

**YUKON HOUSING CORPORATION**

**FINANCIAL STATEMENTS**

**March 31, 2007**

**(audited)**

This page intentionally left blank.



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.

A handwritten signature in black ink, appearing to read 'Marc Tremblay'.

Marc Tremblay  
President

A handwritten signature in black ink, appearing to read 'Glen Traverse'.

Glen Traverse  
A/Director, Finance and Administration

August 15, 2007



## 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, 2007 and the statements of operations and equity 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 financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2007, 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.

*Sheila Fraser*

Sheila Fraser, FCA  
Auditor General of Canada

Vancouver, Canada  
August 15, 2007




Yukon Housing Corporation  
Balance Sheet  
as at March 31

	2007	2006
	In Thousands	
<b>Assets</b>		
<b>Current</b>		
Cash (Note 3)	\$ 1,301	\$ 5,103
Due from Canada Mortgage and Housing Corporation	415	871
Accounts receivable - other	524	569
Mortgages receivable - current portion (Note 4)	4,280	6,020
Housing held for sale (Note 5)	85	136
	<u>6,605</u>	<u>12,699</u>
Seniors' Housing Management Fund (Note 6)	2,530	2,050
Mortgages, agreements and loans receivable (Note 4)	33,551	32,737
Capital assets (Note 7)	23,168	24,426
	<u>\$ 65,854</u>	<u>\$ 71,912</u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable	\$ 1,687	\$ 1,541
Due to Government of Yukon	280	323
Current portion of long-term debt (Note 8)	4,754	7,414
	<u>6,721</u>	<u>9,278</u>
Seniors' Housing Management Fund (Note 6)	2,530	2,050
Employee future benefits (Note 9)	453	441
Deferred Revenue from Canada Mortgage and Housing Corporation	1,704	2,358
Deferred capital funding (Note 10)	6,565	6,831
Long-term debt (Note 8)	37,647	38,838
	<u>55,620</u>	<u>59,796</u>
<b>Equity</b>		
Contributed surplus (Note 11)	<u>10,234</u>	<u>12,116</u>
	<u>\$ 65,854</u>	<u>\$ 71,912</u>

Commitments and contingencies (Note 14)

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 Equity  
Year ended March 31

	2007	2006
	In Thousands	
<b>Revenues</b>		
Recoveries - cost-shared agreements	\$ 4,265	\$ 4,630
Rental income	3,532	3,374
Interest income	1,956	2,043
Recoveries-CMHC Affordable Housing	875	2,625
	<u>10,628</u>	<u>12,672</u>
<b>Expenses</b>		
Program costs (Schedule)	5,138	4,932
Personnel	2,670	2,426
Amortization	1,910	2,375
Interest on long-term debt	1,663	1,781
Corporate Shared Services Costs	1,543	1,476
Affordable Housing Contribution Costs	875	2,625
Administration (Schedule)	577	552
	<u>14,376</u>	<u>16,167</u>
<b>Net results of operations before government funding and other income</b>	(3,748)	(3,495)
<b>Other income</b>		
Gain (loss) on sales of tangible assets	<u>80</u>	<u>(14)</u>
<b>Net results of operations before government funding</b>	(3,668)	(3,509)
<b>Government of Yukon funding</b>		
Operating grant	3,145	2,874
Amortization of Deferred Capital Funding	523	635
	<u>3,668</u>	<u>3,509</u>
<b>Net results of operations</b>	<u>\$ -</u>	<u>\$ -</u>
Contributed surplus, beginning of year	\$ 12,116	\$ 16,048
Contributed surplus ( Note 11)	( 1,882)	( 3,932)
Contributed surplus, end of year	<u>\$ 10,234</u>	<u>\$ 12,116</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

