

YUKON HOUSING CORPORATION

FINANCIAL STATEMENTS

March 31, 2012

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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.

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

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

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

A handwritten signature in black ink, appearing to read "Pamela J. Hine".

Pamela J. Hine
President

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

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

September 20, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Yukon Housing Corporation

Report on the Financial Statements

I have audited the accompanying financial statements of Yukon Housing Corporation, which comprise the statement of financial position as at 31 March 2012, and the statement of operations and accumulated surplus, statement of change in net debt and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

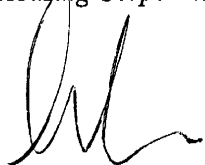
Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Yukon Housing Corporation as at 31 March 2012, 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.

Report on Other Legal and Regulatory Requirements

As required by the *Housing Corporation Act*, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by Yukon Housing Corporation and the financial statements are in agreement therewith. In addition, the transactions of Yukon Housing 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 regulations and the by-laws of Yukon Housing Corporation.



Guy LeGras, CA
Principal
for the Auditor General of Canada

20 September 2012
Vancouver, Canada



Yukon Housing Corporation
Statement of Financial Position
as at March 31, 2012

	2012	2011
	(thousands of dollars)	
Financial assets		
Cash (Note 3)	\$ 4,435	\$ 21,936
Due from Canada Mortgage and Housing Corporation	285	309
Accounts receivable (Note 4)	917	1,417
Property held for sale	-	1
Loans receivable (Note 5 and Note 16)	42,625	47,988
	<u>48,262</u>	<u>71,651</u>
Liabilities		
Accounts payable and accrued liabilities	2,919	2,285
Environmental liability (Note 6)	1,031	1,300
Due to Government of Yukon (Note 17 (c))	817	15,989
Deferred revenues - other	1,592	1,055
Deferred revenues - economic stimulus funding (Note 7)	873	6,506
Deferred revenues - Seniors' Housing Management Fund (Note 8)	2,683	3,404
Long-term debt (Note 9 and Note 16)	34,155	38,996
Post-employment benefits (Note 10)	1,759	1,526
Advances - Government of Yukon (Note 12)	12,657	11,684
	<u>58,486</u>	<u>82,745</u>
Net debt	<u>(10,224)</u>	<u>(11,094)</u>
Non-financial assets		
Tangible capital assets (Note 13)	64,066	60,435
Less deferred capital contributions (Note 14)	(53,942)	(49,409)
Prepaid expenses	100	68
	<u>10,224</u>	<u>11,094</u>
Accumulated surplus	<u>\$ -</u>	<u>\$ -</u>
Contractual obligations and contingencies (Note 18)		

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, 2012

	2012		2011
	Main Estimates (Note 1(c))	Actual	Actual
	(thousands of dollars)		
Revenues			
Rental income	\$ 4,000	\$ 4,929	\$ 4,629
Funding from Canada Mortgage and Housing Corporation			
- Social Housing Agreement	4,435	4,420	4,415
- Affordable Housing Initiative (AHI) - home repair loans	-	146	146
- AHI - economic stimulus funding (Note 7)	-	1,091	2,650
Interest income	1,941	1,713	1,845
Amortization of deferred Canada Mortgage and Housing Corporation capital contributions	1,159	1,233	472
Recovery of corporate services costs (Note 17 (a))	1,119	975	914
Recovery from Federal Co-op Stabilization Fund	-	345	-
Recovery for Flood Relief program	222	-	-
Gain on sale of tangible capital assets	-	101	-
Other	20	97	68
Recovery of concessionary loans grant expense	-	88	-
Recovery of subsidy expense	-	77	-
Recovery from Government of Yukon, Department of Health and Social Services	-	-	278
Recovery of eligible costs from Seniors' Housing Management Fund (Note 8)	-	61	205
	<u>12,896</u>	<u>15,276</u>	<u>15,622</u>
Expenses (Note 15)			
Program costs (Schedule A)	13,540	14,779	15,493
Corporate services costs (Schedule A)	2,690	3,057	2,874
Environmental expenses	-	-	1,465
Administration (Schedule A)	1,379	1,587	1,429
Interest on long-term debt	1,280	788	1,162
Construction costs for Children's Receiving Home	-	-	278
Grants to flood victims	277	44	153
	<u>19,166</u>	<u>20,255</u>	<u>22,854</u>
Deficit for the year before government funding	<u><u>\$ (6,270)</u></u>	<u><u>(4,979)</u></u>	<u><u>(7,232)</u></u>
Government of Yukon funding			
Operating grant (Note 12)		3,378	5,774
Amortization of deferred capital contributions		1,099	956
Rental assistance - in-kind (Note 17 (b))		502	502
		<u>4,979</u>	<u>7,232</u>
Surplus for the year		-	-
Accumulated surplus at beginning of year		-	-
Accumulated surplus at end of year		<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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



Yukon Housing Corporation
Statement of Change in Net Debt
for the year ended March 31, 2012

