at that time. A liability is recognized and the costs associated with the clean-up are expensed during the year when the Corporation is obligated to incur such costs. The estimate of a liability includes costs directly attributable to remediation activities. Costs would include post-remediation operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.



**2. Significant accounting policies (continued)**

(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. Net actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the active employees commencing with the period following the determination of the net 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

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized as the stipulation liabilities are settled.

Interest income on mortgages is recognized using the effective interest method. When a mortgage becomes impaired, recognition of interest ceases; thereafter, interest income for impaired loans is recognized on a cash basis.

Rental income is recorded on an accrual basis.

(j) Expenses

Expenses are recorded on an accrual basis. Transfer payments are recorded as expenses when authorized and recipients have met eligibility criteria.



## 2. Significant accounting policies (continued)

### (k) Asset retirement obligation

A liability for an asset retirement obligation (ARO) is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Corporation to incur retirement costs, a past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods. The discount rate used reflects the Corporation's cost of borrowing, associated with the estimated number of years to complete the retirement or remediation.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset and amortized over the asset's estimated useful life. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period. An asset retirement obligation may arise in connection with a tangible capital asset that is not recognized or no longer in productive use. In this case, the asset retirement cost would be expensed.

At each financial reporting date, the carrying amount of the liability is reviewed. The Corporation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. Once the related tangible capital asset is no longer in productive use, changes to the liability are recognized as an expense in the period they are incurred. The Corporation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Yukon Housing Corporation reviews its estimates of Asset Retirement Obligations annually.

### (l) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and contingencies. By their nature, these estimates are subject to measurement uncertainty. As adjustments to these estimates become necessary, they are recorded in the financial statements in the year they become known. 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.

Significant management estimates include: valuation of mortgages and loans receivable, valuation of accounts receivable, determination of amortization, valuation of post-employment benefits, estimation of contingencies, environmental liabilities and asset retirement obligations.



## 2. Significant accounting policies (continued)

### (l) Measurement uncertainty (continued)

Contingencies result from uncertain situations whose outcome depends on one or more future events. Contingent liabilities are possible liabilities which could become actual liabilities if one or more future events occur. If it is likely that an event could occur, and a reasonable estimate of the liability can be made, a provision is recognized, and the expenses is recorded. If the likelihood of the event cannot be determined or if the amount involved cannot be reasonable estimated, a contingency is disclosed in the notes to the Financial Statement.

The estimation of the environmental liabilities is subject to a high degree of measurement uncertainty because the existence and extent of contamination, the responsibility for clean-up and the timing and cost of remediation cannot be reliably estimated in all circumstances. The degree of measurement uncertainty resulting from the estimation of the environmental liabilities cannot be reasonably determined. At the time of preparation of these financial statements, management believes the estimates and assumptions to be reasonable under the circumstances. However, the effect on the financial statements of changes to such estimates and assumptions in future periods could be significant.

The estimation of asset retirement obligation is subject to high degree of uncertainty because the existence and extent of contamination, and the associated cost of remediation cannot be reliably estimated in all circumstances. The best estimate of an asset retirement obligation incorporates a present value technique when the cash flow required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended periods. The discount rate used reflects the Corporation's cost of borrowing associated with the estimated number of years to complete the retirement or remediation. At the time of preparation of these financial statements, management believes the estimates and assumptions to be reasonable under the circumstances. However, the effect on the financial statements of changes to such estimates and assumptions in future periods could be significant. Management reviews the carrying amount of liability, discount rates used at each financial reporting date.

### (m) Related party transactions

The Corporation is related to all Government of Yukon departments, territorial corporations and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation. Significant transactions with related parties and balances at year-end are disclosed separately in the financial statements and notes thereto.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions are recorded on a gross basis and are measured at the carrying amount, except for the following: when inter-entity transactions are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where costs provided are recovered, they are measured at the exchange amount.

Related party transactions other than inter-entity transactions are recorded at the exchange amount.

The Corporation receives certain services provided by the Government of Yukon without charge (Note 15(b)).



**2. Significant accounting policies (continued)**

(n) Financial Instruments

The Corporation's financial instruments include cash, accounts receivable, mortgages and loans receivable, accounts payable and accrued liabilities and long term debt. The carrying value of cash, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these financial assets and liabilities.

The following is a list of the Corporation's financial instruments and their related measurement basis as at March 31, 2023.

<b>Financial Assets</b>	<b>Measurement Basis</b>
Cash	Cost
Accounts receivable	Cost
Mortgages & loans receivable	Amortized cost
<b>Financial Liabilities</b>	
Accounts payable and accrued liabilities	Cost
Long-term debt	Amortized cost

As all financial instruments are measured at cost or amortized cost, there have been no remeasurement gains or losses. Therefore, the Statement of Remeasurement Gains and Losses has been excluded. Financial instruments measured at amortized cost use the effective interest rate method.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations.



