

YUKON HOUSING CORPORATION

FINANCIAL STATEMENTS

March 31, 2009

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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 generally accepted accounting principles for the public sector. 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 a report which is included with the financial statements. The Auditor General of Canada provides her report to the Minister responsible for the Yukon Housing Corporation.

A handwritten signature in black ink, appearing to read "Ron MacMillan".

Ron MacMillan
President

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

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

June 30, 2010



AUDITOR'S REPORT

To the Minister responsible for the Yukon Housing Corporation

I have audited the statement of financial position of the Yukon Housing Corporation as at March 31, 2009 and the statements of operations and accumulated surplus, change in net debt and cash flow 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, 2009 and the results of its operations, the change in its net debt 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.

Under sections 23(1) and 23(2) of the *Housing Corporation Act*, the Corporation is required to prepare an annual report after the end of its financial year so the Minister can table a copy of the report at the next ensuing session of the Legislative Assembly. The Corporation did not meet this deadline.

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, with the exception that the Corporation did not meet its statutory deadline for preparing its annual report for tabling in the Legislative Assembly as described in the above paragraph.

Andrew Lennox, CGA, CMA
Assistant Auditor General
for the Auditor General of Canada

Vancouver, Canada
June 30, 2010



Yukon Housing Corporation
Statement of Financial Position
as at March 31, 2009

	2009	2008
	(thousands of dollars)	
Financial assets		
Cash and cash equivalents (Note 3)	\$ 3,241	\$ 3,100
Due from Canada Mortgage and Housing Corporation	365	549
Accounts receivable - other	1,776	1,086
Housing held for sale	982	90
Loans receivable (Note 4)	52,888	41,872
	<u>59,252</u>	<u>46,697</u>
Liabilities		
Bank indebtedness (Note 3)	1,950	-
Accounts payable and accrued liabilities	1,576	1,878
Due to Government of Yukon	4,451	1,072
Deferred revenues	955	991
Deferred revenue - Seniors' Housing Management Fund (Note 5)	3,609	3,059
Long-term debt (Note 6)	48,386	43,316
Post-employment benefits (Note 7)	809	716
Advances - Government of Yukon (Note 9)	10,510	10,123
	<u>72,246</u>	<u>61,155</u>
Net debt	<u>(12,994)</u>	<u>(14,458)</u>
Non-financial assets		
Tangible capital assets (Note 10)	24,548	24,824
Less deferred capital contributions (Note 11)	(11,554)	(10,499)
Prepaid expenses	-	133
	<u>12,994</u>	<u>14,458</u>
Accumulated surplus	<u>\$ -</u>	<u>\$ -</u>
Contractual obligations and contingencies (Note 15)		

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

Approved by the Board of Directors

Director

Director



Yukon Housing Corporation
Statement of Operations and Accumulated Surplus
for the year ended March 31, 2009

	2009		2008
	Main Estimates (Note 1(c))	Actual	Actual
	(thousands of dollars)		
Revenues			
Funding from Canada Mortgage and Housing Corporation	\$ 4,206	\$ 4,566	\$ 4,656
Rental income	3,577	4,433	4,168
Interest income	2,311	2,275	2,277
Recovery for Flood Relief program	450	676	412
Recovery of subsidy expense	-	86	284
Amortization of deferred CMHC capital contributions	-	10	-
Other	20	83	41
	<u>10,564</u>	<u>12,129</u>	<u>11,838</u>
Expenses (Note 12)			
Program costs (Schedule A)	10,810	12,789	11,499
Corporate shared services costs (Note 14(a))	1,732	1,676	1,554
Interest on long-term debt	1,742	1,464	1,581
Administration (Schedule A)	1,701	1,307	1,136
Grants to flood victims	500	1,052	469
	<u>16,485</u>	<u>18,288</u>	<u>16,239</u>
Deficit for the year before government funding	<u>\$ (5,921)</u>	<u>(6,159)</u>	<u>(4,401)</u>
Government of Yukon funding (Note 2(b))			
Operating grant		4,874	3,117
Amortization of deferred capital contributions		783	782
Rental assistance - in-kind (Note 14(b))		502	502
		<u>6,159</u>	<u>4,401</u>
Surplus for the year		-	-
Accumulated surplus at beginning of year		-	-
Accumulated surplus at end of year		<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, 2009

