

YUKON HOUSING CORPORATION

FINANCIAL STATEMENTS

March 31, 2011

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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 Interim Auditor General of Canada, is responsible for auditing the financial statements and issuing a report which is included with the financial statements. The Interim Auditor General of Canada provides his report to the Minister responsible for the Yukon Housing Corporation.

A handwritten signature in black ink, appearing to read "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

October 19, 2011



INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Yukon Housing Corporation

Report on the Financial Statements

I have audited the accompanying financial statements of the Yukon Housing Corporation, which comprise the statement of financial position as at 31 March 2011, and the statement of operations and accumulated surplus, statement of change in net debt and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Yukon Housing Corporation as at 31 March 2011, 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.

Report on Other Legal and Regulatory Requirements

As required by the *Housing Corporation Act*, I report that, in my opinion, Canadian generally accepted accounting 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 Yukon Housing Corporation and the financial statements are in agreement therewith. In addition, the transactions of the Yukon Housing Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* and regulations, the *Housing Corporation Act* and the by-laws of the Yukon Housing Corporation.

Guy LeGras, CA
Principal
for the Interim Auditor General of Canada

19 October 2011
Vancouver, Canada



Yukon Housing Corporation
Statement of Financial Position
as at March 31, 2011

	2011	2010
	(thousands of dollars)	
Financial assets		
Cash (Note 3)	\$ 21,936	\$ 11,106
Due from Canada Mortgage and Housing Corporation	309	308
Accounts receivable - other	1,417	1,709
Property held for sale	1	358
Loans receivable (Note 4 and Note 15)	47,988	44,070
	<u>71,651</u>	<u>57,551</u>
Liabilities		
Accounts payable and accrued liabilities	2,285	3,700
Environmental liability (Note 5)	1,300	-
Due to Government of Yukon (Note 16 (c))	15,989	1,152
Deferred revenues - other	1,055	1,193
Deferred revenues - economic stimulus funding (Note 6)	6,506	10,543
Deferred revenues - Seniors' Housing Management Fund (Note 7)	3,404	3,609
Long-term debt (Note 8 and Note 15)	38,996	36,991
Post-employment benefits (Note 9)	1,526	1,331
Advances - Government of Yukon (Note 11)	11,684	11,125
	<u>82,745</u>	<u>69,644</u>
Net debt	<u>(11,094)</u>	<u>(12,093)</u>
Non-financial assets		
Tangible capital assets (Note 12)	60,435	34,840
Less deferred capital contributions (Note 13)	(49,409)	(22,826)
Prepaid expenses	68	79
	<u>11,094</u>	<u>12,093</u>
Accumulated surplus	<u>\$ -</u>	<u>\$ -</u>
Contractual obligations and contingencies (Note 17)		

Approved by the Board of Directors

Director

Director

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



Yukon Housing Corporation
Statement of Operations and Accumulated Surplus
for the year ended March 31, 2011

	2011		2010
	Main Estimates (Note 1(c))	Actual	Actual
	(thousands of dollars)		
Revenues			
Rental income	\$ 3,549	\$ 4,629	\$ 4,565
Funding from Canada Mortgage and Housing Corporation			
- Social Housing Agreement	4,456	4,561	4,561
- Economic stimulus funding (Note 6)	3,270	2,650	2,795
Interest income	2,371	1,845	2,158
Recovery of corporate services costs (Note 16 (a))	1,119	914	1,107
Recovery for Flood Relief program	446	-	696
Recovery of subsidy expense	-	-	185
Recovery of eligible costs from Seniors' Housing Management Fund (Note 7)	-	205	-
Amortization of deferred Canada Mortgage and Housing Corporation capital contributions	10	472	52
Recovery from Government of Yukon, Department of Health and Social Services	-	278	1,145
Other	20	68	33
	<u>15,241</u>	<u>15,622</u>	<u>17,297</u>
Expenses (Note 14)			
Program costs (Schedule A)	16,384	15,493	14,760
Corporate services costs (Schedule A)	2,504	2,874	2,472
Environmental expenses	-	1,465	-
Administration (Schedule A)	1,216	1,429	1,505
Interest on long-term debt	1,524	1,162	1,342
Construction costs for Children's Receiving Home	-	278	1,145
Grants to flood victims	928	153	1,218
	<u>22,556</u>	<u>22,854</u>	<u>22,442</u>
Deficit for the year before government funding	<u>\$ (7,315)</u>	<u>(7,232)</u>	<u>(5,145)</u>
Government of Yukon funding			
Operating grant (Note 11)		5,774	3,138
Amortization of deferred capital contributions		956	1,505
Rental assistance - in-kind (Note 16 (b))		502	502
		<u>7,232</u>	<u>5,145</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, 2011

