

YUKON HOUSING CORPORATION

FINANCIAL STATEMENTS

March 31, 2005

(audited)




Yukon Housing Corporation
Management's Responsibility for Financial Statements

The financial statements contained in this annual report have been prepared by management in accordance with Canadian generally accepted accounting principles, and 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 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 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 Yukon Housing Corporation.



Marc Tremblay
President



James Cherinet
Director, Shared Services, Finance System & Admin

Date: July 29, 2005



AUDITOR'S REPORT

To the Minister responsible for the
Yukon Housing Corporation

I have audited the balance sheet of the Yukon Housing Corporation as at March 31, 2005 and the statements of equity, operations and cash flows 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 statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005, and the results of its operations 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, except for the change in the method of accounting for amortization as explained in Note 3 to the financial statements, 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.

Roger Simpson, CA
Principal
for the Auditor General of Canada

Vancouver, Canada
July 29, 2005



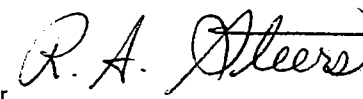
Yukon Housing Corporation
Balance Sheet
as at March 31

	2005	2004
	In Thousands	
Assets		
Current		
Cash (Note 4)	\$ 3,994	\$ 60
Due from Canada Mortgage and Housing Corporation	282	279
Accounts receivable - other	660	818
Mortgages receivable - current portion (Note 5)	5,094	5,010
Housing held for sale (Note 6)	1,038	1,786
	11,068	7,953
Seniors' Housing Management Fund (Note 7)	1,684	1,334
Mortgages, agreements and loans receivable (Note 5)	35,244	38,933
Capital assets (Note 3 and 8)	26,166	29,414
	<u>\$ 74,162</u>	<u>\$ 77,634</u>
Liabilities		
Current		
Accounts payable	\$ 1,456	\$ 1,542
Due to Government of Yukon	585	2,278
Current portion of long-term debt (Note 9)	5,728	5,153
	7,769	8,973
Seniors' Housing Management Fund (Note 7)	1,684	1,334
Employee future benefits (Note 10)	431	462
Deferred revenue	1,328	476
Deferred capital funding from Government of Yukon (Note 11)	6,763	6,907
Long-term debt (Note 9)	40,139	41,474
	58,114	59,626
Equity		
Equity of Government of Yukon	16,048	18,008
	<u>\$ 74,162</u>	<u>\$ 77,634</u>

Commitments and contingencies (Note 15)

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 Equity of Government of Yukon
year ended March 31

	<u>2005</u>	<u>2004</u>
	In Thousands	
Balance at beginning of year	\$ 18,008	\$ 21,658
Funding repaid to Government of Yukon (Note 12)	(1,960)	(3,650)
	<hr/>	<hr/>
Balance at end of year	<u>\$ 16,048</u>	<u>\$ 18,008</u>

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



Yukon Housing Corporation
Statement of Operations
year ended March 31

	2005	2004
	In Thousands	
Revenues		
Recoveries - cost-shared agreements	\$ 4,232	\$ 4,624
Rental income	3,333	3,380
Interest income	2,208	2,460
Recoveries - bad debts and other	-	42
	<u>9,773</u>	<u>10,506</u>
Expenses		
Program costs (Schedule)	4,415	4,832
Personnel	3,657	3,382
Interest on long-term debt	1,908	2,069
Amortization (Note 3)	3,927	1,503
Administration (Schedule)	636	700
	<u>14,543</u>	<u>12,486</u>
Net results of operations before government funding	(4,770)	(1,980)
Government of Yukon funding		
Operating grant	3,947	1,286
Amortization of deferred capital funding	823	694
	<u>4,770</u>	<u>1,980</u>
Net results of operations after government funding	<u>\$ -</u>	<u>\$ -</u>