	2009		2008
	Main Estimates (Note 1(c))	Actual	Actual
	(thousands of dollars)		
Surplus for the year	\$ -	\$ -	\$ -
Effect of change in tangible capital assets			
Acquisitions	(1,287)	(1,943)	(2,529)
Capital contributions received and deferred	1,287	1,943	2,592
Amortization of tangible capital assets	2,015	2,082	2,016
Amortization of deferred capital contributions	-	(793)	(782)
Loss on disposal of tangible capital assets			
net of reduction to deferred capital contributions	-	4	35
Proceeds on disposal of tangible capital assets	-	-	49
Write-down of tangible capital assets	-	38	-
	<u>2,015</u>	<u>1,331</u>	<u>1,381</u>
Effect of change in other non-financial assets			
Decrease (increase) in prepaid expenses	-	133	(133)
	-	133	(133)
Decrease in net debt	<u>\$ 2,015</u>	<u>1,464</u>	<u>1,248</u>
Net debt at beginning of year		(14,458)	(15,706)
Net debt at end of year		<u>\$ (12,994)</u>	<u>\$ (14,458)</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, 2009

	2009	2008
	(thousands of dollars)	
Operating transactions		
Surplus for the year	\$ -	\$ -
Government of Yukon funding	(6,159)	(4,401)
Adjustments for non-cash items		
Building services - in-kind	502	502
Increase in post-employment benefits	93	83
Amortization of tangible capital assets	2,082	2,016
Amortization of CMHC capital funding	(10)	-
Mortgages receivable valuation expenses	39	(209)
Loss on disposal and write-down of tangible capital assets	42	35
	<u>(3,411)</u>	<u>(1,974)</u>
Changes in non-cash components of working capital	<u>2,668</u>	<u>415</u>
Cash used for operating transactions	<u>(743)</u>	<u>(1,559)</u>
Capital transactions		
Acquisition of tangible capital assets	(1,874)	(2,529)
Funding received for the acquisition of tangible capital assets	1,943	2,592
Proceeds on sale of tangible capital assets	-	49
Cash provided by capital transactions	<u>69</u>	<u>112</u>
Investing transactions		
Proceeds on sale of housing held for sale	-	188
Additions to housing held for sale	(961)	-
Additions to mortgages and agreement receivable	(17,505)	(8,911)
Repayments of mortgages and agreements receivable	14,049	15,270
Cash (used for) provided by investing transactions	<u>(4,417)</u>	<u>6,547</u>
Financing transactions		
Increase in bank indebtedness	1,950	-
Repayment of long-term debt	(2,529)	(9,287)
Advances from the Government of Yukon	5,811	3,748
Cash provided by (used for) financing transactions	<u>5,232</u>	<u>(5,539)</u>
Increase (decrease) in cash and cash equivalents	141	(439)
Cash and cash equivalents at beginning of year	<u>3,100</u>	<u>3,539</u>
Cash and cash equivalents at end of year (Note 3)	<u>\$ 3,241</u>	<u>\$ 3,100</u>
Supplemental disclosure of Cash Flow information		
Interest paid	\$ 1,488	\$ 1,596
Interest received	2,393	2,075

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, 2009

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 and 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 low rental housing at below market rents. 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.

Pursuant to Section 45(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.

(c) Main estimates

The Main Estimates comparative figures are from the Main Estimates approved in the Legislative Assembly in 2008. 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 generally accepted accounting principles (GAAP) for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (CICA). Significant accounting policies are as follows:

(a) Reporting entity

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

(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. 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. Advances provided by the Government of Yukon in excess of the operating grant, funding used to purchase tangible capital assets and funding for the Seniors' Housing Management Fund are recorded as a liability of the Corporation (Note 9). 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 14).