	2012		2011
	Main Estimates (Note 1(c))	Actual	Actual
	(thousands of dollars)		
Surplus for the year	\$ -	\$ -	\$ -
Effect of change in tangible capital assets			
Acquisitions	(8,147)	(6,232)	(27,151)
Personnel costs allocated to asset construction	-	(633)	(860)
Capital contributions received and deferred (Note 14)	8,147	6,865	28,011
Amortization of tangible capital assets	3,225	2,998	2,392
Amortization of deferred capital contributions (Note 14)	(1,159)	(2,107)	(1,410)
Write-down of tangible capital assets	-	225	24
Disposal of tangible capital assets (net book value)	-	11	-
Reduction due to impairment and/or disposal of tangible capital assets (Note 14)	-	(225)	(18)
	<u>2,066</u>	<u>902</u>	<u>988</u>
Effect of change in other non-financial assets			
(Increase) decrease in prepaid expenses	-	(32)	11
	-	(32)	11
Decrease in net debt	<u>\$ 2,066</u>	<u>870</u>	<u>999</u>
Net debt at beginning of year		(11,094)	(12,093)
Net debt at end of year		<u>\$ (10,224)</u>	<u>\$ (11,094)</u>

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



Yukon Housing Corporation
Statement of Cash Flow
for the year ended March 31, 2012

	2012	2011
	(thousands of dollars)	
Operating transactions		
Surplus for the year	\$ -	\$ -
Adjustments for non-cash items		
Operating grant	(3,378)	(5,774)
Amortization of tangible capital assets	2,998	2,392
Government of Yukon funding to purchase tangible capital assets (Note 14)	(1,363)	(964)
Loan donated by Federal Co-op Stabilization Fund	(305)	-
Write-down of tangible capital assets	225	24
Mortgages receivable allowances	(168)	253
Gain on sale of tangible capital assets	(101)	-
Contribution of property held for sale	-	165
Gain on disposal of housing held for sale	-	(2)
	<u>(2,092)</u>	<u>(3,906)</u>
Changes in accruals of operating cash receipts or payments	<u>(15,365)</u>	<u>37,422</u>
Cash provided by (used for) operating transactions	<u>(17,457)</u>	<u>33,516</u>
Capital transactions		
Acquisition of tangible capital assets	(6,865)	(28,011)
Proceeds on sale of tangible capital assets	112	-
Cash used for capital transactions	<u>(6,753)</u>	<u>(28,011)</u>
Investing transactions		
Proceeds on sale of property held for sale	-	194
Additions to mortgages receivable	(7,942)	(7,639)
Repayments of mortgages and agreements receivable	11,129	8,639
Net cash provided by (used for) land sales agreements	132	(991)
Cash provided by investing transactions	<u>3,319</u>	<u>203</u>
Financing transactions		
Net repayments of long-term debt	(2,324)	(2,175)
Advances from the Government of Yukon (Note 12)	5,714	7,297
Cash provided by financing transactions	<u>3,390</u>	<u>5,122</u>
(Decrease) increase in cash	(17,501)	10,830
Cash at beginning of year	<u>21,936</u>	<u>11,106</u>
Cash at end of year (Note 3)	\$ 4,435	\$ 21,936
Supplemental disclosure of cash flow information		
Interest paid	\$ 804	\$ 1,211
Interest received	1,621	1,749

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, 2012

1. Authority and operations

(a) Authority

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

(b) Mission

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

In carrying out its mission, the Corporation provides 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 Order-in-Council 1982/343, the Whitehorse Housing Authority (the Authority) was created and designated as an agent of the Corporation. The Authority operates, manages and administers social housing units in the City of Whitehorse on behalf of the Corporation. All costs of the Authority are borne by the Corporation which is also responsible for the capital and maintenance costs of social housing units operated by the Authority.

Pursuant to Section 45(1) of the *Housing Corporation Act*, the Commissioner in Executive Council has established Housing Advisory Boards in the communities of Carcross, Carmacks, Dawson City, Faro, Haines Junction, Mayo, Ross River, Teslin and Watson Lake. Local Housing Advisory Boards are established for the purpose of involving local community members in the decision making process regarding housing in their community. They provide advisory, regulatory and adjudicative services to the Corporation.

(c) Main estimates

The Main Estimates comparative figures are from the Main Estimates approved in the Legislative Assembly in 2011. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Legislative Assembly.

2. Significant accounting policies

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

(a) Reporting entity

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



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2012

(b) Funding and advances from the Government of Yukon

The *Housing Corporation Act* authorizes the Government of Yukon to make advances and pay the Corporation an operating grant equal to the deficit for the year before government funding less the amortization of deferred capital contributions and in-kind rental assistance. Capital transfers received are for the purpose of acquiring assets to be used to provide housing services for many years in the future. As a result, the portion of advances used to purchase depreciable assets is recorded as deferred capital contributions and amortized on the same basis and over the same periods as the tangible capital assets (Note 14). 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 17 (b)). Advances provided by the Government of Yukon in excess of the operating grant are recorded as a liability of the Corporation (Note 12).

