

YUKON HOUSING CORPORATION

FINANCIAL STATEMENTS

March 31, 2013

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Yukon Housing Corporation
Management's Responsibility for Financial Reporting

The financial statements contained in this annual report have been prepared by management in accordance with Canadian public sector accounting standards. The integrity and objectivity of the data in these financial statements are management's responsibility.

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

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

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

A handwritten signature in cursive script, appearing to read "Pamela J. Hine".

Pamela J. Hine
President

A handwritten signature in cursive script, appearing to read "F. Mark Davey".

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

October 2, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Yukon Housing Corporation

Report on the Financial Statements

I have audited the accompanying financial statements of Yukon Housing Corporation, which comprise the statement of financial position as at 31 March 2013, and the statement of operations and accumulated surplus, statement of change in net debt and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Yukon Housing Corporation as at 31 March 2013, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

As required by the *Housing Corporation Act*, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied, except for the change in the method of accounting for government transfers as explained in Note 2(m) to the financial statements, on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by Yukon Housing Corporation and the financial statements are in agreement therewith. In addition, the transactions of Yukon Housing Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* of Yukon and regulations, the *Housing Corporation Act* and regulations and the by-laws of Yukon Housing Corporation.



Terrance DeJong, CA
Assistant Auditor General
for the Auditor General of Canada

2 October 2013
Vancouver, Canada




Yukon Housing Corporation
Statement of Financial Position
as at March 31, 2013

	2013	2012
		(Restated - Note 2(l))
		(thousands of dollars)
Financial assets		
Cash (Note 3)	\$ 2,784	\$ 4,435
Due from Canada Mortgage and Housing Corporation	288	285
Accounts receivable (Note 4)	1,035	917
Due from the Government of Yukon (Note 17 (c))	899	-
Loans receivable (Note 5 and Note 16)	44,700	42,625
	<u>49,706</u>	<u>48,262</u>
Liabilities		
Bank indebtedness (Note 3)	2,147	-
Accounts payable and accrued liabilities	3,057	2,919
Environmental liability (Note 6)	610	1,031
Due to the Government of Yukon (Note 17 (c))	-	817
Deferred revenues - other	74	135
Deferred revenues - Affordable Housing Initiative	-	1,457
Deferred revenues - economic stimulus funding (Note 7)	-	873
Deferred revenues - Seniors' Housing Management Fund (Note 8)	-	2,683
Long-term debt (Note 9 and Note 16)	31,090	34,155
Post-employment benefits (Note 10)	2,020	1,759
Advances - Government of Yukon (Note 2(l) and Note 12)	13,652	13,375
	<u>52,650</u>	<u>59,204</u>
Net debt (Note 2(l))	<u>(2,944)</u>	<u>(10,942)</u>
Non-financial assets		
Tangible capital assets (Note 13 and Schedule B)	63,534	64,066
Less deferred capital contributions (Note 14)	-	(53,942)
Prepaid expenses	92	100
	<u>63,626</u>	<u>10,224</u>
Accumulated surplus (deficit) (Note 2(l))	<u>\$ 60,682</u>	<u>\$ (718)</u>

Contractual obligations and contingencies (Note 18)

Approved by the Board of Directors


Director


Director

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



Yukon Housing Corporation
Statement of Operations and Accumulated Surplus
for the year ended March 31, 2013

	2013		2012	
	Main		(Restated - Note 2(l))	
	Estimates	Actual	Actual	
	(Note 1(c))	(thousands of dollars)		
Revenues				
Recognition of deferred Canada Mortgage and Housing Corporation capital contributions (Note 2(m) and Note 14)	\$ -	\$ 42,766	\$ -	
Rental income	4,500	5,197	4,929	
Funding from Canada Mortgage and Housing Corporation				
- Social Housing Agreement	4,405	4,405	4,420	
- Affordable Housing Initiative (AHI) (Note 2(m))	2,035	4,347	146	
- AHI - economic stimulus funding (Note 7)	-	873	1,091	
Recognition of Seniors' Housing Management Fund (Note 2(m) and Note 8)	-	2,683	61	
Interest income	1,878	1,450	1,713	
Recovery of corporate services costs (Note 17 (a))	1,050	1,009	975	
Tenant damage charge back recovery	100	172	121	
Other	40	111	97	
Recovery of subsidy expense	-	26	77	
Amortization of deferred Canada Mortgage and Housing Corporation capital contributions (Note 14)	-	-	1,233	
Recovery from Federal Co-op Stabilization Fund	-	-	345	
Gain on sale of tangible capital assets	-	-	101	
Recovery of concessionary loans grant expense	-	-	88	
	<u>14,008</u>	<u>63,039</u>	<u>15,397</u>	
Expenses (Note 15)				
Program costs (Schedule A)	17,352	14,397	14,900	
Grants to flood victims	-	3,247	44	
Corporate services costs (Note 17(a) and Schedule A)	3,187	2,900	3,057	
Administration (Schedule A)	1,713	1,819	1,587	
Interest on long-term debt	900	685	788	
	<u>23,152</u>	<u>23,048</u>	<u>20,376</u>	
Surplus (deficit) for the year before government funding	(9,144)	39,991	(4,979)	
Government of Yukon funding				
Recognition of deferred capital contributions (Note 2(m) and Note 14)	-	11,176	-	
Operations and maintenance transfer payment (Note 2(l))	5,782	4,960	3,746	
Capital transfer payment (Note 2 (l))	2,252	4,771	605	
Rental assistance - in-kind (Note 17 (b))	-	502	502	
Amortization of deferred capital contributions (Note 14)	-	-	1,099	
	<u>8,034</u>	<u>21,409</u>	<u>5,952</u>	
Surplus (deficit) for the year (Note 2 (l))	(1,110)	61,400	973	
Accumulated deficit at beginning of year (Note 2(l))		(718)	(1,691)	
Accumulated surplus (deficit) at end of year (Note 2 (l))		<u>\$ 60,682</u>	<u>\$ (718)</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, 2013