Yukon Housing Corporation
 Notes to the financial statements
 for the year ended March 31, 2009

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances and short-term investments that have terms to maturity of less than 90 days from the dates of acquisition.

(d) Loans receivable

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 fully secured and are stated at the lower of cost and estimated realizable value. Under the Social Housing Agreement signed with CMHC in 1998, the Corporation may be required to subsidize a debtor's repayment of a Rural and Native Housing Home Ownership mortgage. Rural and Native Housing Home Ownership Program subsidies 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. Mortgages receivable under the Home Repair Program are stated at the lower of cost and net realizable value by providing allowances for payment subsidies.

The Corporation subsidizes principal and interest payments due from loan recipients under the legal terms and conditions of Home Repair Program and Rural and Native Housing Home Ownership mortgages, agreements and loans. These subsidies vary in amount depending on the income of the recipients. Each year the Corporation records a provision for Home Repair Program Subsidies based on loans receiving a subsidy at year-end.

Based on historical loss experience, management establishes a valuation allowance for impaired loans. Loans 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 impaired loan allowance adjusts the loan carrying value to the net realizable amount.

Loans receivable from lots sold to purchasers for residential, commercial and recreational purposes under land sales agreements, are recorded at cost.

(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 includes properties acquired for future sale. These properties are 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.

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 years
Computer systems		3 years



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2009

(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.

(h) Retirement benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Corporation's contribution to the Plan reflects the full cost as employer. This amount is currently based on a multiple of the employees' required contributions, and may change over time depending on the experience of the Plan. The Corporation's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Corporation. The Corporation is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

(i) Revenue recognition

Funding provided by Canada Mortgage and Housing Corporation (CMHC) under the Social Housing Agreement is recognized when related expenses are incurred. Funding provided by CMHC under the Affordable Housing Agreement 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.

Funding provided to purchase tangible capital assets is 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 expenses are incurred. Any adjustments upon finalization are reflected in the accounts in the year they are identified.

(j) Measurement uncertainty

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, liabilities, revenue, expenses and contingencies. By their nature, these estimates are subject to measurement uncertainty. 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 are used for the valuation of loans receivable, allowances for Home Repair Program subsidies, accounts receivable - other, amortization, post-employment benefits and contingencies.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2009

3. Cash and cash equivalents and bank indebtedness

	2009	2008
	(thousands of dollars)	
Cash and cash equivalents		
Short-term investments	\$ 3,229	\$ 2,739
Bank balances	9	358
Cash on hand	3	3
	<u>\$ 3,241</u>	<u>\$ 3,100</u>
Bank indebtedness		
Bank balances	\$ 300	\$ -
Overdraft line of credit	1,650	-
	<u>\$ 1,950</u>	<u>\$ -</u>

The Corporation has an overdraft line of credit with its banker of up to \$11,000,000 at bank prime. At year-end, the bank prime rate was 2.50% (2008 - 5.25%). The overdraft line of credit is guaranteed by the Government of Yukon.

The Corporation holds a designated asset for the Seniors' Housing Management Fund (Note 5). The short-term investments of \$3,229,000 (2008 - \$2,739,000) represent a designated investment held for this Fund.

4. Loans receivable

	Stated % interest rates	2009	2008
		(thousands of dollars)	
Mortgages receivable			
Home Ownership	3.19 - 7.00	\$ 28,165	\$ 24,091
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 2014. Rural and Native Home Ownership mortgages receiving subsidies (Note 2(d)) at March 31, 2009 were \$648,000 (2008 - \$871,000).			
Owner Build	2.00 - 7.25	3,611	1,544
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 2013.			
Repair and Upgrade	0.00 - 7.00	8,947	7,199
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 2021. Mortgages receiving subsidies (Note 2(d)) and forgiveness at March 31, 2009 were \$595,000 (2008 - \$910,000).			