**3. Adoption of new accounting standards**

(a) PS 3450 - Financial Instruments

Effective April 1, 2022, the Corporation adopted Canadian public sector accounting standard PS 3450 - Financial Instruments. Adoption of this new standard also required the adoption of PS 2601 - Foreign Currency Translation, PS 1201 - Financial Statement Presentation, and PS 3041 - Portfolio Investments in this same year. Items within the scope of the standard are assigned a measurement category of either fair value, cost or amortized cost. Fair value measurement will apply to derivatives and portfolio investments in equity instruments that are quoted in an active market. Also, when groups of financial assets and financial liabilities are managed on a fair value basis they may be reported on that basis. Other financial assets and financial liabilities will generally be measured at cost or amortized cost. Until an item is derecognized, gains and losses arising due to fair value remeasurement or foreign currency translation will be reported in the Statement of Remeasurement of Gains and Losses. Since no financial instruments are currently measured at fair value, the Statement of Remeasurement of Gains and Losses is not presented. The Corporation has adopted these standards using a prospective application. The adoption of these standards did not significantly impact the financial statements.

(b) PS 3280 – Asset Retirement Obligations:

On April 1, 2022, the Corporation adopted Canadian public sector accounting standard PS 3280 – Asset Retirement Obligations (ARO). The standard was adopted on the modified retroactive basis with restatement at the date of adoption. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The restatement was calculated using assumptions and discount rates that were current at the beginning of this fiscal year; as a result, the total restatement in tangible capital assets and accumulated amortization together with an adjustment to the opening balance of accumulated surplus, was equivalent to the increase in the asset retirement obligation.

Upon adoption of the standard, the Corporation used a discount rate of 2.5%, which reflects the Corporation's cost of borrowing. In the future, the carrying amount of the liability, discount rate and other key assumptions will be reassessed at each financial reporting date.

The adoption of PS 3280 resulted in the addition of a new ARO in the amount of \$10,182,000, a net increase in tangible capital assets of \$1,596,000 and a net decrease to accumulated surplus of \$8,586,000 as at April 1, 2022. In addition to those adjustments, surplus for 2021-22 was also adjusted by \$250,000 for accretion expense, \$107,000 for amortization and \$22,000 for ARO disposal of buildings.

Refer to Note 20 for the current details of the Corporation's asset retirement obligation.



Yukon Housing Corporation  
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3. Adoption of new accounting standards (continued)

The restatement of the comparative figures is summarized in the table below

	2022		2022
	(thousands of dollars)		
	(as previously reported)	Restatement	(Restated)
<b>Statement of Financial Position</b>			
<b>Liabilities</b>			
Asset Retirement Obligation	-	10,410	10,410
Total Liabilities	47,315	10,410	57,725
 (Net Debt) net financial assets	 (2,272)	 (10,410)	 (12,682)
<b>Non-financial Assets</b>			
Tangible capital assets	111,554	1,489	113,043
Total Non-financial assets	115,007	1,489	116,496
 Accumulated Surplus	 112,735	 (8,921)	 103,814
<b>Statement of Operations</b>			
<b>Expense</b>			
Social and staff housing	12,977	228	13,205
Amortization expense	4,079	107	4,186
 Total expenses	 31,003	 335	 31,338
 Deficit for the year before government funding	 (8,750)	 (335)	 (9,085)
 Accumulated Surplus at beginning of year	 95,464	 (8,586)	 86,878
Surplus for the year	17,271	(335)	16,936
Accumulated Surplus at end of year	112,735	(8,921)	103,814



Yukon Housing Corporation  
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for the year ended March 31, 2023

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3. Adoption of new accounting standards (continued)

**Statement of Change in (Net Debt) Net Financial Assets**

Surplus for the year	17,271	(335)	16,936
Effect of change in tangible capital assets			
Amortization of tangible capital asset	4,079	107	4,186
Total	18,543	(107)	18,436
Increase (Decrease) in net financial assets (net debt)	(1,327)	(228)	(1,555)
Net debt at beginning of year, as restated	(945)	(10,182)	(11,127)
Net debt at end of year, as restated	<u>(2,272)</u>	<u>(10,410)</u>	<u>(12,682)</u>

**Statement of Cash Flow**

Operating transactions			
Surplus for the year	17,271	(335)	16,936
Amortization of tangible capital asset	4,079	107	4,186
Accretion expense	-	250	250
Subtotal	4,779	<u>22</u>	4,801
Changes in accruals of operating cash receipts or (payments)	1,844	(22)	1,822

**Schedule A**

Social and Staff Housing Operation			
General Maintenance	3,475	(22)	3,453
Accretion expense	-	250	250
Total	12,977	<u>228</u>	13,205



Yukon Housing Corporation  
Notes to the financial statements  
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3. Adoption of new accounting standards (continued)

**Note 13 Tangible Capital Assets and Schedule B**

**Cost of tangible capital assets at beginning of year**

Social housing	145,712	3,157	148,869
Staff housing	22,465	1,349	23,814
Office buildings	1,954	184	2,138
Other facilities	538	21	559
Total	179,751	<u>4,711</u>	184,462