	2011		2010
	Main Estimates (Note 1(c))	Actual	Actual
	(thousands of dollars)		
Surplus for the year	\$ -	\$ -	\$ -
Effect of change in tangible capital assets			
Acquisitions	(32,173)	(28,011)	(12,829)
Capital contributions received and deferred (Note 13)	32,173	28,011	12,829
Amortization of tangible capital assets	1,912	2,392	2,199
Amortization of deferred capital contributions (Note 13)	-	(1,410)	(1,219)
Write-down of tangible capital assets	-	24	233
Disposal of tangible capital assets (net book value)	-	-	105
Reduction due to impairment and/or disposal of tangible capital assets (Note 13)	-	(18)	(338)
	<u>1,912</u>	<u>988</u>	<u>980</u>
Effect of change in other non-financial assets			
(Increase) decrease in prepaid expenses	-	11	(79)
	<u>-</u>	<u>11</u>	<u>(79)</u>
Decrease in net debt	<u>\$ 1,912</u>	<u>999</u>	<u>901</u>
Net debt at beginning of year		<u>(12,093)</u>	<u>(12,994)</u>
Net debt at end of year		<u>\$ (11,094)</u>	<u>\$ (12,093)</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, 2011

	2011	2010
	(thousands of dollars)	
Operating transactions		
Surplus for the year	\$ -	\$ -
Government of Yukon funding	(7,232)	(5,145)
Recovery of non-capitalized expenditures (Note 6)	(2,650)	(2,795)
Adjustments for non-cash items		
Building services - in-kind	502	502
Increase in post-employment benefits	195	522
Amortization of tangible capital assets	2,392	2,199
Amortization of deferred Canada Mortgage and Housing Corporation capital contributions	(472)	(52)
Mortgages receivable valuation (recovery) expenses	305	(253)
Loss on disposal and write-down of tangible capital assets	24	272
Contribution of land acquired in previous year	165	-
(Gain) loss on disposal of housing held for sale	(2)	9
	<u>(6,773)</u>	<u>(4,741)</u>
Changes in non-cash components of working capital	14,886	(892)
Cash provided by (used for) operating transactions	<u>8,113</u>	<u>(5,633)</u>
Capital transactions		
Acquisition of tangible capital assets	(28,011)	(12,809)
Government of Yukon funding received for acquisition of tangible capital assets (Note 13)	964	537
Proceeds on sale of tangible capital assets	-	13
Cash used for capital transactions	<u>(27,047)</u>	<u>(12,259)</u>
Investing transactions		
Proceeds on sale of housing held for sale	194	572
Additions to mortgages and agreement receivable	(7,639)	(7,314)
Funding used from Seniors' Housing Management Fund (Note 7)	(205)	-
Repayments of mortgages and agreements receivable	14,711	18,348
Cash provided by investing transactions	<u>7,061</u>	<u>11,606</u>
Financing transactions		
Decrease in bank indebtedness	-	(1,950)
Repayment of long-term debt	(9,290)	(13,282)
Advances - economic stimulus funding (Note 6)	25,660	25,630
Advances from the Government of Yukon (Note 11)	6,333	3,753
Cash provided by financing transactions	<u>22,703</u>	<u>14,151</u>
Increase in cash	10,830	7,865
Cash at beginning of year	11,106	3,241
Cash at end of year (Note 3)	<u>\$ 21,936</u>	<u>\$ 11,106</u>
Supplemental disclosure of cash flow information		
Interest paid	\$ 1,211	\$ 1,364
Interest received	1,749	2,332