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2009

	Stated % interest rates	2009	2008
		(thousands of dollars)	
Energy Management	0.00 - 1.50	130	15
Loans with terms up to ten 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 2019.			
Housing Industry Loans	0.00 - 7.15	3,720	1,403
Loans with terms up to 20 years, secured by registered charges against real property or general security agreements, repayable in blended bi-weekly and monthly payments at fixed rates of interest with maturities up to 2024. The balance includes Joint Venture loans of \$2,808,000 (2008 - \$809,000).			
Subtotal mortgages receivable		44,573	34,252
Less: allowance for Home Repair Program subsidies		(524)	(723)
Less: valuation allowance		(309)	(190)
The valuation allowance of \$309,000 (2008 - \$ 190,000) relates primarily to the Home Ownership Program and Housing Industry Loans. The net charge to income in 2009 was \$124,000 (2008 - \$ 75,000).			
Net mortgages receivable		43,740	33,339
Land sales agreements receivable	4.25 - 7.25	9,148	8,533
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 2014.			
Total loans receivable		<u>\$ 52,888</u>	<u>\$ 41,872</u>
These loans receivable earn interest at the following weighted average rates:			
		2009	2008
Mortgages receivable		4.72%	4.63%
Land sales agreements receivable		5.95%	6.90%

5. Seniors' Housing Management Fund

The Seniors' Housing Management Fund 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.

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 for the Fund (Note 3). As at the year-end, the Corporation had not yet secured Government of Yukon approval on the parameters for the operation of the fund; therefore, there have been no payments made out of the Fund. In May 2009, the Government directed the Corporation to utilize the balance of the Fund towards projects under the economic stimulus portion of the Affordable Housing Initiative. The Corporation expects to spend the balance of the Fund on seniors housing projects.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2009

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

	<u>2009</u>	<u>2008</u>
	(thousands of dollars)	
Balance at beginning of year	\$ 3,059	\$ 2,530
Government of Yukon annual appropriation	100	100
Government of Yukon appropriation equal to interest revenue earned on Green Mortgage Program	377	314
Interest revenue earned on monies designated for the Fund	<u>73</u>	<u>115</u>
Balance at end of year	<u>\$ 3,609</u>	<u>\$ 3,059</u>

6. Long-term debt

	<u>Stated % interest rates</u>	<u>2009</u>	<u>2008</u>
		(thousands of dollars)	
Mortgages payable (guaranteed by the Government of Yukon) Loans with a variety of terms, secured by fixed charges against housing projects, repayable in blended monthly payments at fixed rates of interest and with maturities up to 2029.	4.32 - 12.50	\$ 14,598	\$ 15,680
CMHC loans (guaranteed by the Government of Yukon) Loans repayable in blended annual payments at fixed rates of interest to maturity and with maturities up to 2028.	5.00 - 13.25	3,229	3,504
Loans payable - Government of Yukon Repayable without interest in periodic installments to 2027. The balance includes a loan of \$733,000 (2008 - \$886,000) secured by the Corporation's head office building.	0.00	14,671	15,289
Land sales agreements due to Government of Yukon Repayable without interest in periodic installments to 2014.	0.00	15,888	8,843
Total long-term debt		<u>\$ 48,386</u>	<u>\$ 43,316</u>

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

	<u>2009</u>	<u>2008</u>
Mortgages payable	8.03%	8.08%
CMHC loans	8.66%	8.70%



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2009

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)					
2010	\$ 301	\$ 1,152	\$ 619	\$ 8,885	\$ 10,957
2011	305	1,254	619	2,205	4,383
2012	233	1,364	619	1,922	4,138
2013	167	1,478	619	1,658	3,922
2014	178	1,591	587	1,219	3,575

At March 31, 2009, the Corporation owed the Government of Yukon a Land Sales Agreements principal payment of \$6,740,000 for principal amounts collected during the year. This amount was subsequently paid to the Government of Yukon on September 17, 2009.