(c) Cash

Cash includes cash on hand and bank balances.

(d) Loans receivable

Mortgages receivable are fully secured and recorded at cost. Based on historical loss experience, management establishes a valuation allowance for impaired loans. Mortgages are classified as impaired when the Corporation no longer has reasonable assurance of timely collection of the full amount of principal and interest due. The valuation allowance adjusts a mortgage's carrying value to the net realizable amount.

Under the Social Housing Agreement signed with Canada Mortgage and Housing Corporation (CMHC) in 1998, the Corporation may be required to subsidize a debtor's repayment of a Rural and Native Housing Home Ownership Program mortgage. These subsidies vary in amount depending on the income of the recipients and are expensed when incurred. CMHC funding provided to the Corporation includes an amount for subsidies.

Under the Home Repair Program, the Corporation may subsidize a debtor's repayment. These subsidies, reviewed annually, are based on the debtor's ability to pay. Each year, the Corporation records an allowance for Home Repair Program subsidies based on loans receiving a subsidy at year end.

Loans with significant concessionary terms are reviewed annually. Each year the Corporation records an allowance based on the present value of the loans at the average borrowing rate.

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.

(e) Housing held for sale

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

(f) Tangible capital assets

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

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



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2012

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

Social housing projects	35 years
Social housing betterment	15 years
Staff housing projects and other facilities:	
Standard construction	35 years
Mobile home units	15 years
Office building	20 years
Other facilities	15 years
Furnishings and equipment	5 to 15 years
Vehicles	6 years
Computer systems	3 years
Leasehold improvements	remaining lease term

(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) Environmental liabilities

An environmental liability is accrued and an expense recorded when management determines an obligation exists and when a reasonable estimate of the obligation can be made. Environmental liabilities are measured based on the estimated costs required to remediate the related contaminated site.

(j) Revenue recognition

Funding provided by CMHC under the Social Housing Agreement is recognized when the related expenses are incurred.

Funding provided by CMHC under the Affordable Housing Initiative for home repair loans is recognized on a straight-line basis over the life of the related home repair loan agreements. This funding is based on the difference between market rate and the rate given by the Corporation to clients.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2012

Funding provided by CMHC under the Affordable Housing Initiative - economic stimulus funding is recognized when the related expenses are incurred. The portion of this funding used to purchase tangible capital assets are recognized as revenue on the same basis as the related assets are amortized.

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

Income from rentals is recorded on an accrual basis.

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

(k) Expenses

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

(l) Measurement uncertainty

The preparation of financial statements in conformity 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.

Management estimates include: valuation of loans receivable, valuation of Home Repair Program subsidies, valuation of loans receivable with concessionary terms, valuation of accounts receivable, determination of amortization, valuation of post-employment benefits, and estimation of environmental liabilities and contingencies.

(m) Adoption of new accounting standards

The Public Sector Accounting Board has issued the following new standards which must be adopted by the Corporation in fiscal 2013: PS 1201 - *Financial statement presentation*, PS 2601 - *Foreign currency translation*, PS 3410 - *Government transfers* and PS - 3450 - *Financial Instruments*. The Corporation expects the most significant change that will result from the adoption of these standards is a change to its policy for the recognition of government transfers related to the acquisition of tangible capital assets. Currently, the Corporation defers funding received to acquire tangible capital assets and then amortizes deferred capital contributions as a recovery on the same basis as the related asset. In 2013, in accordance with the new PS 3410, the Corporation intends to recognize funding received to acquire tangible capital assets when it is spent in accordance with the specified stipulations. This change will result in the elimination of deferred capital contributions, will be applied retroactively, and will have a material impact on non-financial assets and accumulated surplus reported in the Statement of Financial Position.



Yukon Housing Corporation
 Notes to the financial statements
 for the year ended March 31, 2012

3. Cash

	<u>2012</u>	<u>2011</u>
Cash	(thousands of dollars)	
Bank balances	\$ 4,432	\$ 21,933
Cash on hand	3	3
	<u>\$ 4,435</u>	<u>\$ 21,936</u>

The Corporation has an overdraft facility with its banker of up to \$11,000,000 at bank prime less 0.25%. At year end, the bank prime rate was 3.00% (2011 - 3.00%). The overdraft is guaranteed by the Government of Yukon. This facility was not used as at March 31, 2012.

As at year end, \$2.7 million of bank balances has been designated to be used for projects benefitting seniors (Note 8).

