

**YUKON HOUSING CORPORATION**

**FINANCIAL STATEMENTS**

**March 31, 2003**

**(audited)**



Yukon Housing Corporation

Management's Responsibility for Financial Statements

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

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.

A large, stylized handwritten signature in black ink, appearing to read "Marc Tremblay".

Marc Tremblay  
President

A handwritten signature in black ink, appearing to read "Elaine Carlyle".

Elaine Carlyle, CGA  
A/Director, Finance and Administration

August 8, 2003



## 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, 2003 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, 2003, 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 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, FCA  
Principal  
for the Auditor General of Canada

Edmonton, Canada  
August 8, 2003



Yukon Housing Corporation  
Balance Sheet  
as at March 31, 2003

	2003	2002
	Thousands of dollars	
<b>Assets</b>		
<b>Current</b>		
Cash (Note 3)	\$ 206	\$ 236
Due from Canada Mortgage and Housing Corporation	279	279
Accounts receivable - other	928	530
Mortgages receivable - current portion (Note 4)	4,085	3,803
Housing held for sale (Note 5)	2,110	2,236
	7,608	7,084
Seniors' Housing Management Fund (Note 6)	979	646
Mortgages, agreements and loans receivable (Note 4)	45,562	43,720
Capital assets (Note 7)	30,707	31,734
	<u>\$ 84,856</u>	<u>\$ 83,184</u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable	\$ 1,450	\$ 1,235
Due to Government of Yukon	2,662	109
Current portion of long-term debt (Note 8)	3,525	3,207
	7,637	4,551
Seniors' Housing Management Fund (Note 6)	979	646
Employee future benefits (Note 9)	650	693
Deferred revenue	497	523
Deferred capital funding from Government of Yukon (Note 10)	7,396	7,598
Long-term debt (Note 8)	46,039	47,678
	63,198	61,689
<b>Equity</b>		
Equity of Government of Yukon	21,658	21,495
	<u>\$ 84,856</u>	<u>\$ 83,184</u>

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, 2003

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	<u>2003</u>	<u>2002</u>
	Thousands of dollars	
Balance at beginning of year	\$ 21,495	\$ 19,091
Funding advanced from Government of Yukon (Note 11)	163	2,404
	<hr/>	<hr/>
Balance at end of year	<u>\$ 21,658</u>	<u>\$ 21,495</u>

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



Yukon Housing Corporation  
Statement of Operations  
Year ended March 31, 2003

	2003	2002
	Thousands of dollars	
<b>Revenues</b>		
Recoveries - Cost shared agreements	\$ 4,499	\$ 4,268
Rental income	3,112	3,296
Interest income	2,846	2,623
Recoveries - Prior year bad debts and other	164	342
	<u>10,621</u>	<u>10,529</u>
<b>Expenses</b>		
Program costs (Schedule)	4,314	5,048
Personnel	3,179	3,337
Interest on long-term debt	2,094	2,224
Amortization	1,606	1,658
Administration (Schedule)	722	668
Loss on sale of housing projects	1	33
	<u>11,916</u>	<u>12,968</u>
<b>Net results of operations before government funding</b>	(1,295)	(2,439)
<b>Government of Yukon funding</b>		
Operating grant	452	1,492
Amortization of deferred capital funding	843	947
	<u>1,295</u>	<u>2,439</u>
<b>Net results of operations after government funding</b>	<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, 2003