7. 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, cash payment of unused sick and vacation leave.

The actuarial obligation for sick and vacation leave and severance benefits is calculated using the projected benefit method prorated on service. Post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from future appropriations or other sources of revenue.

The results measured at March 31, 2009 are summarized as follows:

	2009	2008
(thousands of dollars)		
Accrued benefit liability, beginning of year	\$ 716	\$ 633
Add: Current service costs	52	51
Interest on accrued benefit obligation	43	37
Contributions made by the Corporation	7	53
Less: Benefits paid during the year	(7)	(53)
Amortization of net actuarial gains	(2)	(5)
Accrued benefit liability, end of year	<u>\$ 809</u>	<u>\$ 716</u>
Less: Unamortized net actuarial gain	<u>(18)</u>	<u>(20)</u>
Accrued benefit obligation, end of year	<u>\$ 791</u>	<u>\$ 696</u>

The significant actuarial assumptions were:

	2009	2008
Discount rate	5.75%	5.75%
Salary escalation rate	See below *	See below *
Expected average remaining service life of active employees	8.9 years	8.9 years

*1.2% on June 1, 2008, 1.8% on January 1, 2009, 1.2% on June 1, 2009 and 2.5% per annum thereafter.

The most recent actuarial valuation made for these post-employment benefits was as of April 1, 2007. The next required valuation would be as of April 1, 2010.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2009

8. Retirement benefits

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

	<u>2009</u>	<u>2008</u>
	(thousands of dollars)	
Employer's contribution	\$ 316	\$ 264
Employees' contribution	157	136

9. Advances - Government of Yukon

Advances from the Government of Yukon represent series of working capital advances by the Government of Yukon to the Corporation. These advances are without interest and have no repayment terms.

	<u>2009</u>	<u>2008</u>
	(thousands of dollars)	
Balance at beginning of year	\$ 10,123	\$ 10,021
Cash advances from Government of Yukon	5,811	3,748
Operating grant	(4,874)	(3,117)
Funding for Seniors' Housing Management Fund (Note 5)	(550)	(529)
	<u>387</u>	<u>102</u>
Balance at end of year	<u>\$ 10,510</u>	<u>\$ 10,123</u>

10. Tangible capital assets

			<u>2009</u>	<u>2008</u>
			(thousands of dollars)	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 1,531	\$ -	\$ 1,531	\$ 1,431
Social housing	38,253	24,083	14,170	14,826
Staff housing	15,067	7,352	7,715	7,368
Office building	1,893	863	1,030	1,118
Other facilities	786	763	23	16
Furnishings and equipment	108	88	20	28
Computer systems	199	140	59	37
(Schedule B)	<u>\$ 57,837</u>	<u>\$ 33,289</u>	<u>\$ 24,548</u>	<u>\$ 24,824</u>

At March 31, 2009, there were construction projects in progress in the amount of \$148,000 (2008 - \$2,606,000). These construction projects in progress were for Watson Lake Heritage Housing, which is expected to be completed in October 2010 and Whitehorse Affordable Family Housing, which is expected to be completed in March 2011. There was no interest incurred for the construction of tangible capital assets in the current year or previous year.



Yukon Housing Corporation
 Notes to the financial statements
 for the year ended March 31, 2009

11. Deferred capital contributions

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

Changes in the deferred capital contributions balance are as follows:

	<u>2009</u>	<u>2008</u>
	(thousands of dollars)	
Balance at beginning of year	\$ 10,499	\$ 8,689
Add: Funding from Government of Yukon used to acquire tangible capital assets	1,943	2,592
Less: Amortization of deferred capital contributions related to tangible capital assets	(793)	(782)
Reduction due to disposal of related tangible capital assets	(95)	-
Balance at end of year	<u>\$ 11,554</u>	<u>\$ 10,499</u>