4. Accounts receivable

	<u>2012</u>	<u>2011</u>
	(thousands of dollars)	
Accounts receivables	\$ 1,454	\$ 1,849
Less valuation allowances	(537)	(432)
	<u>\$ 917</u>	<u>\$ 1,417</u>

5. Loans receivable

	<u>Stated % interest rates</u>	<u>2012</u>	<u>2011</u>
Mortgages receivable		(thousands of dollars)	
Home Ownership	0.00 - 7.00	\$ 22,818	\$ 23,791
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 2017. Rural and Native Home Ownership mortgages receiving subsidies (Note 2(d)) at March 31, 2012 were \$329,000 (2011 - \$447,000).			
Owner Build	1.25 - 5.92	3,801	3,894
Loans are advanced during the construction phase of a home for a maximum period of two years. During the first six months of the construction period, loans are provided at the interest rate of 0%, with gradual increases, reaching to a market rate in the last six months. Repayment terms are up to five years, secured by registered charges against real property with maturities up to 2017.			



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2012

	<u>Stated % interest rates</u>	<u>2012</u>	<u>2011</u>
		(thousands of dollars)	
Repair and Upgrade	0.00 - 5.75	7,024	8,227
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 2024. Mortgages receiving subsidies (Note 2 (d)) and forgiveness at March 31, 2012 were \$220,000 (2011 - \$324,000).			
Energy Management	0.00	75	115
Loans with terms up to ten years, secured by registered charges against real property or chattel mortgages, repayable in periodic instalments without interest with maturities up to 2020.			
Housing Industry Loans	0.00 - 5.75	1,593	2,166
Loans with terms up to 20 years, secured by registered charges against real property or general security agreements, repayable in blended bi-weekly or monthly payments at fixed rates of interest with maturities up to 2023. The balance includes Joint Venture loans of \$589,000 (2011 - \$1,392,000).			
Subtotal mortgages receivable		<u>35,311</u>	<u>38,193</u>
Less: allowance for Home Repair Program subsidies		(215)	(292)
Less: allowance for loans receivable with concessionary terms		(276)	(365)
Less: allowance for impaired loans		(98)	(100)
The allowance for impaired loans relates primarily to the Home Ownership Program and Housing Industry Loans. The net recovery to income was \$2,000 (2011 - \$141,000).			
Net mortgages receivable		34,722	37,436
Land sales agreements receivable	3.00 - 7.25	7,903	10,552
Loans on residential, commercial and recreational lots, secured by retention of the land title certificate, repayable in blended annual payments at fixed rates of interest with maturities up to 2017.			
Total loans receivable		<u>\$ 42,625</u>	<u>\$ 47,988</u>
These loans receivable earn interest at the following weighted average rates:			
		<u>2012</u>	<u>2011</u>
Mortgages receivable		3.36%	3.74%
Land sales agreements receivable		5.02%	5.05%



Yukon Housing Corporation
 Notes to the financial statements
 for the year ended March 31, 2012

6. Environmental liability

In fall 2010, it was confirmed that approximately 20,000 litres 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 procedures along with the necessary upgrades to the land treatment facility started in the summer of 2011. Projected future expenditures over the next 6 years total \$1,031,000 (2011 - \$1,250,000 over 7 years). It is estimated that the site should be available for use within 1 year.

Projected future expenditures for fuel oil spills in Old Crow and Watson Lake are nil (2011 - \$50,000)

Changes in the environmental liability are as follows:

	<u>2012</u>	<u>2011</u>
	(thousands of dollars)	
Balance at beginning of year	\$ 1,300	\$ -
Fuel oil spills estimated future expenditures	-	1,300
Actual expenditures in fiscal relating to fuel oil spills	<u>(269)</u>	<u>-</u>
Balance at end of year	<u>\$ 1,031</u>	<u>\$ 1,300</u>

7. Economic stimulus funding

On May 22, 2009, the Corporation entered into an agreement with CMHC to access funding for Economic Stimulus measures under Canada's Economic Action Plan through the Affordable Housing Initiative. Under this agreement, CMHC agreed to contribute up to \$51.29 million in economic stimulus funding for project commitments made by the Corporation from January 27, 2009 to March 31, 2011 with construction to be completed by November 30, 2012.

In 2012, the Corporation did not receive any new economic stimulus funding from CMHC (2011 - \$25.66 million). Of the total funding received, \$1.32 million was expended in 2011 and 2010 by the Government of Yukon's Department of Health and Social Services to fund the renovation of an existing Children's Receiving Home and the construction of a new Children's Receiving Home.

In 2010, the Corporation received \$300,000 in funding under Phase II of the Affordable Housing Initiative. This funding was deferred and included in Deferred revenues - other as of March 31, 2010. In 2012, the Corporation committed the Phase II funding to the Waterfront Place seniors facility. However, the costs to which the funding was committed were incurred in 2011, resulting in a recovery and a decrease in Deferred revenues- economic stimulus funding as of March 31, 2011. When the Phase II funds were committed in 2012, it resulted in a decrease to Deferred revenues - other and an increase to Deferred revenues - economic stimulus funding of \$300,000.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2012