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



Yukon Housing Corporation
Statement of Cash Flows
year ended March 31

	2005	2004
	In Thousands	
Operating activities		
Net results of operations after government funding	\$ -	\$ -
Adjustment for non-cash items		
(Decrease) increase in employee future benefits	(31)	74
Increase (decrease) in deferred revenue	852	(21)
Amortization of capital assets	3,927	1,503
Amortization of deferred capital funding	<u>(823)</u>	<u>(694)</u>
	3,925	862
Changes in non-cash components of working capital	<u>(960)</u>	<u>(120)</u>
Cash flows from operating activities	<u>2,965</u>	<u>742</u>
Investing activities		
Additions to housing projects	(579)	(178)
Additions to computer systems, furnishings, equipment and office building	(99)	(32)
Additions to mortgages and agreements receivable	(6,513)	(7,962)
Repayments of mortgages and agreements receivable	<u>10,202</u>	<u>13,666</u>
Cash flows from investing activities	<u>3,011</u>	<u>5,494</u>
Financing activities		
Repayment of long-term debt - rental housing units and office building	(1,145)	(1,064)
Land sales payable to Yukon Government	1,190	-
Repayment and reduction of long-term debt - other	(806)	(1,873)
Funding for the acquisition of capital assets	679	205
Funding repaid to Government of Yukon (Note 12)	<u>(1,960)</u>	<u>(3,650)</u>
Cash flows used in financing activities	<u>(2,042)</u>	<u>(6,382)</u>
Increase (decrease) in cash	3,934	(146)
Cash at beginning of year	<u>60</u>	<u>206</u>
Cash at end of year	<u>\$ 3,994</u>	<u>\$ 60</u>
Supplemental Disclosure of Cash Flows Information		
Interest paid	\$ 1,908	\$ 2,085
Interest received	2,208	2,496

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



Yukon Housing Corporation
Notes to the financial statements
Year ended March 31, 2005

1. Authority and mission

Yukon Housing Corporation (the "Corporation") was established in 1972 by the *Housing Corporation Act* of the Yukon Territory to undertake and assist in the provision, development, maintenance and management of housing.

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 which generates operating losses. The Corporation also provides loans for the purpose of housing. The Corporation is dependent on the Government of Yukon for funding its operations.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies follow:

(a) Grant provided by Government of Yukon

The *Housing Corporation Act* authorizes the Government of Yukon to pay the Corporation an operating grant equal to the net loss from operations. The net loss from operations is equal to the Net results of operations before government funding less the Amortization of deferred capital funding, in the statement of operations. The portion of the funding used to purchase depreciable assets is recorded as deferred capital funding and amortized on the same basis and over the same periods as the related capital assets. Funding provided in excess of the operating grant is recorded as equity.

(b) Mortgages, agreements and loans receivable

Under the Home Repair Program, the Corporation may subsidize a debtor's repayment. These subsidies, reviewed annually, are based on the debtor's ability to pay. Mortgages receivable under the Home Repair Program are stated at estimated realizable value after providing allowances for payment subsidies.

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

Mortgages receivable under the Rural and Native Housing Home Ownership Programs are stated at cost. Under the Social Housing Agreement (SHA) 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 mortgage; CMHC annual cost-shared funding provided to the Corporation includes an amount for subsidies.

Based on historical loss experience, management considers it necessary to establish an allowance for impaired loans. Loans are classified as impaired when: (1) the Corporation no longer has reasonable assurance of timely collection of the full amount of principal and interest due or (2) payments are 90 days or more in arrears, except in those cases where, in the opinion of management, there is justification to continue to accrue interest. Where appropriate, an impaired loan allowance has been established to adjust the loan carrying value to the net realizable amount.

Land sales agreements, which pertain to loans receivable from lots sold to purchasers for residential, commercial and recreational purposes, are recorded at cost.



Yukon Housing Corporation
Notes to the financial statements
Year ended March 31, 2005

(c) Housing held for sale

The development of Mountain View Place, consisting of titled mobile housing lots, is valued at the lower of cost and net realizable value.

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.

(d) Capital assets

Capital assets are valued at cost, net of contributions from outside agencies and accumulated amortization. Interest on loans during construction of capital assets is capitalized.

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

Social housing projects	35 years
Social housing betterment not financed by long-term debt	15 years
Staff housing projects and other facilities:	
Standard construction	35 years
Mobile home units	15 years
Office building	20 years
Other facilities	15 years
Furnishings and equipment	5 years
Computer systems	3 years

(e) Deferred revenue

Deferred revenue are recognized as follows:

Deferred revenue consists of funding received from Yukon Development Corporation to assist in funding a residential energy management initiative. Revenue for the energy management initiative is recognized as loan advances are given to clients, and CMHC funding will be recognized when housing related projects are undertaken or losses are incurred on the interest and mortgage guarantees.

Funding provided by Canada Mortgage and Housing Corporation (CMHC) under the Social Housing Agreement for future housing related projects and losses on interest and mortgage guarantees will be recognized on a straight line basis over the remaining life of the agreement. Any CMHC funding not expended will be recognized as related future expenses are incurred.