	2007	2006
<b>Operating activities</b>		
Net results of operations after government funding	\$ -	\$ -
Adjustment for non-cash items		
Increase in employee future benefits	12	10
Amortization of capital assets	1,910	2,375
Increase (decrease) in deferred revenue	(1,067)	1,030
Amortization of deferred capital funding	(523)	(635)
Deferred capital funding	-	71
	<u>332</u>	<u>2,851</u>
Changes in non-cash components of working capital	<u>(265)</u>	<u>983</u>
<b>Cash flows from operating activities</b>	<u>67</u>	<u>3,834</u>
<b>Investing activities</b>		
Additions to housing projects	(593)	(700)
Additions to computer, furnishings and equipment and office building	(77)	(88)
Additions to mortgages and agreements receivable	(8,557)	(6,919)
Payment to Government of Yukon for net book value of disposed asset	18	-
Repayments of mortgages and agreements receivable	7,743	9,426
<b>Cash flows from investing activities</b>	<u>(1,466)</u>	<u>1,719</u>
<b>Financing activities</b>		
Repayment long-term debt	(1,191)	(1,300)
Reduction of contributed surplus account ( Note 11)	(1,882)	(3,932)
Funding for the acquisition of capital assets	670	788
<b>Cash flows used in financing activities</b>	<u>(2,403)</u>	<u>(4,444)</u>
<b>Increase (decrease) in cash</b>	<u>(3,802)</u>	<u>1,109</u>
<b>Cash at beginning of year</b>	<u>5,103</u>	<u>3,994</u>
<b>Cash at end of year</b>	<u>\$ 1,301</u>	<u>\$ 5,103</u>
<b>Supplemental Disclosure of Cash Flows Information</b>		
Interest paid	\$ 1,663	\$ 1,781
Interest received	1,956	2,043

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, 2007

---

**1. Authority and mission**

Yukon Housing Corporation (the "Corporation") was established in 1972 by the *Housing Corporation Act* of the Yukon 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.

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.

Pursuant to Section 42 (2) of the *Housing Corporation Act*, the Corporation 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.

**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 estimated realizable 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, 2007

---

(c) 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.

(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

Assets under construction are not amortized until available for use

(e) Deferred revenue

Deferred revenue are recognized as follows:

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.

(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. The cost of these benefits is accrued as employees earned them. The valuation of the liability is based upon a current market-related discount rate and other actuarial assumptions, which represent management's best long-term estimates of factors such as the annual rate of inflation. The excess of any net gain (loss) over 10% of the benefit obligation is amortized over the average remaining service period of active employees. The average remaining service period of active employee covered by this plan is 6.8 years. (2006-7.8 years). These benefits represent the only obligation of the Corporation that entails settlement by future payment.



Yukon Housing Corporation  
Notes to the financial statements  
Year ended March 31, 2007

---

(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 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.

(g) 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.

(h) 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.

(i) Rental and funding income recognition

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

(j) 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.

(k) Future Accounting Changes - Financial Instruments

In January 2005, the Canadian Institute of Chartered Accountants (CICA) issued three new accounting standards: Section 3855 Financial Instruments - Recognition and Measurement; Section 3865 Hedges; and Section 1530 Comprehensive Income. These sections are currently being assessed to determine the applicability and impact on the Corporation's financial statements. They must be adopted for fiscal years beginning on or after October 1, 2006.

The new requirements are as follows: Section 3855 - prescribes standards for recognizing and measuring financial instruments on the Balance Sheet and how related gains and losses are to be presented; Section 3865 - modifies the timing of recognizing gains and losses under Section 3855 to permit the matching of gains and losses in the Statement of Operations for financial instruments included in highly effective hedging transactions; and Section 1530 - introduces a new component of Shareholder's Equity and a new Statement of Comprehensive Income that will present certain gains and losses arising from the application of Sections 3855 and 3865, before they are transferred to the Statement of Operations. The Corporation will be required to record loans at fair value. Interest will be recognized using the effective rate method.



Yukon Housing Corporation  
 Notes to the financial statements  
 Year ended March 31, 2007

**3. 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 6.00% (2006 - 5.50%). The overdraft facility is guaranteed by the Government of Yukon.