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

Project	2012 (thousands of dollars)				
	Funding Committed and Advanced	Non-capitalized expenditures	Tangible Capital Asset Acquisitions (Note 14)	Deferred Revenue at end of year	Construction In Progress (Note 13)
Renovation of existing social housing	\$ (132)	\$ (966)	\$ 73	\$ 11	\$ -
Ingram subdivision townhouses	96	(1)	(57)	-	-
Riverdale apartments	148	(57)	(172)	14	-
Watson Lake seniors facility	(72)	(7)	335	20	-
Faro seniors facility	179	(5)	-	15	-
Teslin seniors facility	232	(4)	(225)	15	-
Waterfront Place seniors facility	723	(20)	283	-	-
Takhini North duplexes	177	(10)	(1,801)	-	-
Dawson Apartments	39	(51)	(41)	14	-
Whitehorse Abbeyfield	(360)	30	-	-	-
Other	(730)	-	(3,237)	784	3,228
	<u>\$ 300</u>	<u>\$ (1,091)</u>	<u>\$ (4,842)</u>	<u>\$ 873</u>	<u>\$ 3,228</u>
	2011 (thousands of dollars)				
Renovation of existing social housing	\$ 3,320	\$ (2,173)	\$ (1,060)	\$ 1,036	\$ -
Ingram subdivision townhouses	-	(20)	(1,547)	(38)	-
Riverdale apartments	600	(103)	(3,014)	95	-
Watson Lake seniors facility	350	(64)	(1,675)	(236)	4,585
Faro seniors facility	-	(29)	(542)	(159)	-
Teslin seniors facility	400	(34)	(1,020)	12	2,604
Waterfront Place seniors facility	10,800	-	(11,786)	(986)	10,386
Takhini North duplexes	2,200	-	(566)	1,634	64
Dawson Apartments	6,000	-	(5,837)	67	5,920
Whitehorse Abbeyfield	180	-	-	330	225
Other	1,831	-	-	4,751	5
Government of Yukon - Department of Health and Social Services	(21)	(227)	-	-	-
	<u>\$ 25,660</u>	<u>\$ (2,650)</u>	<u>\$ (27,047)</u>	<u>\$ 6,506</u>	<u>\$ 23,789</u>

For any projects with higher costs than amounts committed the Corporation is allowed to adjust the record of commitment with CMHC to reflect actual eligible project costs.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2012

8. Seniors' Housing Management Fund

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

Until 2010, the Fund received Government of Yukon funding through an annual appropriation, an appropriation equal to interest revenue generated by the Corporation's Green Mortgage Program and interest revenue earned on monies held for the Fund. In May 2009, the Government of Yukon directed the Corporation to use the SHMF to make up any shortfall between the economic stimulus funding from Canada and the actual costs for projects benefiting seniors. Where no shortfall exists, SHMF funds are not required to be used and may be used for other projects benefiting seniors, subject to Management Board approval of those projects.

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

	<u>2012</u>	<u>2011</u>
	(thousands of dollars)	
Balance at beginning of year	\$ 3,404	\$ 3,609
Funding for seniors buildings - capitalized portion (Note 14)	(660)	-
Funding for seniors buildings - non-capitalized portion	<u>(61)</u>	<u>(205)</u>
Balance at end of year	<u>\$ 2,683</u>	<u>\$ 3,404</u>

9. Long-term debt

	<u>Stated % interest rates</u>	<u>2012</u>	<u>2011</u>
		(thousands of dollars)	
Mortgages payable to chartered banks and CMHC (guaranteed by the Government of Yukon)	2.65 - 12.50	\$ 10,720	\$ 12,192
Loans with a variety of terms, secured by fixed charges against housing projects, repayable in blended monthly payments at fixed rates of interest and with maturities up to 2029.			
CMHC loans (guaranteed by the Government of Yukon)	5.00 - 13.25	2,390	2,623
Loans repayable in blended annual payments at fixed rates of interest to maturity and with maturities up to 2028.			
Loans payable - Government of Yukon	0.00	12,816	13,435
Repayable without interest in periodic instalments to 2027. The balance includes a loan of \$274,004 (2011 - \$427,004) secured by the Corporation's head office building. (Schedule B)			
Land sales agreements due to Government of Yukon	0.00	8,229	10,746
Repayable without interest in periodic instalments to 2017.			
Total long-term debt		<u>\$ 34,155</u>	<u>\$ 38,996</u>



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2012

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

	<u>2012</u>	<u>2011</u>
Mortgages payable to chartered banks	5.05%	5.50%
CMHC loans	8.46%	8.52%

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

	CMHC Loans	Mortgages	Government of Yukon Loans	Land Sales Agreements	<u>Total</u>
	(thousands of dollars)				
2013	\$ 168	\$ 1,545	\$ 619	\$ 1,403	\$ 3,735
2014	178	1,597	587	990	3,352
2015	161	1,636	466	4,611	6,874
2016	148	1,535	466	802	2,951
2017	153	711	466	423	1,753
Thereafter	<u>1,582</u>	<u>3,696</u>	<u>10,212</u>	<u>-</u>	<u>15,490</u>
Total	<u>2,390</u>	<u>10,720</u>	<u>12,816</u>	<u>8,229</u>	<u>34,155</u>

At March 31, 2012, the Corporation owed the Government of Yukon a Land Sales Agreements principal payment of \$404,000 (2011 - \$195,000) for principal amounts collected during the year. The amount was subsequently paid to the Government of Yukon on June 5, 2012.