Funding provided by CMHC for the affordable housing program in the current year will be recognized when the Corporation becomes responsible for certain senior housing units in 2007/2008.

(f) Employee future benefits

Employee future benefits - other non-pension benefit plans

Under the conditions of employment, employees of the Corporation qualify for and earn employment benefits for vacation, sick and compensatory leave, travel bonus and severance benefits. The benefit obligation was determined on an actuarial basis. The obligation was calculated using the projected benefit method prorated on service.



Yukon Housing Corporation
Notes to the financial statements
Year ended March 31, 2005

(f) Employee future benefits (continued)

Pensions

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 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.

(g) Asset retirement obligations

Pursuant to the Canadian Institute of Chartered Accountants new section 3110 the fair value of liabilities for asset retirement obligations is recognized in the period they are incurred. The fair value is added to the carrying amount of the associated asset and depreciated over the asset's useful life. The Corporation is in the process of making an inventory of all potential asset retirement obligations. If a legal obligation is found to exist, and a reasonable estimate can be made it will be booked in the future periods.

(h) Recoveries - cost-shared agreements

Under the Social Housing Agreement signed with Canada Mortgage and Housing Corporation (CMHC) in 1998, the Corporation has entered into cost-sharing agreements whereby operating deficits of certain housing projects are cost shared with CMHC. The Corporation has also entered into cost-sharing agreements to share the operating deficits of certain housing projects with the City of Whitehorse.

(i) Mortgage interest recognition

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

(j) Rental and funding income recognition

Income from rentals and funding from Canada Mortgage and Housing Corporation are recorded on an accrual basis.

(k) Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could significantly differ from these estimates. Estimates are used when accounting for matters such as impaired loans, allowances for payment subsidies for Home Repair Loans, amortization, employee future benefits and contingencies.

3. Change in Accounting Policy

In prior years, the Corporation amortized the cost of social units using the sinking fund method based on the principal repayment of associated debt. The Corporation changed the method of amortization to conform with the recommendations of the Canadian Institute of Chartered Accountants (CICA) and adopted a straight-line method of amortization over the estimated useful lives of the units.

In accordance with the CICA's Section 1100-Generally accepted accounting principles, the change has been applied prospectively. The effect of the change in amortization method was to increase amortization expense by \$2,463,187 in the Statement of operations in the current year.

4. Cash

The Corporation has an operating demand overdraft facility with its banker of up to \$11,000,000 at bank prime. At year-end, the bank prime rate was 4.25% (2004 - 4.00%). The overdraft facility is guaranteed by Government of Yukon.



Yukon Housing Corporation
 Notes to the financial statements
 Year ended March 31, 2005

5. Mortgages, agreements and loans receivable	Stated % interest rates	2005	2004
		In Thousands	
Mortgages Receivable			
Home Ownership	3.19 - 8.25	\$ 23,718	\$ 27,944
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 2010. Rural and Native Home Ownership mortgages receiving subsidies (see Note 2 b) at March 31, 2005 were \$1,843,302 (March 31, 2004 - \$1,991,000).			
Owner Build	0 - 6.75	2,453	2,703
Loans with terms up to five years, secured by registered charges against real property, at fixed rates of interest ranging from 0% to the full Home Ownership mortgage rate with maturities up to 2010.			
Repair & Upgrade	1.00 - 8.25	8,191	8,664
Loans with terms up to twelve years, secured by registered charges against real property or chattel mortgages, repayable in blended weekly, bi-weekly or monthly payments at fixed rates of interest with maturities up to 2016. Mortgages receiving subsidies and forgiveness at March 31, 2005 were \$1,539,562 (March 31, 2004 - \$2,082,390).			
Energy Management	1.00 - 2.75	234	397
Loans with terms up to six years, secured by registered charges against real property or chattel mortgages, repayable in blended monthly payments at fixed rates of interest with maturities up to 2011.			
Joint Venture	1.90 - 6.75	1,940	1,483
Loans with terms up to 18 years, secured by registered charges against real property or general security agreements, repayable in blended monthly payments at fixed rates of interest with maturities up to 2022.			