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

	Stated % interest rates	2007	2006
		In Thousands	
<b>Mortgages Receivable</b>			
<b>Home Ownership</b>	3.19 - 8.25	\$ 22,054	\$ 21,404
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 2011. Rural and Native Home Ownership mortgages receiving subsidies (see Note 2 b) at March 31, 2007 were \$1,237,963 (March 31, 2006 - \$1,505,943).			
<b>Owner Build</b>	0.00 - 5.87	2,190	2,162
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.			
<b>Repair &amp; Upgrade</b>	1.00 - 6.75	7,232	7,857
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, 2007 were \$1,133,541 (March 31, 2006 - \$1,319,672).			
<b>Energy Management</b>	1.00 - 2.75	50	120
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.			
<b>Housing Industry Loans</b>	1.90 - 6.50	1,776	1,476
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, 2007

	<u>Stated % interest rates</u>	<u>2007</u>	<u>2006</u>
		In Thousands	
		<u>          </u>	<u>          </u>
Subtotal mortgages receivable		\$ 33,302	\$ 33,019
Less: Allowance for future payment subsidies for Home Repair loans		1,146	1,244
Less: Allowance for impaired loans		115	89
Total mortgages receivable		<u>32,041</u>	<u>31,686</u>
Land sales agreements receivable	4.75 - 7.00	5,790	7,071
Loans on residential, commercial and recreational lots, repayable in blended annual payments at fixed rates of interest with maturities up to 2011.			
Total mortgages, agreements and loans receivable		<u>37,831</u>	<u>38,757</u>
Less: Current portion		4,280	6,020
		<u>\$ 33,551</u>	<u>\$ 32,737</u>
These investments earn interest at the following weighted average rates:			
		<u>2007</u>	<u>2006</u>
Mortgages receivable		4.70%	4.84%
Land sales agreements receivable		6.57%	5.33%
 <b>5. Housing held for sale</b>			
		<u>2007</u>	<u>2006</u>
		In Thousands	
		<u>          </u>	<u>          </u>
Other housing inventory		85	136
		<u>\$ 85</u>	<u>\$ 136</u>



Yukon Housing Corporation  
Notes to the financial statements  
Year ended March 31, 2007

**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:

	2007	2006
	In Thousands	
Balance at beginning of year	\$ 2,050	\$ 1,684
Government of Yukon annual appropriation	100	100
Government of Yukon appropriation equal to interest revenue earned on Green Mortgage Program	289	213
Interest revenue earned on monies held within the Fund	91	53
Balance at end of year	<u>\$ 2,530</u>	<u>\$ 2,050</u>

**7. Capital assets**

			2007	2006
			In Thousands	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Social housing	\$ 32,662	\$ 19,528	\$ 13,134	\$ 14,380
Staff housing	13,407	6,529	6,878	7,241
Office building	1,881	678	1,203	1,258
Land	1,451	-	1,451	1,451
Other facilities	769	742	27	39
Furnishings and equipment	103	70	33	30
Computer systems	89	60	29	27
Construction in progress	413	-	413	-
	<u>\$ 50,775</u>	<u>\$ 27,607</u>	<u>\$ 23,168</u>	<u>\$ 24,426</u>

Canada Mortgage and Housing Corporation (CMHC) funding (pursuant to the Social Housing Agreement) used to purchase capital assets is deducted from the cost of the asset. CMHC funding allocated to capital assets during 2007 was \$250,000 (2006 - \$400,000).

Construction in progress is a seniors' residential project in Haines Junction, Yukon with an expected completion date November 2007 and projected cost of \$1.8 million.

During the year certain capital assets were deemed to be impaired and were written down by \$9,589 (2006 - 25,857).



Yukon Housing Corporation  
Notes to the financial statements  
Year ended March 31, 2007

**8. Long-term debt**

	Stated % interest rates	2007	2006
In Thousands			
Mortgages payable (guaranteed by the Government of Yukon)	4.32 - 12.50	\$ 16,683	\$ 17,762
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 - 13.50	3,755	3,985
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	15,909	17,130
Repayable without interest in periodic installments to 2027.			
Land sales agreements due to Government of Yukon	0.00	6,054	7,375
Repayable without interest in equal periodic installments to 2012.			
Total long-term debt		<u>42,401</u>	<u>46,252</u>
Less: Current portion		4,754	7,414
		<u>\$ 37,647</u>	<u>\$ 38,838</u>