	2003	2002
	Thousands of dollars	
<b>Operating activities</b>		
Net income from operations	\$ -	\$ -
Adjustment for non-cash items		
(Decrease) increase in employee future benefits	( 43)	21
Decrease in deferred revenue	( 26)	( 68)
Amortization of capital assets	1,606	1,658
Amortization of deferred capital funding	( 843)	( 947)
Loss on sale of housing projects	1	33
	<u>695</u>	<u>697</u>
Changes in non-cash components of working capital	2,214	( 1,065)
<b>Cash flows from (used in) operating activities</b>	<u>2,909</u>	<u>( 368)</u>
<b>Investing activities</b>		
Additions to housing projects	( 563)	( 456)
Additions to computer systems, furnishings, equipment and office building	( 78)	( 54)
Proceeds from sale of housing projects	61	69
Additions to mortgages and agreements receivable	( 4,049)	( 7,513)
Repayments and reductions of mortgages and agreements receivable	5,698	6,143
<b>Cash flows from (used in) investing activities</b>	<u>1,069</u>	<u>( 1,811)</u>
<b>Financing activities</b>		
Repayment of long-term debt - rental housing units and office building	( 988)	( 920)
Repayment and reduction of long-term debt - other	( 3,824)	( 3,759)
Long term debt advanced from Government of Yukon	-	3,000
Funding for the acquisition of capital assets	641	504
Funding from Government of Yukon (Note 11)	163	2,404
<b>Cash flows (used in) from financing activities</b>	<u>( 4,008)</u>	<u>1,229</u>
<b>Decrease in cash</b>	( 30)	( 950)
<b>Cash at beginning of year</b>	<u>236</u>	<u>1,186</u>
<b>Cash at end of year</b>	<u>\$ 206</u>	<u>\$ 236</u>
<b>Supplemental Disclosure of Cash Flows Information</b>		
Interest paid	\$ 2,107	\$ 2,238
Interest received	2,807	2,687

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, 2003

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**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

As reflected in the Corporation's Strategic Plan, the mission of the Corporation is to work in a fiscally responsible manner to resolve the housing needs of Yukoners and to strengthen the Yukon's economy through the housing sector by: helping the marketplace to work better; furthering the self-sufficiency of communities, industries and individuals; and assisting people where needed.

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 its operating deficit. The operating grant is reflected as a reduction to the net loss from operations, 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 book value. 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, 2003

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(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.

Social housing projects financed by long-term debt are amortized using the sinking fund method based on the principal repayment of the associated debt.

Amortization is calculated using the straight-line method, over the estimated useful lives of assets (except social housing projects financed by long-term debt as noted above):

Social housing projects 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 consists of funding received from Yukon Development Corporation to assist in funding a residential energy management initiative, and 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. 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.

(f) Employee future benefits

Employee future benefits - other non-pension benefit plans

Under the conditions of employment, employees of the Corporation may qualify for and earn employment benefits for vacation, sick, compensatory and personal leave, travel bonus and severance benefits. The benefit obligation was determined on an actuarial basis. The obligation for vacation leave, sick leave, and severance benefits was calculated using the projected benefit method pro-rated on service. The remaining obligation was calculated assuming all employees would receive the benefits on valuation date.



Yukon Housing Corporation  
Notes to the financial statements  
Year ended March 31, 2003

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(f) Employee future benefits (continued)

Pensions

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Corporation's contribution to the Plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employees' required contributions, and may change from time to time depending on the experience of the plan. These contributions represent the total pension obligations of the Corporation and are charged to operations on a current basis. The Corporation is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

(h) 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 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.

(i) 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.

**3. Cash**

The Corporation has, if needed, an operating demand overdraft facility with its banker that allows the Corporation to borrow up to \$11,000,000 at bank prime. The bank prime rate at *year end* was 4.75% (2002 - 4.00%). The overdraft facility is guaranteed by Government of Yukon.



Yukon Housing Corporation  
 Notes to the financial statements  
 Year ended March 31, 2003

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**4. Mortgages, agreements and loans receivable**

	<u>Stated % interest rates</u>	<u>2003</u>	<u>2002</u>
		Thousands of dollars	
<b>Mortgages Receivable</b>			
Home Ownership	4.56 - 8.50	\$ 29,737	\$ 27,885
Loans with terms up to ten 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, 2003 were \$2,076,000 (March 31, 2002 - \$2,420,000).			
Owner Build	0 - 7.30	3,081	2,735
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 2008.			
Repair & Upgrade	1.00 - 8.25	9,177	9,623
Loans with terms up to thirteen 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, 2003 were \$2,433,000 (March 31, 2002 - \$2,626,000)			
Energy Management	1.50 - 3.50	585	818
Loans with terms up to seven years, secured by registered charges against real property or chattel mortgages, repayable in blended monthly payments at fixed rates of interest with maturities up to 2010.			
Joint Venture	2.25 - 6.75	1,673	1,442
Loans with terms up to 20 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, 2003