12. Expenses by object

	<u>2009</u>	<u>2008</u>
	(thousands of dollars)	
Materials, supplies and utilities	\$ 6,012	\$ 5,539
Personnel	3,240	2,895
Contract and special services	2,347	1,811
Amortization expenses	2,082	2,016
Interest on long-term debt	1,464	1,581
Transfer payments	1,450	858
Communication and transportation	278	212
Other	1,415	1,327
	<u>\$ 18,288</u>	<u>\$ 16,239</u>

13. Financial instruments

The balances in Cash and cash equivalents, Bank indebtedness, Due from Canada Mortgage and Housing Corporation, Accounts receivable - other, 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. These balances are the result of transactions incurred in the normal course of business and have no significant credit risks.

The fair values of the Corporation's long-term financial instruments were based on management's best estimates and were determined using the present value of future cash flows discounted at the March 31, 2009 average market rate for mortgages and loans with similar maturities.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2009

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

	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
(thousands of dollars)				
Loans receivable				
Mortgages receivable net of allowances for repayment subsidies on Home Repair loans and valuation	\$ 43,740	\$ 43,456	\$ 33,339	\$ 31,743
Land sales agreements receivable	9,148	9,248	8,533	8,482
	<u>\$ 52,888</u>	<u>\$ 52,704</u>	<u>\$ 41,872</u>	<u>\$ 40,225</u>
Long-term debt				
Mortgages payable	\$ 14,598	\$ 15,013	\$ 15,680	\$ 15,659
CMHC loans	3,229	3,674	3,504	3,883
Loans payable - Government of Yukon	14,671	6,934	15,289	6,379
Land sales agreements due to Government of Yukon	15,888	14,651	8,843	7,440
	<u>\$ 48,386</u>	<u>\$ 40,272</u>	<u>\$ 43,316</u>	<u>\$ 33,361</u>

These financial instruments do not have active markets.

Until settled, the fair value of loans receivable will fluctuate with changes in interest rates. Management believes that unrealized losses are short term in nature and the carrying amount of loans receivable will be fully recovered.

14. Related party transactions

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

(a) Shared services costs

The Corporation is party to a Shared Services arrangement with two other government organizations which consolidates functions such as finance, systems and administration, policy and communications and human resources services. The amount charged by the Government of Yukon to the Corporation for shared services for the year 2009 was \$1,676,000 (2008 - \$1,554,000). 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 administrative services provided without charge by the Government of Yukon to the Corporation in 2009 is estimated to be \$22,000 (2008 - \$20,000). This amount is 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 2009 is estimated to be \$41,000 (2008 - \$40,000). This amount is included in the Statement of Operations under Administration expenses.

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.

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 2009 to be \$502,000 (2008 - \$502,000) based on the Government of Yukon's amortization expense.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2009

15. Contractual obligations and contingencies

	2009	2008
	(thousands of dollars)	
Outstanding contractual obligations to complete the funding of mortgages receivable as at March 31.	\$ 3,800	\$ 4,787
Subsidies to private social housing organizations	380	425

Pursuant to a Supreme Court of Yukon Territory court order, the Whitehorse Housing Authority (the Authority) was appointed Receiver/Manager of an independent third party entity, the Whitehorse Housing Co-operative Association Limited (the Co-operative), effective December 9, 2003. In May 2009, the Authority was discharged from its responsibility as Receiver/Manager of the Co-operative.

Pursuant to an agreement signed with CMHC in 1998, the Corporation is liable for a mortgage payable by the Co-operative in the event of a default. The amount of the mortgage payable as at March 31, 2009 was \$1,127,000 (2008 - \$1,170,000). 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.

The Corporation purchases insurance for all tangible capital assets that are quadruplexes and larger. This accounts for 297 out of 661 units in total (2008 - 291 out of 655) with a net book value of \$10,258,000 (2008 - \$9,320,000). The balance of units are not insured as any single loss would be insignificant.

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.