**Accumulated Amortization at beginning of year**

Social housing	50,125	2,136	52,261
Staff housing	13,857	925	14,782
Office buildings	1,555	144	1,699
Other facilities	537	17	554
Total	68,197	<u>3,222</u>	71,419

**Net Book Value**

Social housing	95,587	1,021	96,608
Staff housing	8,608	424	9,032
Office buildings	399	40	439
Other facilities	1	4	5
Total	111,554	<u>1,489</u>	113,043

**Note 14 Expenses by Object**

Materials, supplies and utilities	8,608	(22)	8,586
Amortization	4,079	107	4,186
Accretion expense	-	250	250
Total	31,003	<u>335</u>	31,338

**Note 20 - Asset Retirement Obligation**

Opening balance	-	10,182	10,182
Accretion expense	-	250	250
Retirement	-	(22)	(22)
Closing balance	-	<u>10,410</u>	10,410



Yukon Housing Corporation  
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4. Cash

	2023	2022
	(thousands of dollars)	
Cash		
Bank balances	\$ 6,801	\$ 4,501
Cash on hand	3	3
	<u>\$ 6,804</u>	<u>\$ 4,504</u>

The Corporation has an overdraft facility with its bank of up to \$11,000,000 at bank prime less 0.85% (2022 - bank prime less 0.85%). At year end, the bank prime rate was 6.70% (2022 - 2.70%). The overdraft is guaranteed by the Government of Yukon.

5. Accounts receivable

	2023	2022
	(thousands of dollars)	
Due from Canada Mortgage and Housing Corporation		
- National Housing Strategy	\$ -	\$ 4,472
- Social Housing Agreement	231	236
Receivable from tenants	971	896
Other receivables	419	457
Less: Valuation allowance for receivable from tenants	(863)	(1,023)
Less: Valuation allowance for other receivables	(67)	(68)
	<u>\$ 691</u>	<u>\$ 4,970</u>

Valuation allowance for tenants and other receivables is calculated based on amounts greater than 90 days which exclude amounts due from Yukon Government as there is an expectation of collection.

On August 14, 1998 the Corporation entered into an agreement with CMHC to access funding under the Social Housing Agreement (SHA). Under this 31 year agreement (1999/2000 to 2029/2030) CMHC agreed to contribute up to \$114,379,000 for the Corporation to assume full responsibility for the management of various public housing programs specified in the SHA. As at March 31, 2023 the amount receivable under the SHA is \$231,000 (2022 - \$236,000).

On April 1, 2018 the Corporation entered into an agreement with CMHC to access funding under the National Housing Strategy Agreement (NHS). Under this 10 year agreement (2019/2020 to 2027/2028) CMHC agreed to contribute up to \$28,269,700 (various amounts each year) for project commitments made by the Corporation to increase access to housing, reduce housing need and achieve better housing solutions across the spectrum. As at March 31, 2023 the amount receivable under the NHS is \$0 (2022 - \$4,472,050).



Yukon Housing Corporation  
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**6. Mortgages and loans receivable**

	Stated interest rates <hr/> %	2023 <hr/> (thousands of dollars)	2022 <hr/> (thousands of dollars)
Mortgages receivable			
Home Ownership	0.00 - 5.39	\$ 21,743	\$ 22,406
<p>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 2028. Rural and Native Home Ownership mortgages receiving subsidies (Note 2(d)) at March 31, 2023 were \$0 (2022 - \$6,000).</p>			
Owner Build	3.64 - 5.39	4,482	5,081
<p>Loans are advanced during the construction phase of a home for a maximum period of two years with interest of 1% below posted average five year rate of major banks. Repayment terms are up to five years, commencing upon completion of construction, secured by registered charges against real property with maturities up to 2028.</p>			
Developer Build	3.75	2,103	3,000
<p>Loans are advanced during the construction phase of a home for a maximum period of two years with interest of 1% below posted average five year rate of major banks. Repayment terms are up to five years, commencing upon completion of construction, secured by registered charges against real property with maturities up to 2025.</p>			
Repair and Upgrade	0.00 - 7.70	1,288	1,499
<p>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 2029. Mortgages receiving subsidies (Note 2(d)) and forgiveness at March 31, 2023 were \$0 (2022 - \$29,000).</p>			
Energy Management	3.70	-	1
<p>Loans with terms up to 17 years, secured by registered charges against real property or chattel mortgages, repayable in periodic instalments with maturities up to 2022.</p>			



Yukon Housing Corporation  
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6. Mortgages and loans receivable (continued)

	Stated		
	interest rates	2023	2022
	%	(thousands of dollars)	
Housing Industry Loans	1.75 - 5.70	341	492
Loans with terms up to 25 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 2027.			
Subtotal mortgages receivable		29,957	32,479
Less: Allowance for Home Repair Program subsidies		-	(29)
Less: Discount for loans receivable with concessionary terms*		(458)	(491)
Less: Allowance for impaired loans		(181)	(181)
Net mortgages receivable		29,318	31,778
Land sales agreements receivable	5.00	197	639
Unsecured loans on residential, commercial and recreational lots, repayable in blended annual payments at fixed rates of interest with maturities up to 2024.			
Total loans receivable		\$ 29,515	\$ 32,417

\*The total remaining principal \$ 1,418 is for 11 loans.