	<u>Stated % interest rates</u>	<u>2003</u>	<u>2002</u>
		Thousands of dollars	
Subtotal mortgages receivable		44,253	42,503
Less: Allowances for payment subsidies for Home Repair loans		1,364	1,546
Less: Allowances for impaired loans		101	121
Total mortgages receivable		<u>42,788</u>	<u>40,836</u>
Land sales agreements receivable	4.75 - 8.50	2,475	2,242
Loans on residential, commercial and recreational lots, repayable in blended annual payments at fixed rates of interest with maturities up to 2008.			
Loan receivable - Government of Yukon	7.05	4,384	4,445
Repayable in blended monthly payments to the year 2028 at a fixed rate of interest.			
Total mortgages, agreements and loans receivable		<u>49,647</u>	<u>47,523</u>
Less: Current portion		4,085	3,803
		<u>\$ 45,562</u>	<u>\$ 43,720</u>

These investments earn interest at the following weighted average rates:

	<u>2003</u>	<u>2002</u>
Mortgages receivable	5.87%	6.57%
Land sales agreements receivable	5.95%	7.07%
Loan receivable - Government of Yukon	7.05%	7.05%

**5. Housing held for sale**

	<u>2003</u>	<u>2002</u>
	Thousands of dollars	
Mountain View Place	\$ 1,816	\$ 1,941
Other housing inventory	294	295
	<u>\$ 2,110</u>	<u>\$ 2,236</u>



Yukon Housing Corporation  
 Notes to the financial statements  
 Year ended March 31, 2003

**6. 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:

	2003	2002
	Thousands of dollars	
Balance at beginning of year	\$ 646	\$ 366
Government of Yukon annual appropriation	100	100
Government of Yukon appropriation equal to interest revenue earned on Green Mortgage Program	213	168
Interest revenue earned on monies held within the Fund	20	12
Balance at end of year	<u>\$ 979</u>	<u>\$ 646</u>

**7. Capital assets**

	2003		2002	
	Thousands of dollars			
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Social housing	\$ 32,944	\$ 12,410	\$ 20,534	\$ 21,510
Staff housing	12,005	4,846	7,159	7,096
Office building	1,776	309	1,467	1,533
Land	1,384	-	1,384	1,386
Other facilities	759	686	73	108
Furnishings and equipment	167	118	49	58
Computer systems	915	874	41	43
	<u>\$ 49,950</u>	<u>\$ 19,243</u>	<u>\$ 30,707</u>	<u>\$ 31,734</u>

CMHC funding used to purchase capital assets is deducted from the cost of the asset. CMHC funding allocated to capital assets during 2003 was \$250,000 (2002 - \$250,000).



Yukon Housing Corporation  
 Notes to the financial statements  
 Year ended March 31, 2003

8. Long-term debt

	Stated % interest rates	2003 Thousands of dollars	2002 Thousands of dollars
Mortgages Payable (guaranteed by the Government of Yukon)	5.05 - 12.50	\$ 20,141	\$ 20,799
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	4,563	4,724
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	21,887	22,643
Repayable without interest in periodic installments to 2028.			
Land sales agreements due to Government of Yukon	0.00	2,973	2,719
Repayable without interest in equal periodic installments to 2008.			
Total long-term debt		49,564	50,885
Less: Current portion		3,525	3,207
		<u>\$ 46,039</u>	<u>\$ 47,678</u>

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

	2003	2002
Mortgages payable	8.40%	8.40%
CMHC loans	8.81%	8.82%

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

	CMHC Loans	Mortgages	Government of Yukon Loans	Land Sales Agreements	Total
	(Thousands of dollars)				
2004	\$ 176	\$ 714	\$ 756	\$ 1,879	\$ 3,525
2005	192	778	756	468	2,194
2006	210	845	756	308	2,119
2007	230	919	756	188	2,093
2008	251	999	756	130	2,136