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, 2011

1. Authority and operations

(a) Authority

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

(b) Mission

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

In carrying out its mission, the Corporation provides rental housing at below market rents. Rental income received from housing tenants is less than the associated costs of supplying these rental units. The Corporation also provides loans for the purpose of housing. The Corporation is dependent on the Government of Yukon for funding its operations.

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

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

(c) Main estimates

The Main Estimates comparative figures are from the Main Estimates approved in the Legislative Assembly in 2010. 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 for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant accounting policies are as follows:

(a) Reporting entity

The Corporation's financial results include the transactions of Whitehorse Housing Authority and 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. Capital transfers received are for the purpose of acquiring assets to be used to provide housing services for many years in the future. As a result, the portion of advances used to purchase depreciable assets is recorded as deferred capital contributions and amortized on the same basis and over the same periods as the tangible capital assets (Note 13). 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 16 (b)). Advances provided by the Government of Yukon in excess of the operating grant are recorded as a liability of the Corporation (Note 11).



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2011

(c) Cash

Cash includes cash on hand and bank balances.

(d) Loans receivable

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

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

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

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

Loans receivable from lots sold to purchasers for residential, commercial and recreational purposes under land sales agreements, are recorded at the lower of cost or net recoverable value.

(e) Housing held for sale

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

(f) Tangible capital assets

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

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

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

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



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2011

(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 CMHC under the Social Housing Agreement is recognized when the 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 by CMHC under Canada's Economic Action Plan is recognized when the related expenses are incurred. The portion of this funding used to purchase tangible capital assets are recognized as revenue on the same basis as the related assets are amortized.

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

Income from rentals is recorded on an accrual basis.

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

(j) Environmental liabilities

Environmental liabilities consist of the estimated costs related to the remediation of environmentally contaminated sites. An environmental liability is accrued and an expense recorded based on management's best estimates when the contamination occurs or when the Corporation becomes aware of the contamination. These liabilities will be re-measured each year.

(k) 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.



Yukon Housing Corporation
 Notes to the financial statements
 for the year ended March 31, 2011

Management estimates are used for the valuation for loans receivable, allowances for Home Repair Program subsidies, provision for loans receivable with concessionary terms, accounts receivable - other, amortization, post-employment benefits, environmental liabilities and contingencies.

3. Cash

	<u>2011</u>	<u>2010</u>
Cash	(thousands of dollars)	
Bank balances	\$ 21,933	\$ 11,103
Cash on hand	<u>3</u>	<u>3</u>
	<u>\$ 21,936</u>	<u>\$ 11,106</u>

The Corporation has an overdraft facility with its banker of up to \$11,000,000 at bank prime less 0.25%. At year end, the bank prime rate was 3.00% (2010 - 2.25%). The overdraft is guaranteed by the Government of Yukon. This facility was not used as at March 31, 2011.

As at year end, \$3.4 million of bank balances has been designated to be used for projects benefitting seniors (Note 7).

4. Loans receivable

	<u>Stated % interest rates</u>	<u>2011</u>	<u>2010</u>
Mortgages receivable		(thousands of dollars)	
Home Ownership	0.00 - 7.00	\$ 23,791	\$ 23,097
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 2016. Rural and Native Home Ownership mortgages receiving subsidies (Note 2(d)) at March 31, 2011 were \$447,000 (2010 - \$461,000).			
Owner Build	1.25 - 5.92	3,894	4,378
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 2015.			
Repair and Upgrade	0.00 - 6.75	8,227	8,763
Loans with terms up to 12 years, secured by registered charges against real property or chattel mortgages, repayable in blended weekly, bi-weekly or monthly payments at fixed rates of interest with maturities up to 2023. Mortgages receiving subsidies (Note 2 (d)) and forgiveness at March 31, 2011 were \$324,000 (2010 - \$346,000).			
Energy Management	0.00	115	130
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 2020.			