These mortgages and loans receivable earn interest at the following weighted average rates:

	2023	2022
Mortgages receivable	3.93%	3.45%
Land sales agreements receivable	5.00%	5.00%



Yukon Housing Corporation  
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**7. Environmental liability**

Changes in the environmental liability are as follows:

	2023	2022
	(thousands of dollars)	
Balance at beginning of year	\$ 184	\$ 216
Actual expenditures in current year relating to fuel oil spills	-	(32)
Revision of estimated remediation cost of existing sites	120	-
New sites assessed during fiscal year	275	-
Balance at end of year	<u>\$ 579</u>	<u>\$ 184</u>

Notable sites within the environmental liability include:

The Corporation is planning to remove five of its underground fuel tanks at its head office in Whitehorse. Based upon past experience with similar projects, the Corporation is forecasting \$275,000 to remediate potential fuel spills. This forecast may change as remediation is started in the fall of 2023.

In fall 2010, it was confirmed that approximately 20,000 liters of fuel oil spilled under two Yukon Housing Corporation properties in Dawson City. The remediation plan and projected future costs were prepared by independent consultants, and the remediation started in the summer of 2011. Remediation has been completed and future expenditures of \$96,389 (2022 - \$36,389) at year end are for ongoing water and soil monitoring.

In the summer of 2015, a split fuel line occurred under a house in Dawson City. Approximately 800 liters of fuel leaked from the oil storage tank. The projected future expenditures at year end associated with this spill are estimated at \$100,000 (2022- \$100,000).

Projected future expenditures at year end for site monitoring of \$108,000 (2022 - \$48,000) are for ongoing ground water and soils monitoring for remediated oil spill sites in Old Crow and Watson Lake (2022 - Old Crow and Watson Lake).

**8. Deferred revenue**

	2023	2022
	(thousands of dollars)	
Canada Mortgage and Housing Corporation (CMHC) funding		
- National Housing Strategy	\$ 2,294	\$ 2,494
- Investment in Affordable Housing	275	275
- Yukon First Nations - Multi-unit Residential Building Workshop	127	145
- Northern Funding Agreement	-	140
Unearned rent	297	239
	<u>\$ 2,993</u>	<u>\$ 3,293</u>

Unearned rent relates to prepayments made by tenants for future months.



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9. Long-term debt

	Stated interest rates %	2023 (thousands of dollars)	2022
Mortgages payable to chartered banks and CMHC (guaranteed by the Government of Yukon)	1.99 - 2.81	\$ 379	\$ 733
Loans with a variety of terms, repayable in blended monthly payments at fixed rates of interest and with maturities up to 2028, secured by fixed charges against housing projects with net book value of \$1,819,126 (2022 - \$2,042,310).			
Loans payable to chartered banks and CMHC (guaranteed by the Government of Yukon)	7.50 - 9.50	412	522
Unsecured loans repayable in blended periodic installments at fixed rates of interest to maturity and with maturities up to 2028.			
Loans payable to the Government of Yukon	0.00	8,650	8,900
Repayable without interest in periodic instalments to 2027.			
Land sales agreements due to the Government of Yukon, unsecured	0.00	197	639
Repayable without interest in periodic instalments to 2025.			
Total long-term debt		<u>\$ 9,638</u>	<u>\$ 10,794</u>

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

	2023	2022
Mortgages payable to chartered banks and CMHC	2.73%	2.53%
Loans payable to chartered banks and CMHC	7.93%	7.91%

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

	Loans Payable				Total
	Mortgages Payable	Banks and CMHC	Government of Yukon	Land Sales Agreements	
	(thousands of dollars)				
2024	\$ 129	\$ 119	\$ 250	\$ 170	\$ 668
2025	54	128	250	27	459
2026	55	139	5,150	-	5,344
2027	57	11	3,000	-	3,068
2028	59	12	-	-	71
Thereafter	25	3	-	-	28
Total	<u>\$ 379</u>	<u>\$ 412</u>	<u>\$ 8,650</u>	<u>\$ 197</u>	<u>\$ 9,638</u>

At March 31, 2023, the Corporation did not have any outstanding Government of Yukon Land Sales Agreements principal payments.



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**10. 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 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 are summarized as follows:

	2023	2022
	(thousands of dollars)	
Accrued benefit liability, beginning of year	\$ 2,509	\$ 2,173
Receipt from Government departments for staff transfers	(18)	73
Add: Post-employment benefits expenses		
Current service costs	208	222
Interest on accrued benefit liability	92	73
Amortization of net actuarial (gains)losses	(17)	17
Less: Benefits paid during the year	(277)	(49)
Accrued benefit liability, end of year	<u>2,497</u>	<u>2,509</u>
Unamortized net actuarial gain	(613)	(328)
Accrued benefit obligation, end of year	<u>\$ 1,884</u>	<u>\$ 2,181</u>

The significant actuarial assumptions were:

	2023	2022
Discount rate	<u>4.80%</u>	<u>4.00%</u>
Inflation	2.00%	2.00%
Expected average remaining service life of active employees	11.8 years	11.6 years
Seniority and Promotional Salary Increases - based on the annual rates from the Public Service Pension Plan	March 31, 2020 valuation report	

The most recent actuarial valuation made for these post-employment benefits was as of March 31, 2023. The next required valuation would be as of March 31, 2026.