Yukon Housing Corporation  
 Notes to the financial statements  
 Year ended March 31, 2003

**9. Employee future benefits**

	2003	2002
	Thousands of dollars	
Other non-pension benefit plans		
Employee future benefits are a defined benefit plan and are not funded. The results are summarized as follows:		
Accrued benefit liability, beginning of year	\$ 693	\$ 672
Add: Annual benefit plan expense	214	86
Less: Benefits paid by Yukon Housing	(257)	(65)
Accrued benefit liability, end of year	<u>\$ 650</u>	<u>\$ 693</u>

**Pensions**

During the year, the Public Service Superannuation Plan required the Corporation to contribute to the Public Service Superannuation Account at a rate of 2.14 times the employee contribution.

Employer contribution	\$ 285	\$ 283
Employee contribution	125	129
Total contributions	<u>\$ 410</u>	<u>\$ 412</u>

The significant actuarial assumptions were:

Discount rate	6.5%	6.5%
Salary escalation rate	3.0%	3.0%
Annual rate of inflation	3.0%	3.0%

**10. 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:

	2003	2002
	Thousands of dollars	
Balance at beginning of year	\$ 7,598	\$ 8,041
Add funding used to purchase depreciable capital assets	641	504
Less amortization	( 811)	( 903)
Less unamortized funding on assets disposed of during the fiscal year charged to operations	( 32)	( 44)
Balance at end of year	<u>\$ 7,396</u>	<u>\$ 7,598</u>



Yukon Housing Corporation  
Notes to the financial statements  
Year ended March 31, 2003

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**11. Funding advanced from Government of Yukon**

	2003	2002
	Thousands of dollars	
Cash advances from Government of Yukon	\$ 3,555	\$ 4,680
Operating grant	(452)	(1,492)
Funding used to purchase capital assets (Note 10)	(641)	(504)
Funding invested in Seniors' Housing Management Fund	(333)	(280)
Cash advances refunded to Government of Yukon	(1,966)	-
Funding advanced from Government of Yukon	<u>\$ 163</u>	<u>\$ 2,404</u>





Yukon Housing Corporation  
Notes to the financial statements  
Year ended March 31, 2003

**12. Financial instruments**

The fair values of the financial instruments were determined using the present value of future cash flows discounted at the March 31, 2003 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:

	2003		2002	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Thousands of dollars				
Long-term investments				
Mortgages receivable net of allowances for payment subsidies on Home Repair loans and loan impairments	\$ 42,788	\$ 42,446	\$ 40,836	\$ 39,874
Land sales agreements receivable	2,475	2,257	2,242	1,974
Loan receivable - Government of Yukon	4,384	4,070	4,445	3,682
	<u>\$ 49,647</u>	<u>\$ 48,773</u>	<u>\$ 47,523</u>	<u>\$ 45,530</u>
Long-term debt				
Mortgages payable	\$ 20,141	\$ 20,149	\$ 20,799	\$ 20,484
CMHC loans	4,563	4,864	4,724	4,932
Loans payable - Government of Yukon	21,887	8,534	22,643	9,269
Land sales agreements due to Government of Yukon	2,973	2,730	2,719	2,420
	<u>\$ 49,564</u>	<u>\$ 36,277</u>	<u>\$ 50,885</u>	<u>\$ 37,105</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.



Yukon Housing Corporation  
Notes to the financial statements  
Year ended March 31, 2003

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**13. 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.