Yukon Housing Corporation
 Notes to the financial statements
 for the year ended March 31, 2011

	Stated % interest rates	2011	2010
		(thousands of dollars)	
Housing Industry Loans	0.00 - 6.75	2,166	2,825
Loans with terms up to 20 years, secured by registered charges against real property or general security agreements, repayable in blended bi-weekly or monthly payments at fixed rates of interest with maturities up to 2025. The balance includes Joint Venture loans of \$1,392,000 (2010 - \$1,925,000).			
Subtotal mortgages receivable		38,193	39,193
Less: allowance for Home Repair Program subsidies		(292)	(263)
Less: provision for loans receivable with concessionary terms		(365)	-
Less: allowance for impaired loans		(100)	(241)
The allowance for impaired loans relates primarily to the Home Ownership Program and Housing Industry Loans. The net recovery to income was \$141,000 (2010 - \$68,000).			
Net mortgages receivable		37,436	38,689
Land sales agreements receivable	3.00 - 7.25	10,552	5,381
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 2016.			
Total loans receivable		<u>\$ 47,988</u>	<u>\$ 44,070</u>
These loans receivable earn interest at the following weighted average rates:			
		2011	2010
Mortgages receivable		3.74%	4.20%
Land sales agreements receivable		5.05%	5.41%

5. Environmental liability

In fall 2010, it was confirmed that approximately 20,000 litres of fuel oil spilled under two Yukon Housing Corporation properties in Dawson City. The remediation plan and projected future costs were prepared by independent consultants, and the remediation procedures along with the necessary upgrades to the land treatment facility will start in the summer of 2011. Projected future expenditures over the next 7 years total \$1,250,000. It is estimated that the site should be available for use within 2 years.

Projected future expenditures over the next year for fuel oil spills in Old Crow and Watson Lake total \$50,000

6. Affordable housing initiative - economic stimulus funding

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



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2011

In 2011, the Corporation received \$25.66 million (2010 - \$25.63 million) of economic stimulus funding from CMHC. Of the funding received, \$1.32 million was expended by the Government of Yukon's Department of Health and Social Services to fund the renovation of an existing Children's Receiving Home and the construction of a new Children's Receiving Home.

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

Project	2011 (thousands of dollars)				
	Funding Committed and Advanced	Non-capitalized expenditures	Tangible Capital Asset Acquisitions (Note 13)	Deferred Revenue at end of year	Construction In Progress (Note 12)
Renovation of existing social housing	\$ 3,320	\$ (2,173)	\$ (1,060)	\$ 1,036	\$ -
Ingram subdivision townhouses	-	(20)	(1,547)	\$ (38)	-
Riverdale apartments	600	(103)	(3,014)	\$ 95	-
Watson Lake seniors facility	350	(64)	(1,675)	\$ (236)	4,585
Faro seniors facility	-	(29)	(542)	\$ (159)	-
Teslin seniors facility	400	(34)	(1,020)	\$ 12	2,604
Waterfront Place seniors facility	10,800	-	(11,786)	\$ (986)	10,386
Takhini North duplexes	2,200	-	(566)	\$ 1,634	64
Dawson Apartments	6,000	-	(5,837)	\$ 67	5,920
Whitehorse Abbeyfield	180	-	-	\$ 330	225
Other	1,831	-	-	\$ 4,751	5
Government of Yukon - Department of Health and Social Services	(21)	(227)	-	-	-
	<u>\$ 25,660</u>	<u>\$ (2,650)</u>	<u>\$ (27,047)</u>	<u>\$ 6,506</u>	<u>\$ 23,789</u>
Project	2010 (thousands of dollars)				
	Funding Committed and Advanced	Non-capitalized expenditures	Tangible Capital Asset Acquisitions (Note 13)	Deferred Revenue at end of year	Construction In Progress (Note 12)
Renovation of existing social housing	\$ 3,290	\$ (1,707)	\$ (634)	\$ 949	\$ -
Ingram subdivision townhouses	2,100	-	(571)	1,529	571
Riverdale apartments	7,500	-	(4,888)	2,612	4,888
Watson Lake seniors facility	4,050	-	(2,897)	1,153	2,897
Faro seniors facility	2,000	-	(1,588)	412	1,588
Teslin seniors facility	2,250	-	(1,584)	666	1,584
Dawson Apartments	-	-	(96)	(96)	96
Whitehorse Abbeyfield	180	-	(30)	150	30
Other	2,924	-	(4)	2,920	4
Government of Yukon - Department of Health and Social Services	1,336	(1,088)	-	248	-
	<u>\$ 25,630</u>	<u>\$ (2,795)</u>	<u>\$ (12,292)</u>	<u>\$ 10,543</u>	<u>\$ 11,658</u>