	2013		2012
	Main		(Restated - Note 2(l))
	Estimates	Actual	Actual
	(Note 1(c))	(thousands of dollars)	
Surplus (deficit) for the year (Note 2 (l))	\$ (1,110)	\$ 61,400	\$ 973
Effect of change in tangible capital assets			
Acquisitions	-	(1,805)	(6,232)
Personnel costs allocated to asset construction	-	(177)	(633)
Capital contributions received and deferred (Note 14)	-	-	6,865
Amortization of tangible capital assets	3,010	2,441	2,998
Amortization of deferred capital contributions (Note 14)	-	-	(2,107)
Recognition of deferred capital contributions (Note 2 (m) and Note 14)	-	(53,942)	-
Write-down of tangible capital assets	-	73	225
Disposal of tangible capital assets (net book value)	-	-	11
Reduction due to impairment and/or disposal of tangible capital assets (Note 14)	-	-	(225)
	<u>3,010</u>	<u>(53,410)</u>	<u>902</u>
Effect of change in other non-financial assets			
Decrease (increase) in prepaid expenses	-	8	(32)
	-	8	(32)
Decrease in net debt	\$ 1,900	7,998	1,843
Net debt at beginning of year		(10,942)	(12,785)
Net debt at end of year		\$ (2,944)	\$ (10,942)

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, 2013

	2013	2012
	(Restated - Note 2(l))	
	(thousands of dollars)	
Operating transactions		
Surplus for the year (Note 2(l))	\$ 61,400	\$ 973
Adjustments for non-cash items		
Recognition of deferred capital contributions (Note 2(m) and Note 14)	(53,942)	-
Recognition of Seniors' Housing Management Fund (Note 2(m) and Note 8)	(2,683)	(61)
Funding from Canada Mortgage and Housing Corporation Affordable Housing Initiative (AHI) (Note 2(m))	(1,457)	(146)
AHI - economic stimulus funding (Note 7)	(873)	(1,091)
Amortization of tangible capital assets (Note 15 and Schedule B)	2,441	2,998
Post-employment benefits expense (Note 10)	324	233
Bad debts expense (Schedule A)	108	99
Write-down of tangible capital assets (Schedule B)	73	225
Mortgages receivable allowances (Note 5)	68	(168)
Amortization of deferred capital contributions (Note 14)	-	(2,332)
Recovery from Federal Co-op Stabilization Fund	-	(305)
Gain on sale of tangible capital assets	-	(101)
	5,459	324
Changes in accruals of operating cash receipts or payments	(2,344)	(12,067)
Cash provided by (used for) operating transactions	3,115	(11,743)
Capital transactions		
Acquisition of tangible capital assets (Schedule B)	(1,982)	(6,865)
Proceeds on sale of tangible capital assets	-	112
Cash used for capital transactions	(1,982)	(6,753)
Investing transactions		
Issuances of mortgages receivable	(10,021)	(7,942)
Repayments of mortgages receivable	6,894	11,129
Net cash provided by land sales agreements	252	132
Cash provided by (used for) investing transactions	(2,875)	3,319
Financing transactions		
Net repayments of long-term debt	(2,333)	(2,324)
Advances from the Government of Yukon (Note 12)	277	-
Cash provided by financing transactions	(2,056)	(2,324)
Decrease in cash	(3,798)	(17,501)
Cash and cash equivalents at beginning of year (Note 3)	4,435	21,936
Cash and cash equivalents at end of year (Note 3)	\$ 637	\$ 4,435
Supplemental disclosure of cash flow information		
Interest paid	\$ 694	\$ 804
Interest received	1,470	1,621



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2013

1. Authority and operations

(a) Authority

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

(b) Mission

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

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

Pursuant to Order-in-Council 1982/343, the Whitehorse Housing Authority (the Authority) was created and designated as an agent of the Corporation. The Authority operates, manages and administers social housing units in the City of Whitehorse on behalf of the Corporation. All transactions 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 Yukon Legislative Assembly in 2012. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Yukon Legislative Assembly.