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

	2007	2006
Mortgages payable	8.11%	8.03%
CMHC loans	8.74%	8.76%

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

	CMHC Loans	Mortgages	Government of Yukon Loans	Land Sales Agreements	Total
In Thousands					
2008	251	\$ 1,011	\$ 619	\$ 2,873	\$ 4,754
2009	275	1,078	619	841	2,813
2010	301	1,152	619	876	2,948
2011	305	1,254	619	844	3,022
2012	233	1,364	619	636	2,852



Yukon Housing Corporation  
 Notes to the financial statements  
 Year ended March 31, 2007

**9. Employee future benefits**

Other non-pension benefit plans

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. Benefits will be paid from future appropriations or others sources of revenue. The results measured at the balance sheet date are summarized as follows:

	2007	2006
	In Thousands	
Accrued benefit liability, beginning of year	\$ 564	\$ 547
Add: Cost for the year	130	94
Less: Benefits paid by Yukon Housing	(14)	(22)
Unamortized experience gains	(47)	(55)
	\$ 633	\$ 564
Accrued Benefits Liability Payable		
Short-term portion, included in accounts payable	\$ 180	\$ 123
Long term portion	453	441
	\$ 633	\$ 564

The significant actuarial assumptions were:

Discount rate	5.75%	5.75%
Salary`	2.50%	3.00%
Annual rate of inflation	2.30%	2.20%

The most recent actuarial valuation made for these non-pensions benefit plans was as of March 31, 2006. The next required valuation would be as of March 31, 2009.

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	\$ 227	\$ 188
Employees' contribution	117	103



Yukon Housing Corporation  
Notes to the financial statements  
Year ended March 31, 2007

---

**10. Deferred capital funding**

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:

	2007	2006
	In Thousands	
Balance at beginning of year	\$ 6,831	\$ 6,763
Add: Funding used to purchase depreciable capital assets: Government of Yukon	257	788
Non Cash Contribution (building) Government of Yukon	-	151
Less: Amortization of capital assets and related writedowns	(523)	(871)
Balance at end of year	\$ 6,565	\$ 6,831

**11. Contributed surplus**

Contributed surplus represents series of payments by the Government of Yukon, to the Corporation in addition to the annual budget allocation for operational purposes.

	2007	2006
	In Thousands	
Balance at beginning of year	\$ 12,116	\$ 16,048
Cash advances from Government of Yukon	2,000	-
Operating grant	(3,145)	(2,874)
Funding used to purchase capital assets (Note 10)	(257)	(788)
Funding invested in Seniors' Housing Management Fund	(480)	(366)
Capital funding disposals and writedowns	-	96
Balance at end of year	\$ ( 1,882)	\$ ( 3,932)
	\$ 10,234	\$ 12,116





Yukon Housing Corporation  
Notes to the financial statements  
Year ended March 31, 2007

**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, 2007 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:

	2007		2006	
	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	\$ 32,041	\$ 32,207	\$ 31,686	\$ 32,191
Land sales agreements receivable	5,790	5,052	7,071	6,388
	<u>\$ 37,831</u>	<u>\$ 37,259</u>	<u>\$ 38,757</u>	<u>\$ 38,579</u>
Long-term debt				
Mortgages payable	\$ 16,683	\$ 16,815	\$ 17,762	\$ 18,916
CMHC loans	3,755	4,128	3,985	4,291
Loans payable - Government of Yukon	15,909	6,884	17,130	7,546
Land sales agreements due to Government of Yukon	6,054	5,317	7,375	6,693
	<u>\$ 42,401</u>	<u>\$ 33,144</u>	<u>\$ 46,252</u>	<u>\$ 37,446</u>

These financial instruments do not have active markets and are thus based on management's best estimates.

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, 2007

---

**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.

a) Shared services costs

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. The amount charged by the Government of Yukon to the Corporation for shared services for the year 2007 was \$1,543,456 (2006- \$1,476,468). 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.

b) Other transactions

The value of services provided without charge by the Government of Yukon to the Corporation is estimated in 2007 to be \$14,175. This amount has been included in the Statement of Operations and Equity under Recoveries-cost-shared agreements. The value of services provided without charge by the Corporation to the Government of Yukon for 2007 is estimated to be \$39,098. This amount has been included in the Statement of Operations and Equity under Office and sundry in the Schedule of Program Costs and Administrative Expenses. 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.