For any projects with higher costs than amounts committed the Corporation is allowed to adjust the record of commitment with CMHC to reflect actual eligible project costs. The Corporation has made adjustments to CMHC commitments subsequent to year end.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2011

7. Seniors' Housing Management Fund

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

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

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

	2011	2010
	(thousands of dollars)	
Balance at beginning of year	\$ 3,609	\$ 3,609
Funding for seniors buildings	(205)	-
Balance at end of year	<u>\$ 3,404</u>	<u>\$ 3,609</u>

8. Long-term debt

	Stated % interest rates	2011	2010
		(thousands of dollars)	
Mortgages payable to chartered banks (guaranteed by the Government of Yukon)	2.65 - 12.50	\$ 12,192	\$ 13,444
Loans with a variety of terms, secured by fixed charges against housing projects, repayable in blended monthly payments at fixed rates of interest and with maturities up to 2029.			
CMHC loans (guaranteed by the Government of Yukon)	5.00 - 13.25	2,623	2,928
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	13,435	14,053
Repayable without interest in periodic installments to 2027. The balance includes a loan of \$427,004 (2010 - \$580,000) secured by the Corporation's head office building.			
Land sales agreements due to Government of Yukon	0.00	10,746	6,566
Repayable without interest in periodic installments to 2016.			
Total long-term debt		<u>\$ 38,996</u>	<u>\$ 36,991</u>

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

	2011	2010
Mortgages payable to chartered banks	5.50%	7.71%
CMHC loans	8.52%	8.61%



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2011

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)					
2012	\$ 233	\$ 1,473	\$ 619	\$ 1,566	\$ 3,891
2013	168	1,555	619	1,448	3,790
2014	178	1,607	587	6,206	8,578
2015	161	1,647	466	825	3,099
2016	148	1,548	466	701	2,863

At March 31, 2011, the Corporation owed the Government of Yukon a Land Sales Agreements principal payment of \$195,000 (2010 - \$1,162,000) for principal amounts collected during the year. The amount was subsequently paid to the Government of Yukon on May 2, 2011.

9. 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 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 are summarized as follows:

	2011	2010
(thousands of dollars)		
Accrued benefit liability, beginning of year	\$ 1,331	\$ 809
Add: Shared services staff transferred from Public Service Commission (Note 16 (a))	-	421
Current service costs	120	54
Interest on accrued benefit liability	76	49
Contributions made by the Corporation	16	49
Less: Benefits paid during the year	(16)	(49)
Amortization of net actuarial gains	(1)	(2)
Accrued benefit liability, end of year	<u>\$ 1,526</u>	<u>\$ 1,331</u>
Unamortized net actuarial (gain) loss	<u>150</u>	<u>(16)</u>
Accrued benefit obligation, end of year	<u>\$ 1,676</u>	<u>\$ 1,315</u>



Yukon Housing Corporation
 Notes to the financial statements
 for the year ended March 31, 2011

The significant actuarial assumptions were:

	<u>2011</u>	<u>2010</u>
Discount rate	5.33%	5.75%
Salary escalation rate	2.25% per annum	See below *
Expected average remaining service life of active employees	10.8 years	8.9 years

* 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, 2010. The next required valuation would be as of April 1, 2013.