Yukon Housing Corporation
 Notes to the financial statements
 Year ended March 31, 2005

	<u>Stated % interest rates</u>	<u>2005</u>	<u>2004</u>
		In Thousands	
Subtotal mortgages receivable		\$ 36,536	\$ 41,191
Less: Allowances for payment subsidies for Home Repair loans		1,153	1,230
Less: Allowances for impaired loans		93	93
Total mortgages receivable		35,290	39,868
Land sales agreements receivable	4.75 - 8.50	5,048	4,075
Loans on residential, commercial and recreational lots, repayable in blended annual payments at fixed rates of interest with maturities up to 2010.			
Total mortgages, agreements and loans receivable		40,338	43,943
Less: Current portion		5,094	5,010
		<u>\$ 35,244</u>	<u>\$ 38,933</u>

These investments earn interest at the following weighted average rates:

	<u>2005</u>	<u>2004</u>
Mortgages receivable	5.20%	5.61%
Land sales agreements receivable	5.13%	5.69%

6. Housing held for sale

	<u>2005</u>	<u>2004</u>
	In Thousands	
Mountain View Place	\$ 535	\$ 1,568
Other housing inventory	503	218
	<u>\$ 1,038</u>	<u>\$ 1,786</u>



Yukon Housing Corporation
Notes to the financial statements
Year ended March 31, 2005

7. Seniors' Housing Management Fund

The Seniors' Housing Management Fund was established under section 7 of the *Housing Corporation Act* to provide for the future housing needs of Yukon's seniors. The Government of Yukon approved the establishment of the Fund in October 2000.

The Fund receives Government of Yukon funding through an annual appropriation and an appropriation equal to interest revenue generated by the Corporation's Green Mortgage Program and interest revenue earned on monies held within the Fund. The Corporation has not yet secured Government of Yukon approval on the parameters for the operation of the fund; there have been no payments made out of the Fund.

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

	2005	2004
	In Thousands	
Balance at beginning of year	\$ 1,334	\$ 979
Government of Yukon annual appropriation	100	100
Government of Yukon appropriation equal to interest revenue earned on Green Mortgage Program	219	225
Interest revenue earned on monies held within the Fund	31	30
Balance at end of year	<u>\$ 1,684</u>	<u>\$ 1,334</u>

8. Capital assets

			2005	2004
			In Thousands	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Social housing	\$ 33,104	\$ 16,810	\$ 16,294	\$ 19,587
Staff housing	12,592	5,575	7,017	6,925
Office building	1,802	489	1,313	1,383
Land	1,389	-	1,389	1,389
Other facilities	764	715	49	59
Furnishings and equipment	186	154	32	44
Computer systems	977	905	72	27
	<u>\$ 50,814</u>	<u>\$ 24,648</u>	<u>\$ 26,166</u>	<u>\$ 29,414</u>

Canada Mortgage and Housing Corporation (CMHC) funding used to purchase capital assets is deducted from the cost of the asset. CMHC funding allocated to capital assets during 2005 was \$250,000 (2004 - \$250,000).



Yukon Housing Corporation
Notes to the financial statements
Year ended March 31, 2005

9. Long-term debt

	Stated % interest rates	2005	2004
In Thousands			
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 2023.	4.98 - 12.50	\$ 18,635	\$ 19,421
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	4,194	4,387
Loans payable - Government of Yukon Repayable without interest in periodic installments to 2028.	0.00	17,145	17,764
Land sales agreements due to Government of Yukon Repayable without interest in equal periodic installments to 2009.	0.00	5,893	5,055
Total long-term debt		<u>45,867</u>	<u>46,627</u>
Less: Current portion		5,728	5,153
		<u>\$ 40,139</u>	<u>\$ 41,474</u>

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

	2005	2004
Mortgages payable	8.25%	8.25%
CMHC loans	8.78%	8.80%

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

	CMHC Loans	Mortgages	Government of Yukon Loans	Land Sales Agreements	Total
In Thousands					
2006	\$ 210	\$ 853	\$ 618	\$ 4,047	\$ 5,728
2007	230	934	618	552	2,334
2008	251	1,012	618	551	2,432
2009	275	1,082	618	414	2,389
2010	301	1,293	618	339	2,551



Yukon Housing Corporation
 Notes to the financial statements
 Year ended March 31, 2005

10. Employee future benefits

	2005	2004
	In Thousands	
Other non-pension benefit plans		
<p>The Corporation provides non-pension benefits to its employees based on years of service and salary. Employee future benefits are a defined benefit plan and are not funded. There are no assets resulting in a plan deficit equal to the accrued benefit obligation. The results measured at the balance sheet date are summarized as follows:</p>		
Accrued benefit liability, beginning of year	\$ 586	\$ 650
Add: Cost for the year	159	54
Less: Benefits paid by Yukon Housing	(135)	(47)
Unamortized experience gains	(63)	(71)
Accrued benefit liability, end of year	\$ 547	\$ 586
Accrued Benefits Liability Payable		
Short-term portion, included in accounts payable	\$ 116	\$ 124
Long term portion	431	462
	\$ 547	\$ 586