The employees of the Corporation are paid by the Government of Yukon. The Corporation reimburses the Government on a monthly basis for salaries and benefits expenses paid.

c) Future transactions

In fiscal year 2007/08, the Government of Yukon made a decision to transfer ownership of 48 new Seniors' Social Housing units constructed as part of the Athletes' Village in Whitehorse for consideration of \$1.00, at a cost of \$20.7 million, to the Yukon Housing Corporation.

**14. Commitments and contingencies**

	2007	2006
	In Thousands	
Outstanding contractual obligations to complete the funding of mortgages receivable as at March 31.	\$ 1,702	\$ 1,253
Payment to Government of Yukon for a Canada Games building	-	875
Subsidies to private social housing organizations	425	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 2007 for \$1,185,000 (2006-\$1,259,000) if it goes into default. Management believes that the Corporation 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 purchases insurance for all capital assets that are quadruplexes and larger. This accounts for 291 out of 655 units in total with a net book value of \$9,920,210. 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.



Yukon Housing Corporation  
Notes to the financial statements  
Year ended March 31, 2007

**15. 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>2007</u>	<u>2006</u>
	In Thousands	
Government of Yukon - Operations and Maintenance transfer payment		
Net results of operations before government funding	\$ 3,668	\$ 3,509
Less amortization	(1,910)	(2,375)
Less Program costs - Other		
Home Repair mortgage provision for payment subsidies expense	(72)	(285)
Add Seniors' Housing Management Fund investment - Government of Yukon appropriation (equal to interest earned on Green Mortgage Program and monies held within the fund)	380	266
Add Deferred Revenue C.M.H.C. Affordable Housing	-	149
Add Government of Yukon non cash contribution (Land )	-	73
Government of Yukon - Operations and Maintenance transfer payment	<u>\$ 2,066</u>	<u>\$ 1,337</u>
Government of Yukon - Capital transfer payment		
Program costs - Other		
Home Repair mortgage provision for payment subsidies expense	72	285
Add Seniors' Housing Management Fund investment - Government of Yukon appropriation	100	100
Add funding provided to repay principal portion of long term debt	1,488	1,097
Add funding provided to purchase depreciable capital assets (Note 10 and 11)	257	788
Less Net Book Value of disposed assets	(19)	(236)
Government of Yukon - Capital transfer payment	<u>\$ 1,898</u>	<u>\$ 2,034</u>

**16. Bad debts write-offs**

There were no bad debts written off during the year ended March 31, 2007. Bad debts written off during the past four years are as follows:

<u>Year</u>	<u>Amount</u>
2006	164,347
2005	10,845
2004	58,664
2003	<u>27,487</u>
	<u>261,343</u>

**17. Comparative figures**

Certain comparative figures for 2006 have been reclassified to conform with the 2007 presentation.



Yukon Housing Corporation  
Schedule of Program Costs and Administration Expenses  
Year ended March 31, 2007

---

	<u>2007</u>	<u>2006</u>
	In Thousands	
<b>Program costs</b>		
<b>Housing operations</b>		
General maintenance	1,893	1,764
Utilities	1,516	1,339
Property taxes	521	492
Subsidies - Private social housing organizations	408	347
Direct lending program administration	169	223
Garbage collection and janitorial	146	164
Insurance	144	135
Property rentals	145	125
Housing program administration	30	25
Bad debts - housing operations including rental tenants	94	33
	<u>5,066</u>	<u>4,647</u>
<b>Other</b>		
Home Repair mortgage provision for payment subsidies expense	72	285
	<u>\$ 5,138</u>	<u>\$ 4,932</u>
 <b>Administration expenses</b>		
Rentals - office and equipment	\$ 195	\$ 195
Professional fees	39	21
Travel and transportation	101	105
Communications	75	73
Office and sundry	79	102
Boards and committees	51	35
Program promotion	37	21
	<u>\$ 577</u>	<u>\$ 552</u>