10. 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>2011</u>	<u>2010</u>
	(thousands of dollars)	
Employer's contribution	\$ 662	\$ 520
Employees' contribution	353	264

11. Advances - Government of Yukon

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

	<u>2011</u>	<u>2010</u>
	(thousands of dollars)	
Balance at beginning of year	<u>\$ 11,125</u>	<u>\$ 10,510</u>
Advances from Government of Yukon	7,297	4,290
Operating grant	(5,774)	(3,138)
Funding used to purchase tangible capital assets (Note 13)	(964)	(537)
	<u>559</u>	<u>615</u>
Balance at end of year	<u><u>\$ 11,684</u></u>	<u><u>\$ 11,125</u></u>



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2011

12. Tangible capital assets

			2011	2010
			(thousands of dollars)	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 3,904	\$ -	3,904	\$ 1,706
Social housing	75,008	27,222	47,786	24,534
Staff housing	15,108	8,165	6,943	7,298
Office building	1,893	1,066	827	924
Other facilities	796	780	16	22
Furnishings and equipment	1,160	201	959	333
Computer systems	199	199	-	23
(Schedule B)	<u>\$ 98,068</u>	<u>\$ 37,633</u>	<u>\$ 60,435</u>	<u>\$ 34,840</u>

At March 31, 2011, there were construction projects in progress in the amount of \$23,789,000 (2010 - \$11,658,000) (Note 6). There was no interest incurred for the construction of tangible capital assets in the current year or previous year.

The Corporation purchases insurance for the office building and all social and staff housing units that are quadruplexes and larger. This accounts for 249 out of 754 units in use (2010 - 297 out of 705) with a net book value of \$8,829,000 (2010 - \$8,954,000). The balance of units are either under construction or not insured as any single loss would be insignificant.

13. Deferred capital contributions

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

Changes in the deferred capital contributions balance are as follows:

	2011	2010
	(thousands of dollars)	
Balance at beginning of year	\$ 22,826	\$ 11,554
Add: Funding used to acquire tangible capital assets		
CMHC - economic stimulus funding (Note 6)	27,047	12,292
Government of Yukon (Note 11)	964	537
Less: Amortization of deferred capital contributions related to tangible capital assets	(1,410)	(1,219)
Reduction due to impairment of related tangible capital assets	(18)	(233)
Reduction due to disposal of related tangible capital assets	-	(105)
Balance at end of year	<u>\$ 49,409</u>	<u>\$ 22,826</u>



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2011

14. Expenses by object

	2011	2010
	(thousands of dollars)	
Materials, supplies and utilities	\$ 6,543	\$ 6,818
Personnel	6,739	5,367
Contract and special services	2,935	1,887
Amortization expenses	2,392	2,199
Transfer payments	1,493	2,990
Other	1,254	1,494
Interest on long-term debt	1,162	1,342
Communication and transportation	336	345
	<u>\$ 22,854</u>	<u>\$ 22,442</u>

15. Financial instruments

The balances in Cash and cash equivalents, 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, 2011 average market rate for mortgages and loans with similar maturities.