The significant actuarial assumptions were:

Discount rate	6.0%	6.0%
Salary escalation rate	2.5%	2.5%
Annual rate of inflation	2.5%	2.5%

The most recent actuarial valuation made for these non-pensions benefit plans was as of March 31, 2003. The next required valuation would be as of March 31, 2006

Pensions

The Corporation and all eligible employees contribute to the Public Service Pension Plan. 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:

Employer's contribution	\$ 207	\$ 254
Employees' contribution	98	121



Yukon Housing Corporation
Notes to the financial statements
Year ended March 31, 2005

11. Deferred capital funding from Government of Yukon

Deferred capital funding represents the unamortized portion of Government of Yukon funding used to purchase depreciable capital assets.

Changes in the deferred capital funding balance are as follows:

	2005	2004
	In Thousands	
Balance at beginning of year	\$ 6,907	\$ 7,396
Add: funding used to purchase depreciable capital assets	679	205
Less: amortization	(823)	(694)
Balance at end of year	<u>\$ 6,763</u>	<u>\$ 6,907</u>

12. Funding repaid to Government of Yukon

	2005	2004
	In Thousands	
Cash advances from Government of Yukon	\$ 3,160	\$ 4,047
Repayment of advances	-	(3,905)
Operating grant	(3,947)	(1,286)
Funding used to purchase capital assets (Note 11)	(679)	(205)
Funding invested in Seniors' Housing Management Fund	(350)	(355)
Cash operating advances refunded to Government of Yukon	(144)	(1,946)
Funding repaid to Government of Yukon	<u>\$ (1,960)</u>	<u>\$ (3,650)</u>



Yukon Housing Corporation
Notes to the financial statements
Year ended March 31, 2005

13. Financial instruments

The fair values of the financial instruments were determined using the present value of future cash flows discounted at the March 31, 2005 average market rate for mortgages and loans with similar maturities.

The balances in Due from Canada Mortgage and Housing Corporation, Accounts receivable - other, Accounts payable 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.

The carrying amount and estimated fair values of the financial instruments are as follows:

	2005		2004	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
In Thousands				
Long-term investments				
Mortgages receivable net of allowances for payment subsidies on Home Repair loans and loan impairments	\$ 35,290	\$ 34,504	\$ 39,868	\$ 40,291
Land sales agreements receivable	5,048	4,708	4,075	4,171
	<u>\$ 40,338</u>	<u>\$ 39,212</u>	<u>\$ 43,943</u>	<u>\$ 44,462</u>
Long-term debt				
Mortgages payable	\$ 18,635	\$ 19,435	\$ 19,421	\$ 20,331
CMHC loans	4,194	4,450	4,387	4,978
Loans payable - Government of Yukon	17,145	7,642	17,764	7,655
Land sales agreements due to Government of Yukon	5,893	5,427	5,055	4,734
	<u>\$ 45,867</u>	<u>\$ 36,954</u>	<u>\$ 46,627</u>	<u>\$ 37,698</u>

These financial instruments do not have active markets. The fair value of these instruments may not reflect realizable amounts.

The balances in Due from Canada Mortgage and Housing Corporation, Accounts receivable - other, Accounts payable and Due to Government of Yukon are the result of transactions incurred in the normal course of business and have no significant credit risks.

Until settled, the fair value of mortgages, agreements and loans receivable will fluctuate based on changes in interest rates. Management believes that unrealized losses are short term in nature and the carrying amount of mortgages, agreements and loans receivable will be fully recovered. In the event there are any unrealized gains and losses on these financial instruments, they will be included in the statement of operations when realized.



Yukon Housing Corporation
Notes to the financial statements
Year ended March 31, 2005

14. Related party transactions

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

The Corporation is party to a Shared Services arrangement with two other government organizations which consolidates functions such as finance and administration, policy and human resources services. 2005 is the first full year of operations for the shared services group for Finance, Systems & Administration with a signed agreement and second year for Human Resources and Policy and Communications. The amount charged by the Government of the Yukon to the Corporation for shared services for the year 2005 was \$1,402,000 (2004- \$1,445,798). 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.