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.



Yukon Housing Corporation
 Notes to the financial statements
 for the year ended March 31, 2012

The results measured at March 31 are summarized as follows:

	<u>2012</u>	<u>2011</u>
	(thousands of dollars)	
Accrued benefit liability, beginning of year	\$ 1,526	\$ 1,331
Add: Current service costs	123	120
Interest on accrued benefit liability	96	76
Contributions made by the Corporation	7	16
Less: Benefits paid during the year	(7)	(16)
Amortization of net actuarial gains	14	(1)
Accrued benefit liability, end of year	<u>\$ 1,759</u>	<u>\$ 1,526</u>
Unamortized net actuarial loss	<u>136</u>	<u>150</u>
Accrued benefit obligation, end of year	<u>\$ 1,895</u>	<u>\$ 1,676</u>

The significant actuarial assumptions were:

	<u>2012</u>	<u>2011</u>
Discount rate	5.33%	5.33%
Salary escalation rate (per annum)	2.25%	2.25%
Expected average remaining service life of active employees	10.8 years	10.8 years

The most recent actuarial valuation made for these post-employment benefits was as of April 1, 2010. The next required valuation would be as of April 1, 2013.

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. Contributions during the year were as follows:

	<u>2012</u>	<u>2011</u>
	(thousands of dollars)	
Employer's contribution	\$ 641	\$ 662
Employees' contribution	333	353

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.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2012

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 without interest and have no repayment terms.

	2012	2011
	(thousands of dollars)	
Balance at beginning of year	\$ 11,684	\$ 11,125
Transfer payment from Government of Yukon	5,714	7,297
Operating grant	(3,378)	(5,774)
Funding used to purchase tangible capital assets (Note 14)	(1,363)	(964)
	973	559
Balance at end of year	<u>\$ 12,657</u>	<u>\$ 11,684</u>

13. Tangible capital assets

			2012	2011
			(thousands of dollars)	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 3,920	\$ -	3,920	\$ 3,904
Social housing	79,719	28,846	50,873	47,786
Staff housing	15,765	8,547	7,218	6,943
Office building	1,923	1,157	766	827
Other facilities	796	784	12	16
Furnishings and equipment	1,591	314	1,277	959
Computer systems	199	199	-	-
(Schedule B)	<u>\$ 103,913</u>	<u>\$ 39,847</u>	<u>\$ 64,066</u>	<u>\$ 60,435</u>

At March 31, 2012, there were construction projects in progress in the amount of \$3,228,000 (2011 - \$23,789,000) (Note 7). There was no interest incurred for the construction of tangible capital assets in the current year or previous year.

The Corporation purchases insurance for the office building and all social and staff housing units that are quadruplexes and larger. This accounts for 249 out of 793 units in use (2011 - 249 out of 754) with a net book value of \$8,117,000 (2011 - \$8,829,000).



Yukon Housing Corporation
 Notes to the financial statements
 for the year ended March 31, 2012

14. Deferred capital contributions

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

Changes in the deferred capital contributions balance are as follows:

	<u>2012</u>	<u>2011</u>
	(thousands of dollars)	
Balance at beginning of year	\$ 49,409	\$ 22,826
Add: Funding used to acquire tangible capital assets		
CMHC - economic stimulus funding (Note 7)	4,842	27,047
Government of Yukon (Note 12)	1,363	964
Senior Housing Management Fund (Note 8)	660	-
Less: Amortization of deferred capital contributions related to tangible capital assets	(2,107)	(1,410)
Reduction due to impairment of related tangible capital assets	<u>(225)</u>	<u>(18)</u>
Balance at end of year	<u>\$ 53,942</u>	<u>\$ 49,409</u>

15. Expenses by object

	<u>2012</u>	<u>2011</u>
	(thousands of dollars)	
Materials, supplies and utilities	\$ 6,916	\$ 6,543
Personnel	6,223	6,739
Amortization expenses	2,997	2,392
Other	1,355	1,254
Contract and special services	942	2,935
Interest on long-term debt	788	1,162
Transfer payments	716	1,493
Communication and transportation	<u>318</u>	<u>336</u>
	<u>\$ 20,255</u>	<u>\$ 22,854</u>



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2012

16. Financial instruments

The balances in Cash, Due from Canada Mortgage and Housing Corporation, Accounts receivable, Accounts payable and accrued liabilities and Due to Government of Yukon are non-interest bearing and have fair values that approximate their carrying amount due to their short term to maturity.