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

	2011		2010	
	(thousands of dollars)			
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Loans receivable				
Mortgages receivable net of valuation allowance and allowance for repayment subsidies	\$ 37,436	\$ 33,907	\$ 38,689	\$ 38,087
Land sales agreements receivable	10,552	10,899	5,381	5,298
	<u>\$ 47,988</u>	<u>\$ 44,806</u>	<u>\$ 44,070</u>	<u>\$ 43,385</u>
Long-term debt				
Mortgages payable	\$ 12,192	\$ 12,309	\$ 13,444	\$ 13,887
CMHC loans	2,623	2,993	2,928	3,154
Loans payable - Government of Yukon	13,435	6,731	14,053	6,642
Land sales agreements due to Government of Yukon	10,746	9,322	6,566	5,800
	<u>\$ 38,996</u>	<u>\$ 31,355</u>	<u>\$ 36,991</u>	<u>\$ 29,483</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.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2011

16. Related party transactions and balances

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

(a) Shared services costs

Under the Corporate Services arrangement, which consolidates functions such as finance, systems and administration, policy and communications and human resources services, the Corporation provides corporate services to Yukon Liquor Corporation. During 2011, the Corporation incurred total corporate service costs of \$2,874,000 (2010 - \$2,472,000). The amount charged by the Corporation to Yukon Liquor Corporation for corporate services for the year was \$914,000 (2010 - \$1,107,000). Of the amount charged to Yukon Liquor Corporation, \$914,000 (2010 - \$991,000) was receivable at year end.

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 is estimated in 2011 to be \$17,000 (2010 - \$22,000). This amount has been included in the Statement of Operations under Other revenues and Administration expenses. The value of territorial agent services provided without charge by the Corporation to the Government of Yukon for 2011 is estimated to be \$43,000 (2010 - \$42,000). This amount has been included in the Statement of Operations under Administration expenses.

The employees of the Corporation are paid by the Government of Yukon. The Corporation reimbursed the Government for salaries and benefits expenses paid of \$6,566,000 during 2011 (2010 - \$5,827,000).

In 2008, the Corporation entered into an agreement with Government of Yukon for the care and maintenance of the new 48 unit seniors' social housing constructed as part of the Athletes' Village in Whitehorse. The Corporation has assumed responsibility for the facilities operation and maintenance costs. The value of services provided without charge, relating to the use of this building by the Corporation, is estimated in 2011 to be \$502,000 (2010 - \$502,000) based on the Government of Yukon's amortization expense.

During 2011, the Corporation paid the Government \$676,000 (2010 - \$754,000) for information technology support services, office rental, office supplies, computer software licensing, vehicle rental services and insurance.

During 2011, the Government of Yukon Department of Highways and Public Works managed the construction of the Waterfront Place seniors facility with construction costs of \$10,386,000 and the Dawson apartments with construction costs of \$5,920,000 on behalf of the Corporation. Total administration costs for the year on the two projects were \$39,000. At year end the amount payable was \$16,938,000 and is included in Due to Government of Yukon.

The Corporation has agreed to purchase the Ingram Townhouse lot from the Government of Yukon for \$276,000; \$138,000 of this amount remains in Due to Government of Yukon - accounts payable at the year end.



Yukon Housing Corporation
 Notes to the financial statements
 for the year ended March 31, 2011

(c) Due to Government of Yukon

	2011	2010
	(thousands of dollars)	
Advance received in excess of operating grant	\$ -	\$ 2,260
Accounts payable	18,051	2,187
Accounts receivable	(418)	(1,651)
Amount due from Community Services - Disaster Financial Assistance	(1,644)	(1,644)
Net amount Due to Government of Yukon	<u>\$ 15,989</u>	<u>\$ 1,152</u>

17. Contractual obligations and contingencies

	2011	2010
	(thousands of dollars)	
Outstanding contractual obligations to complete the funding of mortgages receivable as at end of year.	\$ 1,704	\$ 1,108
Outstanding contractual obligations to complete committed contracts as at end of year.	1,062	4,890
Subsidies to private social housing organizations	378	387

Pursuant to an agreement signed with CMHC in 1998, the Corporation is liable for a mortgage payable by the Whitehorse Housing Co-operative Association Limited (the Co-operative) in the event of a default. The amount of the mortgage payable as at March 31, 2011 was \$1,034,000 (2010 - \$1,081,000). Management believes that the Corporation would be able to repay the mortgage in full through the sale of the Co-operative's assets (against which the mortgage is made) in the event of a default.