Included in the total accrued benefit obligation at March 31, 2023 are vacation leave of \$662,000 (2022 - \$560,000) and accumulated sick leave of \$390,000 (2022 - \$422,000).

The post-employment benefit expense for the financial year is \$265,000 (2022 - \$386,000).



## 11. Retirement benefits

Substantially all of the employees of the Corporation are covered by the Public Service Pension Plan (the Plan), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution effective at year end was \$1.02 (2022 - \$1.02) for every dollar contributed by the employee, and \$5.29 (2022 - \$5.91) for every dollar contributed by the employee for the portion of the employee's salary above \$196,200 (2022 - \$191,300). For new employees who are participating in the Plan on or after January 1, 2013, the Corporation contributes \$1.00 (2022 - \$1.00) for every dollar contributed by the employee, and \$5.29 (2022 - \$5.91) for every dollar contributed by the employee for the portion of the employee's salary above \$196,200 (2022 - \$191,300).

Contributions during the year were as follows:

	2023	2022
	(thousands of dollars)	
Employer's contribution	\$ 583	\$ 640
Employees' contribution	581	628

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of two percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada Pension Plan benefits and they are indexed to inflation.

## 12. Advances - Government of Yukon

Advances from the Government of Yukon represent a series of working capital advances by the Government of Yukon to the Corporation. These advances are repayable on demand and without interest.

	2023	2022
	(thousands of dollars)	
Balance at beginning of year	\$ 23,001	\$ 39,091
Cash advanced during the year	15,085	7,750
Settlement of Low Energy Carbon Fund	(1,679)	-
Operations and maintenance transfer payment	(8,116)	(6,468)
Capital transfer payment	(10,768)	(17,372)
	<u>(5,478)</u>	<u>(16,090)</u>
Balance at end of year	<u>\$ 17,523</u>	<u>\$ 23,001</u>

During the year, the Corporation in substance repaid \$3,799,000 (2022 - \$16,090,000) by requesting less cash than what was approved in the operating and capital transfer payments from the Government of Yukon. As a result, this repayment and the corresponding portion of these transfer payments are non-cash transactions.

During the year, the Corporation had a reduction of \$1,679,000 in the advances from the Government by the way of a non-cash settlement of 2021-22 Low Carbon Energy Fund.



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13. Tangible capital assets

	Cost	Accumulated Amortization	2023	2022
			Net Book Value	(Restated Note 3) Net Book Value
(thousands of dollars)				
Land	\$ 5,189	\$ -	\$ 5,189	\$ 5,189
Social housing	154,586	55,793	98,793	96,608
Staff housing	23,566	15,386	8,180	9,032
Office building	2,118	1,744	374	439
Other facilities	557	556	1	5
Furnishings and equipment	4,349	2,132	2,217	1,770
Computer systems	295	295	-	-
(Schedule B)	\$ 190,660	\$ 75,906	\$ 114,754	\$ 113,043

At March 31, 2023, there were construction projects in progress in the amount of \$3,746,000 (2022 - \$19,062,000). There was no interest incurred for the construction of tangible capital assets in the current year or previous year.

Included in the cost of land are 4 vacant lots with a carrying value of \$1,000.

In 2021-22, the Corporation took ownership of building including land from Options for Independence Society of Yukon (OFI) in exchange of discharging a mortgage owed to the Corporation. The building including land were appraised at \$2,330,000, while the mortgage had \$1,736,000 of principal outstanding. The Corporation has recorded a gain of \$594,000 which is included in prior year Other revenues.

The Government of Yukon is using the space to provide housing with supports and programming for people with Fetal Alcohol Spectrum Disorder. As part of an arrangement with Government of Yukon, the Corporation does not charge rent but instead charges Health & Social Services for operation and maintenance costs.

In 2021-22, the Corporation received a contribution of land from the Municipality of Watson Lake appraised at \$75,000. The Corporation recorded revenue of \$75,000 which was included in prior year Other revenues. The Corporation will begin construction of a new housing complex to support housing needs in the community in the spring of 2023 with an anticipated completion date in 2024 at an estimated cost of \$13,100,000.



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**14. Expenses by object**

	2023	2022
	(thousands of dollars)	(Restated note 3) of dollars)
Transfer payments (Grants/Program advances)	\$ 6,551	\$ 6,455
Materials, supplies and utilities	14,187	8,586
Personnel, training and post-employment benefits	8,210	8,538
Amortization	4,563	4,186
Accretion Expense	256	250
Other	2,537	2,445
Contract and special services	264	440
Communication and transportation	359	371
Interest on long-term debt	50	67
	<u>\$ 36,977</u>	<u>\$ 31,338</u>

**15. Related party transactions and balances**

In addition to those related party transactions disclosed elsewhere in these financial statements (Notes 9, 12, 13 and 17), the Corporation enters into transactions with related entities in the normal course of business.