Fair value information is not disclosed for Advances - Government of Yukon (Note 12) because it arose as a result of related party transactions, bears no interest, and has no repayment terms. There is no active market for such instruments

The fair values of the Corporation's loans receivable and long-term debt were based on management's best estimates and were determined using the present value of future cash flows discounted at the March 31, 2012 estimated market rate for mortgages and loans with similar maturities.

The carrying amount and estimated fair values of loans receivable and long term debt are as follows:

	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(thousands of dollars)			
Loans receivable				
Mortgages receivable net of allowances	\$ 34,722	\$ 30,511	\$ 37,436	\$ 33,907
Land sales agreements receivable	7,903	8,392	10,552	10,899
	<u>\$ 42,625</u>	<u>\$ 38,903</u>	<u>\$ 47,988</u>	<u>\$ 44,806</u>
Long-term debt				
Mortgages payable	\$ 10,720	\$ 11,051	\$ 12,192	\$ 12,309
CMHC loans	2,390	2,691	2,623	2,993
Loans payable - Government of Yukon	12,816	6,532	13,435	6,731
Land sales agreements due to Government of Yukon	8,229	7,164	10,746	9,322
	<u>\$ 34,155</u>	<u>\$ 27,438</u>	<u>\$ 38,996</u>	<u>\$ 31,355</u>

These financial instruments do not have active markets.

Until settled, the fair value of loans receivable and long-term debt will fluctuate with changes in interest rates. Management believes the carrying amount of loans receivable will be fully recovered.

17. Related party transactions and balances

The Corporation is related in terms of common ownership to all Government of Yukon departments, corporations and agencies. In addition to those related party transactions disclosed elsewhere in these financial statements (Note 9 & 12), the Corporation enters into transactions with related entities in the normal course of business.



Yukon Housing Corporation
 Notes to the financial statements
 for the year ended March 31, 2012

(a) Shared services costs

Under the Corporate Services arrangement, which consolidates functions such as finance, systems and administration, policy and communications and human resources services, the Corporation provides corporate services to Yukon Liquor Corporation. During 2012, the Corporation incurred total corporate service costs of \$3,057,000 (2011 - \$2,874,000). The amount charged by the Corporation to Yukon Liquor Corporation for corporate services for the year was \$975,000 (2011 - \$914,000). Of the amount charged to Yukon Liquor Corporation, \$225,000 (2011 - \$914,000) was receivable at year end.

(b) Other transactions

The value of administrative services provided without charge by the Government of Yukon to the Corporation is estimated in 2012 to be \$23,000 (2011 - \$17,000). This amount has been included in the Statement of Operations under Other revenues and Administration expenses. The value of territorial agent services provided without charge by the Corporation to the Government of Yukon for 2012 is estimated to be \$44,000 (2011 - \$43,000). This amount has been included in the Statement of Operations under Administration expenses.

The employees of the Corporation are paid by the Government of Yukon. The Corporation reimbursed the Government for salaries and benefits expenses paid of \$6,662,000 during 2012 (2011 - \$6,566,000).

In 2008, the Corporation entered into an agreement with Government of Yukon for the care and maintenance of the new 48 unit seniors' social housing constructed as part of the Athletes' Village in Whitehorse. The Corporation has assumed responsibility for the facilities operation and maintenance costs. The value of services provided without charge, relating to the use of this building by the Corporation, is estimated in 2012 to be \$502,000 (2011 - \$502,000) based on the Government of Yukon's amortization expense.

During 2012, the Corporation was charged \$740,000 (2011 - \$676,000) by the Government for information technology support services, office rental, office supplies, computer software licensing, vehicle rental services and

During 2011, the Government of Yukon Department of Highways and Public Works managed and completed the construction of the Waterfront Place seniors facility with construction costs of \$10,386,000 and the Dawson apartments with construction costs of \$5,920,000 on behalf of the Corporation. Total administration costs for the two projects were \$39,000. At March 31, 2011, there was an amount payable of \$16,938,000 that was included in Due to Government of Yukon; this amount was repaid in 2012.

In 2011, the Corporation agreed to purchase an Ingram subdivision lot from the Government of Yukon for \$276,000. At March 31, 2011, there was an amount payable of \$138,000 that was included in Due to Government of Yukon; this amount was repaid in 2012.

(c) Due to Government of Yukon

	<u>2012</u>	<u>2011</u>
	(thousands of dollars)	
Advance received in excess of transfer payment	\$ 1,470	\$ -
Accounts payable	1,039	18,051
Accounts receivable	(48)	(418)
Amount due from Community Services - Disaster Financial Assistance	<u>(1,644)</u>	<u>(1,644)</u>
Net amount Due to Government of Yukon	<u>\$ 817</u>	<u>\$ 15,989</u>



Yukon Housing Corporation
 Notes to the financial statements
 for the year ended March 31, 2012

18. Contractual obligations and contingencies

	<u>2012</u>	<u>2011</u>
	(thousands of dollars)	
Outstanding contractual obligations to complete the funding of mortgages receivable as at end of year.	\$ 2,603	\$ 1,704
Outstanding contractual obligations to complete committed contracts as at end of year.	1,557	1,062
Subsidies to private social housing organizations	388	378

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 amount of the mortgage payable as at March 31, 2012 was \$987,000 (2011 - \$1,034,000). Management believes that the Corporation would be able to repay the mortgage in full through the sale of the Co-operative's assets (against which the mortgage is made) in the event of a default.