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

18. Bad debts write-offs

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

Year	Amount
2011	\$ 21,383
2010	-
2009	5,287
2008	11,626
2007	-

19. Comparative figures

Certain comparative figures for 2010 have been reclassified to conform with the 2011 presentation.



Yukon Housing Corporation

Schedule of Program Costs, Corporate Services Costs and Administration Expenses
for the year ended March 31, 2011

Schedule A

	<u>2011</u>	<u>2010</u>
	(thousands of dollars)	
Program costs		
Housing operations		
General maintenance	\$ 4,777	\$ 3,976
Personnel	3,126	3,029
Amortization	2,191	2,029
Utilities	1,810	1,627
Subsidies - private social housing organizations	833	684
Property taxes	655	584
Building services - in-kind (Note 16(b))	502	502
Property rentals	420	390
Garbage collection and janitorial	264	219
Contributions - Government of Yukon		
Department of Health and Social Services	227	1,088
Insurance	146	170
Bad debts - housing operations including rental tenants	33	76
Housing program administration	31	28
Direct lending program administration	11	77
	<u>15,026</u>	<u>14,479</u>
Other		
Loans receivable with concessionary terms provision expense	365	-
Home repair mortgage provision for repayment of subsidies expense	80	-
Write-down of tangible capital assets	24	233
Loss on sale of tangible capital assets	-	39
(Gain) loss on sale of housing held for sale	(2)	9
	<u>467</u>	<u>281</u>
	<u>\$ 15,493</u>	<u>\$ 14,760</u>
Corporate services costs (Note 16 (a))		
Personnel	\$ 2,309	\$ 1,941
Information technology systems and support	314	360
Professional fees	251	171
	<u>\$ 2,874</u>	<u>\$ 2,472</u>



Yukon Housing Corporation

Schedule of Program Costs, Corporate Services Costs and Administration Expenses
for the year ended March 31, 2011

Schedule A

	<u>2011</u>	<u>2010</u>
	(thousands of dollars)	
Administration expenses		
Personnel	\$ 416	\$ 397
Rentals - office and equipment	267	269
Amortization	201	170
Travel and transportation	179	191
Communications	147	154
Office and sundry	122	134
Professional fees	37	112
Program promotion	31	45
Boards and committees	29	33
	<u>\$ 1,429</u>	<u>\$ 1,505</u>



Yukon Housing Corporation
 Schedule of Tangible Capital Assets
 for the year ended March 31, 2011

Schedule B

	Land	Social Housing	Staff Housing	Office Building	Other Facilities	Furnishings and Equipment	Computer Systems	2011 Total	2010 Total
(thousands of dollars)									
Cost of tangible capital assets, opening ¹	\$ 1,706	\$ 49,993	\$ 15,032	\$ 1,893	\$ 796	\$ 451	\$ 199	\$ 70,070	\$ 57,837
Acquisitions ¹	2,198	25,013	91	-	-	709	-	28,011	12,829
Write-downs	-	(9)	(15)	-	-	-	-	(24)	(233)
Disposals	-	11	-	-	-	-	-	11	(363)
Cost of tangible capital assets, closing ¹	3,904	75,008	15,108	1,893	796	1,160	199	98,068	70,070
Accumulated amortization, opening	-	25,459	7,734	969	774	118	176	35,230	33,289
Amortization	-	1,752	431	97	6	83	23	2,392	2,199
Disposals	-	11	-	-	-	-	-	11	(258)
Accumulated amortization, closing	-	27,222	8,165	1,066	780	201	199	37,633	35,230
Net book value ¹	\$ 3,904	\$ 47,786	\$ 6,943	\$ 827	\$ 16	\$ 959	\$ -	\$ 60,435	\$ 34,840
Construction in progress	\$ -	\$ 23,789	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,789	\$ 11,658

¹ Includes construction in progress