(a) Due from (to) the Government of Yukon

	2023	2022
	(thousands of dollars)	of dollars)
Accounts payable	\$ (946)	\$ (1,076)
Accounts receivable	191	390
Amount due re: Canada - Yukon Low Carbon Economy Fund	2,036	3,838
Net amount due from the Government of Yukon	<u>\$ 1,281</u>	<u>\$ 3,152</u>

(b) Other transactions

The Government of Yukon provides life insurance and medical benefits to the Corporation's retired personnel, which are provided without charge and not recorded in the financial statements.

The value of administrative services provided by the Government of Yukon to the Corporation is estimated in 2023 to be \$32,631 (2022 - \$32,088). The value of territorial agent services provided by the Corporation to the Government of Yukon for 2023 is estimated to be \$192,509 (2022 - \$144,683). These services are provided without charge and not recorded in the financial statements.



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**15. Related party transactions and balances (continued)**

The employees of the Corporation are paid by the Government of Yukon. The Corporation reimbursed the Government for personnel expenses (Note 14 and Schedule A) paid of \$8,063,000 during 2023 (2022 - \$8,064,000) which are recorded at the exchange amount.

In 2008, the Corporation entered into an agreement with the Government of Yukon for the use of a 48 unit seniors' social housing constructed as part of the Athletes' Village in Whitehorse. The Corporation is responsible for the operation and maintenance of the facility. The value of services provided without charge, relating to the use of this building by the Corporation, is estimated in 2023 to be \$502,000 (2022 - \$502,000) based on the Government of Yukon's amortization expense.

During 2023, the Corporation was charged \$651,000 (2022 - \$327,000) by the Government of Yukon for information technology support services, office rental, office supplies, computer software licensing, vehicle rental services and other upgrades. These charges are recorded at the exchange amount.

**16. Contractual obligations and contingencies**

	2023	2024	2025
	(thousands of dollars)		
Outstanding contractual obligations to complete the funding of mortgages receivable at end of year	\$ 1,326	\$ 57	\$ -
Outstanding contractual obligations to complete agreements and contract commitments at end of year	\$ 6,179	24	4
Annual subsidies to private social housing organizations	375	375	375
	<u>\$ 7,880</u>	<u>456</u>	<u>379</u>

In the normal course of operations, the Corporation is subject to legal claims and possible claims. While the outcome of legal claims or possible claims is subject to future resolution, management's evaluation and analysis of such matters indicates that, individually or in the aggregate, the probable ultimate resolution of all legal claims and possible claims will not have a material financial impact on the Corporation's financial position, results of its operations or its cash flows.

Pursuant to an agreement signed with CMHC in 1998, the Corporation is liable for a mortgage payable by the Whitehorse Housing Co-operative Association Limited (the Co-operative) in the event of a default. The mortgage matures on July 1, 2025 and the amount payable as at March 31, 2023 was \$220,000 (2022 - \$310,000). Management believes that the Corporation would be able to repay the mortgage in full through the sale of the Co-operative's assets which are made up of twelve single family dwellings (against which the mortgage is made) in the event of a default.

In 2022, the Corporation acted as an agent when it received \$5,000,000 from CMHC. If Safe At Home Society is unable to operate and maintain these housing units for 20 years, the Corporation, in consultation with CMHC, would need to determine an appropriate course of action to ensure the Corporation's adherence to any potential obligation arising from this flow through arrangement.



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**17. Contractual rights**

The Corporation has contractual rights for the following payments subsequent to March 31, 2023:

	Expiry Date	2023-24	2025-2031	Total
		(thousands of dollars)		
CMHC Social Housing Agreement	2030	\$ 3,029	\$ 8,030	\$ 11,059
CMHC Bilateral Agreement				
CMHC Northern Housing	2028	2,400	9,600	12,000
CMHC Canada Community Housing	2028	801	8,931	9,732
CMHC Yukon Priorities Housing	2027	895	2,021	2,916
CMHC Canada Housing Benefit	2028	1,206	5,394	6,600
Canada - Yukon Low Carbon Economy Leadership Fund (Government of Yukon)	2024	4,659	-	4,659
Office space lease (Government of Yukon)	2024	96	-	96
		<u>\$ 13,086</u>	<u>\$ 33,976</u>	<u>\$ 47,062</u>

**18. Bad debts write-offs**

Section 14(4) of the *Financial Administration Act* of Yukon requires accounts written off during the fiscal year to be reported in the Public Accounts of Yukon. Bad debts written off during the current year and past four years are as follows:

Year	Amount
2023	\$ 35,527
2022	\$ 190,534
2021	-
2020	-
2019	-



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**19. Prepaid expenses**

	2022	2021
	(thousands of dollars)	
Prepaid Expense		
Prepaid Lease	\$ 3,442	\$ 3,325
Other	202	128
	<u>\$ 3,644</u>	<u>\$ 3,453</u>

The Corporation has prepaid \$3,500,000 to lease 10 units for the next twenty years in the Normandy Manor development project. The lease has started in December 2022 when the building construction was completed.