In the normal course of operations, the Corporation is subject to legal claims and possible claims. No provision for any claim is included in these financial statements, because all legal claims or possible claims are either insignificant or considered unlikely to succeed.

19. Bad debts write-offs

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

<u>Year</u>	<u>Amount</u>
2012	\$ -
2011	21,383
2010	-
2009	5,287
2008	11,626

20. Subsequent event

In June 2012, homes on the Upper Liard River were damaged due to flooding. The Corporation estimates it could issue up to \$3,460,000 in flood grants related to this flood in fiscal 2013. The Corporation estimates that \$2,160,000 could be recoverable under Federal Disaster Financial Assistance Arrangements in fiscal 2013.

21. Comparative figures

Certain comparative figures for 2011 have been reclassified to conform with the 2012 presentation.



Yukon Housing Corporation

Schedule of Program Costs, Corporate Services Costs and Administration Expenses
for the year ended March 31, 2012

Schedule A

	2012	2011
	(thousands of dollars)	
Program costs		
Housing operations		
General maintenance	\$ 3,273	\$ 4,777
Personnel	3,190	3,126
Amortization	2,794	2,191
Utilities	2,255	1,810
Property taxes	806	655
Subsidies - private social housing organizations	674	833
Building services - in-kind (Note 17(b))	502	502
Property rentals	392	420
Garbage collection and janitorial	248	264
Direct lending program administration	157	11
Insurance	146	146
Bad debts - housing operations including rental tenants	99	33
Housing program administration	18	31
Contributions - Government of Yukon Department of Health and Social Services	-	227
	<u>14,554</u>	<u>15,026</u>
Other		
Loans receivable with concessionary terms allowance expense	-	365
Home repair mortgage allowance for repayment of subsidies expense	-	80
Write-down of tangible capital assets	225	24
Gain on sale of housing held for sale	-	(2)
	<u>225</u>	<u>467</u>
	<u>\$ 14,779</u>	<u>\$ 15,493</u>



Yukon Housing Corporation

Schedule of Program Costs, Corporate Services Costs and Administration Expenses
for the year ended March 31, 2012

Schedule A

	<u>2012</u>	<u>2011</u>
	(thousands of dollars)	
Corporate services costs (Note 17 (a))		
Personnel	\$ 2,542	\$ 2,309
Information technology systems and support	274	314
Professional fees	<u>241</u>	<u>251</u>
	<u>\$ 3,057</u>	<u>\$ 2,874</u>
Administration expenses		
Personnel	\$ 490	\$ 416
Rentals - office and equipment	359	267
Amortization	204	201
Communications	182	147
Travel and transportation	132	179
Office and sundry	108	122
Professional fees	50	37
Program promotion	37	31
Boards and committees	<u>25</u>	<u>29</u>
	<u>\$ 1,587</u>	<u>\$ 1,429</u>



Yukon Housing Corporation
 Schedule of Tangible Capital Assets
 for the year ended March 31, 2012

Schedule B

	Land	Social Housing	Staff Housing	Office Building	Other Facilities	Furnishings and Equipment	Computer Systems	2012 Total	2011 Total
(thousands of dollars)									
Cost of tangible capital assets, opening ¹	\$ 3,904	\$ 75,008	\$ 15,108	\$ 1,893	\$ 796	\$ 1,160	\$ 199	\$ 98,068	\$ 70,070
Acquisitions ¹	27	5,647	730	30	-	431	-	6,865	28,011
Write-downs	-	(225)	-	-	-	-	-	(225)	(24)
Disposals	(11)	(711)	(73)	-	-	-	-	(795)	11
Cost of tangible capital assets, closing ¹	3,920	79,719	15,765	1,923	796	1,591	199	103,913	98,068
Accumulated amortization, opening	-	27,222	8,165	1,066	780	201	199	37,633	35,230
Amortization	-	2,335	455	91	4	113	-	2,998	2,392
Disposals	-	(711)	(73)	-	-	-	-	(784)	11
Accumulated amortization, closing	-	28,846	8,547	1,157	784	314	199	39,847	37,633
Net book value ¹	<u>\$ 3,920</u>	<u>\$ 50,873</u>	<u>\$ 7,218</u>	<u>\$ 766</u>	<u>\$ 12</u>	<u>\$ 1,277</u>	<u>\$ -</u>	<u>\$ 64,066</u>	<u>\$ 60,435</u>
Construction in progress	\$ -	\$ 3,228	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,228	\$ 23,789

¹ Includes construction in progress