16. Bad debts write-offs

Section 14(4) of the *Financial Administration Act* requires accounts written off during the fiscal year to be reported in the Public Accounts of the Yukon. There were \$5,287 of bad debts written off during the year ended March 31, 2009. Bad debts written off during the current year and past four years are as follows:

Year	Amount
2009	\$ 5,287
2008	11,626
2007	-
2006	164,347
2005	10,845

17. Affordable Housing Initiative - Economic Stimulus

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 commitments made by the Corporation from January 27, 2009 to March 31, 2011.

In 2009, the Corporation incurred \$142,000 in expenses related to the planning phases of the Watson Lake Heritage Housing project, Whitehorse Affordable Family Housing project and the Children's Receiving Home. These expenses were retroactively designated as eligible expenditures under the Economic Stimulus agreement with CMHC.

In 2010, the Corporation received \$25.63 million of Economic Stimulus funding from CMHC.

18. Comparative figures

Certain comparative figures for 2008 have been reclassified to conform with the 2009 presentation.



Yukon Housing Corporation
 Schedule of Program Costs and Administration Expenses
 for the year ended March 31, 2009

Schedule A

	<u>2009</u>	<u>2008</u>
	(thousands of dollars)	
Program costs		
Housing operations		
General maintenance	\$ 3,168	\$ 2,997
Personnel	2,809	2,495
Amortization	1,940	1,875
Utilities	1,842	1,629
Direct lending program administration	643	274
Property taxes	567	472
Building services - in-kind (Note 14(b))	502	502
Subsidies - private social housing organizations	380	389
Property rentals	422	436
Garbage collection and janitorial	166	161
Insurance	158	160
Housing program administration	96	28
Bad debts - housing operations including rental tenants	54	46
	<u>12,747</u>	<u>11,464</u>
Other		
Write-down of tangible capital assets	38	-
Loss on sale of tangible capital assets	4	35
	<u>42</u>	<u>35</u>
	<u>\$ 12,789</u>	<u>\$ 11,499</u>
Administration expenses		
Personnel	\$ 431	\$ 400
Rentals - office and equipment	254	203
Travel and transportation	173	132
Amortization	142	141
Office and sundry	114	74
Communications	105	80
Boards and committees	37	31
Professional fees	29	41
Program promotion	22	34
	<u>\$ 1,307</u>	<u>\$ 1,136</u>



Yukon Housing Corporation
 Schedule of Tangible Capital Assets
 for the year ended March 31, 2009

Schedule B

	Land	Social Housing		Staff Housing	Office Building		Other Facilities		Furnishings and Equipment		Computer Systems		2008 Total
		Housing	Housing		Building	Building	Facilities	Equipment	Systems	Total	Total		
Cost of tangible capital assets, opening ¹	\$ 1,431	\$ 37,571	\$ 14,272	\$ 1,893	\$ 769	\$ 108	\$ 131	\$ 56,175	\$ 53,822				
Acquisitions ¹	100	925	833	-	17	-	68	1,943	2,529				
Write-downs	-	-	(38)	-	-	-	-	(38)	-				
Disposals	-	(243)	-	-	-	-	-	(243)	(176)				
Cost of tangible capital assets, closing ¹	1,531	38,253	15,067	1,893	786	108	199	57,837	56,175				
Accumulated amortization, opening	-	22,745	6,904	775	753	80	94	31,351	29,427				
Amortization expense	-	1,482	448	88	10	8	46	2,082	2,016				
Disposals	-	(144)	-	-	-	-	-	(144)	(92)				
Accumulated amortization, closing	-	24,083	7,352	863	763	88	140	33,289	31,351				
Net book value¹	\$ 1,531	\$ 14,170	\$ 7,715	\$ 1,030	\$ 23	\$ 20	\$ 59	\$ 24,548	\$ 24,824				
Construction in progress	\$ -	\$ 148	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 148	\$ 2,606				

¹ Includes construction in progress