**14. Commitments and contingencies**

	<u>2003</u>	<u>2002</u>
	Thousands of dollars	
Outstanding contractual obligations to complete the funding of mortgages receivable as at March 31.	\$ 1,563	\$ 1,024
Subsidies to private social housing organizations	873	930

**15. 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, 2003 is \$242,000 (2002 - \$252,000).



Yukon Housing Corporation  
 Notes to the financial statements  
 Year ended March 31, 2003

**16. 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>2003</u>	<u>2002</u>
	Thousands of dollars	
Net results of operations before government funding	\$ 1,295	\$ 2,439
Less recovery - Mountain View Place inventory valuation allowance	21	-
Less amortization	(1,606)	(1,658)
Less Program costs - Other		
Home Repair mortgage provision for payment subsidies expense	(143)	(320)
Housing project improvements	(1)	(18)
Add Seniors' Housing Management Fund investment - Government of Yukon appropriation (equal to interest earned on Green Mortgage Program and monies held within the fund)	233	180
	<u>          </u>	<u>          </u>
Government of Yukon - Operations and maintenance (repayment) transfer payment.	<u>\$ (201)</u>	<u>\$ 623</u>
Add recovery - Mountain View Place inventory valuation allowance	(21)	-
Program costs - Other		
Home Repair mortgage provision for payment subsidies expense	143	320
Housing project improvements	1	18
Add Seniors' Housing Management Fund investment - Government of Yukon appropriation	100	100
Add funding provided to repay principal portion of long term debt	988	920
Add funding provided to purchase depreciable capital assets (Note 11)	641	504
Add funding provided to purchase non-depreciable capital assets	-	7
Less funding refunded for net book value of assets disposed	(62)	(104)
Less funding refunded for prior year repayment of principal portion of long term debt	-	(68)
	<u>          </u>	<u>          </u>
Government of Yukon - Capital transfer payment	<u>\$ 1,790</u>	<u>\$ 1,697</u>



Yukon Housing Corporation  
 Schedule of Program Costs and Administration Expenses  
 Year ended March 31, 2003

	2003	2002
	Thousands of dollars	
<b>Program costs</b>		
<b>Housing operations</b>		
General maintenance	\$ 1,274	\$ 1,055
Utilities	1,115	1,129
Property taxes	491	481
Subsidies - Private social housing organizations	473	837
Direct lending program administration	418	589
Garbage collection and janitorial	151	156
Property rentals	150	182
Housing program administration	92	84
Insurance	64	44
Bad debts (recoveries) - housing operations including rental tenants	( 58)	153
	<u>4,170</u>	<u>4,710</u>
<b>Other</b>		
Home Repair mortgage provision for payment subsidies expense	143	320
Housing project improvements	1	18
	<u>144</u>	<u>338</u>
	<u>\$ 4,314</u>	<u>\$ 5,048</u>
<b>Administration expenses</b>		
Rentals - office and equipment	\$ 211	\$ 206
Computer services	152	119
Travel and transportation	101	121
Communications	75	79
Professional fees	59	54
Office and sundry	51	46
Program promotion	45	12
Boards and committees	28	31
	<u>\$ 722</u>	<u>\$ 668</u>



Yukon Housing Corporation  
Schedule of Bad Debt Write-offs  
for the year ended March 31, 2003

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Tenant Receivables Written Off		Invoice Date
Ollenberger, R.	\$ 551	1996
Ellis, R.	958	1997
McKim, S.	543	1997
Nichols, T.	883	1997
Porter, L.	582	1997
Robinson, J.	735	1997
Russell, R. & Devillier, C.	998	1997
Abel, C. & Sugden, C.	704	1999
Belcher, W.	968	1999
Berger, J.	650	1999
Cahoon, C.	903	1999
Cornell, S.	724	1999
Dillon, C.	798	1999
Hume, M.	636	1999
Lilley, D.	741	1999
Moonen, K. & J.	734	1999
Nicloux, K.	677	1999
Paguio, A.	540	1999
Farr, P.	567	2000
Risby, P.	684	2000
Senft, C.	714	2000
Taylor, S. & C.	934	2000
Ayles, K.	568	2001
Kole, P.	556	2001
Tooke, A.	929	2001
Total tenant accounts over \$500 written off	\$ 18,277	
Other tenant accounts less than \$500	8,465	
Total tenant accounts written off	\$ 26,742	
Miscellaneous receivables written off - Brierley, K. & D.	745	1999
Total accounts written off	\$ 27,487	

Total accounts written off in the year ended March 31, 2002 \$36,799.

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