**20. Asset retirement obligations**

The Corporation owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 - Asset Retirement Obligation, the Corporation recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings as estimated as at April 1, 2022. The asset retirement obligation accretion expense will be incurred over the estimated number of years to complete the retirement or remediation. Post-closure care is estimated to extend for up a year post the closure of the building, while demolition and construction continues. Estimated undiscounted costs of \$14,202,000 have been discounted to present value using a discount rate of 3% (2022 - 2.5%) per annum.

The transition and recognition of asset retirement obligations involved an accompanying increase to Buildings including Social Housing, Staff Housing, Office, and Other facilities.

Changes to the asset retirement obligation in the year are as follows:

	2023	2022 Restated - Note 3
Opening balance, as restated	\$ 10,410	\$ 10,182
Accretion expense	256	250
Liabilities settled	(149)	(22)
Change in estimate	(555)	-
<b>Closing balance, as restated</b>	<u>\$ 9,962</u>	<u>\$ 10,410</u>



## 21. Financial instruments

The Corporation has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk. The following analysis provides a measurement of those risks as at March 31, 2023.

### a) Credit Risk

Credit risk is the risk of a financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks mainly arise from certain financial assets held by the Corporation consisting of cash, accounts receivable, due from Government of Yukon, and mortgages and loans receivable.

#### Cash

The Corporation's exposure to credit risk associated with cash is assessed as low because the Corporation's cash deposits are held by a reputable Canadian Chartered bank.

#### Accounts Receivable

The Corporation's exposure to credit risk associated with accounts receivable particularly due from CMHC, Government of Yukon and other receivables is considered low as these receivables are due from federal and First Nation governments. The Corporation is also exposed to credit risk through CMHC indemnifications as in the event of a loan or contribution default, the Corporation is required to rectify the default or fully reimburse CMHC for approved and paid claims. The Corporation mitigates this risk by continuing operation and assuming the loan/contribution obligation.

The Corporation's exposure to credit risk associated with accounts receivable from tenants is assessed as high due to the transient nature of clients. The Corporation mitigates this risk by keeping records of outstanding accounts where a returning client with outstanding account has to settle the amount owed to the Corporation before they are allowed to receive housing benefits.

Allowance for doubtful accounts are provided for potential losses that have been incurred at the reporting date. The amounts disclosed on the Statement of Financial Position are net of these allowances for doubtful accounts. All accounts are considered for impairment based on the type of client revenue and historical repayment information.

The maximum exposure to credit risk for due from Government of Yukon and accounts receivables by type of customer is as follows:

	2023	2022
	(thousands of dollars)	
<u>Due from Government of Yukon (Note 15(a))</u>	\$ 1,281	\$ 3,152
Due from Canada Mortgage and Housing Corporation (Note 5)	231	4,708
Receivable from tenants (Note 5)	108	(127)
Other receivables (Note 5)	352	389
<u>Accounts Receivable</u>	<u>\$ 691</u>	<u>\$ 4,970</u>



## 21. Financial instruments (continued)

The Corporation's receivable has a carrying value of \$691 as at March 31, 2023 (2022 - \$4,970). As at March 31, 2023, approximately 65% (2022- 18%) were over 90 days past due, whereas 32% (2022 - 78% )were current or less than 30 days past due.

### Mortgages and loans receivable

The Corporation's exposure to credit risk associated with Mortgages and Loans receivable is considered low because these receivables are primarily secured by property, and other security instruments. Additionally, the amounts due from clients can be recovered through court imposed repossession of property.

The Corporation has a carrying value of \$29,515 as at March 31, 2023 (2022 - \$32,417). As at March 31, 2023, approximately 95% (2022- 95%) were current or less than 30 days past due, whereas 2% (2022 - 2%) were over 90 days past due.

Allowance for impaired loans are provided for potential losses that have been incurred at the reporting date. The amounts disclosed on the Statement of Financial Position are net of these allowances for impaired loans. All accounts are considered for impairment based on the date of last payment and historical repayment information.

### b) Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation's objective is to have sufficient liquidity to meet these liabilities when due. The Corporation monitors its cash balance and cash flows generated from operations to meet its liquidity requirements. To further manage its liquidity risk, the Corporation has a borrowing limit of up to \$11,000,000. Further financing can be obtained through transfers from the Yukon government to mitigate this risk and also, the Corporation has the option to sell from its housing portfolio.

The liquidity risk arises from the financial liabilities consisting of accounts payable and accrued liabilities and long term debt. The Corporation's accounts payable and accrued liabilities had a carrying value of \$7,035 (2022 - \$7,534). As at March 31, 2023, approximately 97% (2022- 99%) of accounts payable were current or less than 30 days past due.

The Corporation's long term debt has remaining discounted contractual cash flows of \$9,638 (2022 - \$10,794). The amount of principal to be repaid next fiscal year is \$668. (note 9)

### c) Market Risk

#### Currency risk

Currency risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates. The Corporation is not exposed to any significant interest rate risk because instruments are held in domestic currency.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Corporation is not exposed to any significant interest rate risk.