15. Commitments and contingencies

	2005	2004
	In Thousands	
Outstanding contractual obligations to complete the funding of mortgages receivable as at March 31.	\$ 1,044	\$ 1,591
Subsidies to private social housing organizations	428	428

Pursuant to a Supreme Court of the Yukon Territory court order, the Corporation was appointed Receiver/Manager of an independent third party entity the Whitehorse Housing Co-operative Association Limited effective December 9, 2003.

Pursuant to an agreement signed with Canada Mortgage and Housing Corporation in 1998, the Corporation is liable for a mortgage payable by the Whitehorse Housing Co-operative in 2005 for \$1,301,033 (2004-\$1,341,000) if it goes into default. Management believes that they will be able to repay the mortgage in full through the sale of the houses (against which the mortgage is made) in the event of default.

The Corporation insures all capital assets that are quadruplexes and up. This accounts for 247 out of 655 units in total with a net book value of \$14,909,162. The balance of units are self insured with the Government of Yukon.

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

16. Mortgage guarantees

The cost of house construction often exceeds the market value of that house in Yukon communities. Canada Mortgage and Housing Corporation provides mortgage insurance for up to 95% of the market value of a new home. Under the Extended Mortgage Guarantee Program, the Corporation will insure for up to 95% of the cost of a new house, therefore enabling rural Yukon residents to have access to insured mortgage financing.

The contingent liability for mortgage guarantees under this program as at March 31, 2005 is \$163,000 (2004 - \$163,000).



Yukon Housing Corporation
Notes to the financial statements
Year ended March 31, 2005

17. Government of Yukon transfer payments

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

	<u>2005</u>	<u>2004</u>
	In Thousands	
Government of Yukon - Operations and Maintenance transfer payment		
Net results of operations before government funding	\$ 4,770	\$ 1,980
Add recovery - Mountain View Place inventory valuation allowance	173	43
Less amortization	(3,927)	(1,503)
Less Program costs - Other		
Home Repair mortgage provision for payment subsidies expense	(155)	(140)
Add Seniors' Housing Management Fund investment - Government of Yukon appropriation (equal to interest earned on Green Mortgage Program and monies held within the fund)	250	255
Government of Yukon - Operations and Maintenance transfer payment	<u>\$ 1,111</u>	<u>\$ 635</u>
Government of Yukon - Capital transfer payment		
Recovery of Mountain View Place inventory valuation allowance	(173)	(43)
Program costs - Other		
Home Repair mortgage provision for payment subsidies expense	155	140
Add Seniors' Housing Management Fund investment - Government of Yukon appropriation	100	100
Add funding provided to repay principal portion of long term debt	1,145	1,064
Add funding provided to purchase depreciable capital assets (Note 11 and 12)	679	205
Government of Yukon - Capital transfer payment	<u>\$ 1,906</u>	<u>\$ 1,466</u>

18. Comparative figures

Certain comparative figures for 2004 have been reclassified to conform with the 2005 presentation.



Yukon Housing Corporation
Schedule of Program Costs and Administration Expenses
Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
	In Thousands	
Program costs		
Housing operations		
General maintenance	\$ 1,559	\$ 1,601
Utilities	1,267	1,241
Property taxes	485	480
Subsidies - Private social housing organizations	421	475
Direct lending program administration	211	434
Garbage collection and janitorial	160	114
Insurance	135	93
Property rentals	105	144
Housing program administration	22	73
Bad debts - housing operations including rental tenants	48	37
	<u>4,413</u>	<u>4,692</u>
Other		
Home Repair mortgage provision for payment subsidies expense	155	140
Non-recoverable land development costs	(173)	-
Housing project improvements	20	-
	<u>2</u>	<u>140</u>
	<u>\$ 4,415</u>	<u>\$ 4,832</u>
Administration expenses		
Rentals - office and equipment	\$ 203	\$ 220
Professional fees	106	112
Travel and transportation	88	104
Computer services	81	101
Communications	74	73
Office and sundry	50	43
Boards and committees	26	27
Program promotion	9	20
	<u>\$ 636</u>	<u>\$ 700</u>



Yukon Housing Corporation
Schedule of Bad Debt Write-offs
year ended March 31, 2005

Tenant Receivables Written Off	Amount	Outstanding from
Fox, Tasha	\$ 1,062	2002
McMahon, Sean	6,175	2001
Stimson, Michelle	3,608	2001
Total accounts written off in the year ended March 31, 2005	<u>\$ 10,845</u>	
Total accounts written off in the year ended March 31, 2004	58,664	
Total accounts written off in the year ended March 31, 2003	27,487	

The Corporation is disclosing bad debts written off as required by subsection 14(4) of the *Financial Administration Act*.