Long-term debt has interest rates fixed for long periods of time with the debt intended to be repaid in accordance with corresponding agreed to schedules. Impact of 1% increase in interest rates would add \$9,000 to the Corporation's deficit while a 1% decrease in interest rates would add \$11,000 to the Corporation's surplus.



## 22. Subsequent events

On April 5, 2023, the Corporation signed an agreement, Rapid Housing Initiative #3, with Canada Mortgage and Housing Corporation (CMHC). Under the agreement, the Corporation will receive \$5,000,000 from CMHC to develop and construct projects in accordance with the following requirements - increase affordability, accessibility, serve vulnerable populations, and be energy efficient. The \$5,000,000 was received by the Corporation in April 2023.

On February 21, 2021, the Corporation has signed a memorandum of understanding (MOU) with CMHC. Under this MOU, CMHC has conditionally allocated \$20,000,000 in funding from the Northern Carve Out Initiative towards projects that will increase rent affordability, accessibility, and be energy efficient. The funding is to be disbursed on a project by project basis with CMHC funding not to exceed \$20,000,000. The parties are working on a formal, legally binding agreement that is expected to be completed in the fall of 2023.

At year end, the Corporation was in negotiation to lease an additional 16 units in Normandy Manor for approximately \$24,000 per month for the next twenty years. The contract for these additional 16 units was signed in the 2023-24 fiscal year and tenants moved in July.

## 23. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.



Yukon Housing Corporation

Schedule of Program Costs, Corporate Services Costs and Administration Expenses  
for the year ended March 31, 2023

Schedule A

	2022	
	2023	Restated - Note 3
	(thousands of dollars)	
<b>Social and staff housing operations</b>		
Personnel	\$ 4,289	\$ 4,069
General maintenance	8,435	3,453
Utilities	3,764	3,435
Property taxes	1,264	1,113
Building services - in-kind (Note 15(b))	502	502
Bad debts - tenant receivable	(125)	157
Housing program administration	200	145
Accretion expense	256	250
Interest on long-term debt	50	66
Write-down of / loss on disposal of tangible capital assets	56	15
	<u>\$ 18,691</u>	<u>\$ 13,205</u>
<b>Lending and grant programs</b>		
Affordable housing contributions	\$ 5,780	\$ 5,760
Personnel	527	505
Community partnering contributions	377	329
Bad debts - loans receivable	-	20
Program materials	1	1
	<u>\$ 6,685</u>	<u>\$ 6,615</u>
<b>Corporate services</b>		
Personnel	\$ 2,257	\$ 2,807
Information technology systems and support	359	267
Professional fees	121	185
	<u>\$ 2,737</u>	<u>\$ 3,259</u>
<b>Administration</b>		
Personnel, training and post-employment benefits	\$ 1,137	\$ 1,157
Communications	177	191
Travel and transportation	182	180
Professional fees	62	173
Office space	204	120
Rentals - office and equipment	111	106
Office and sundry	124	104
Boards and committees	81	81
Program promotion	108	66
	<u>\$ 2,186</u>	<u>\$ 2,178</u>



Yukon Housing Corporation  
 Schedule of Tangible Capital Assets  
 for the year ended March 31, 2023

Schedule B

	Land	Social Housing (Restated - Note 3)	Staff Housing (Restated - Note 3)	Office Building (Restated - Note 3)	Other Facilities (Restated - Note 3)	Furnishings and Equipment	Computer Systems	2023 Total	2022 Total (Restated - Note 3)
(thousands of dollars)									
Cost of tangible capital assets at beginning of year, as restated <sup>1</sup>	5,189	148,869	23,814	2,138	559	3,598	295	184,462	162,001
Acquisitions <sup>1</sup>	-	6,110	24	-	-	751	-	6,885	22,638
Change in ARO estimate	-	(373)	(160)	(20)	(2)	-	-	(555)	-
Write-downs	-	(20)	(36)	-	-	-	-	(56)	(16)
Disposals	-	-	(76)	-	-	-	-	(76)	(161)
Cost of tangible capital assets at end of year <sup>1</sup>	5,189	154,586	23,566	2,118	557	4,349	295	190,660	184,462
Accumulated amortization at beginning of year, as restated	-	52,261	14,782	1,699	554	1,828	295	71,419	67,394
Amortization	-	3,532	680	45	2	304	-	4,563	4,186
Disposals	-	-	(76)	-	-	-	-	(76)	(161)
year	-	55,793	15,386	1,744	556	2,132	295	75,906	71,419
Net book value <sup>1</sup>	<b>\$ 5,189</b>	<b>\$ 98,793</b>	<b>\$ 8,180</b>	<b>\$ 374</b>	<b>\$ 1</b>	<b>\$ 2,217</b>	<b>\$ -</b>	<b>\$ 114,754</b>	<b>\$ 113,043</b>
Construction in progress	\$ -	\$ 3,746	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,746	\$ 19,062

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