2. Significant accounting policies

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

(a) Reporting entity

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

(b) Funding and advances from the Government of Yukon

A funding agreement between the Corporation and the Government of Yukon authorizes the Government of Yukon to provide the Corporation with an annual operations and maintenance transfer payment and a capital transfer payment. The transfer payments are equal to the Corporation's actual net operating deficit and net capital expenditures calculated in accordance with the funding agreement and reported to the Government of Yukon in the Corporation's final Period 12 Variance Report. The transfer payments are recognized in accordance with the Corporation's policy for the recognition of government transfers (Note 2(i)). Advances provided by the Government of Yukon in excess of the transfer payments are recorded as a liability of the Corporation (Note 12).

The free rental of a social housing building provided by the Government of Yukon to the Corporation is recorded as rental assistance in-kind revenue and offsetting building services in-kind expenses (Note 17 (b)).



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2013

(c) Cash and cash equivalents

Cash includes cash on hand, bank balances and bank indebtedness repayable on demand.

(d) Loans receivable

Mortgages receivable are fully secured and recorded at cost less any amount for valuation allowances.

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 its net realizable amount.

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

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

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

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

(e) 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.

Amortization is calculated using the straight-line method, over the estimated useful lives of assets. During the year, based on historical experience and future plans, the Corporation changed the estimated useful lives of the following categories of tangible capital assets: housing projects changed from 35 to 40 years; mobile home units changed from 15 to 20 years; and the office building changed from 20 to 40 years. The effect of this change in estimates has been accounted for prospectively.

Social housing projects	40 years
Social housing betterment	15 years
Staff housing projects and other facilities:	
Standard construction	40 years
Mobile home units	20 years
Office building	40 years
Other facilities	15 years
Furnishings and equipment	5 to 15 years
Vehicles	6 years
Computer systems	3 years
Leasehold improvements	remaining lease term

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide services. The write-downs are accounted for as expenses in the Statement of Operations and Accumulated Surplus.

(f) Environmental liabilities

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



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2013

(g) Post-employment benefits

Post-employment benefits are expected to be provided to employees of the Corporation after employment but before retirement. These benefits include severance benefits and accumulated sick and vacation leave benefits that are paid in cash when employment is terminated. The Corporation recognizes the obligation for these benefits as a liability and uses an actuary to estimate the amount of the obligation. Expenses related to post-employment benefits are recognized in the period in which the employee's service is rendered and the benefit is earned. The accrued benefit liability for these benefits is calculated as the accrued benefit obligation adjusted by unamortized actuarial gains or losses. Net actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the active employees commencing with the period following the determination of the net actuarial gains or losses.

(h) Retirement benefits

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

(i) Revenue recognition

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized as the stipulation liabilities are settled.

Interest income on mortgages is recognized using the effective interest method. When a mortgage becomes impaired, recognition of interest ceases; thereafter, interest income for impaired loans is recognized on a cash basis.

Rental income is recorded on an accrual basis.

(j) Expenses

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

(k) Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and contingencies. By their nature, these estimates are subject to measurement uncertainty. As adjustments to these estimates become necessary, they are recorded in the financial statements in the year they become known. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant; although, at the time of preparation of these statements, the Corporation believes the estimates and assumptions to be reasonable.

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



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2013

(l) Restatement of prior period

In prior periods, the Corporation recorded an operating grant in accordance with the *Housing Corporation Act*. However, funding authorized and provided to the Corporation by the Government of Yukon was calculated in accordance with a separate funding arrangement between the two parties (Note 2(b)). The transfer payments authorized by the Government of Yukon in accordance with the funding arrangement differed from the operating grant included in the Statements of Operations and Accumulated Surplus. As a result, the financial statements of prior periods that are presented have been restated. The impact of the restatement is as follows:

	Balance as previously reported	Restatement	Balance as restated
	(thousands of dollars)		
Financial Assets	\$ 48,262	\$ -	\$ 48,262
Liabilities			
Other	(45,829)	-	(45,829)
Advances - Government of Yukon	(12,657)	(718)	(13,375)
Net debt	(10,224)	(718)	(10,942)
Non-financial assets	10,224	-	10,224
Accumulated deficit	\$ -	\$ (718)	\$ (718)
Deficit for the year before government funding	\$ (4,979)	\$ -	(4,979)
Government of Yukon Funding			
Operations and maintenance transfer payment	-	3,746	3,746
Capital transfer payment	-	605	605
Operating grant	3,378	(3,378)	-
Amortization of deferred capital contributions	1,099	-	1,099
Rental assistance - in-kind	502	-	502
Surplus for the year	-	973	973
Accumulated deficit at beginning of year	-	(1,691)	(1,691)
Accumulated deficit at end of year	\$ -	\$ (718)	\$ (718)

(m) Adoption of new accounting standards

On April 1, 2012, the Corporation adopted the following new standard prospectively from the date of adoption: PS 3410 - *Government transfers*. This new standard clarifies the difference between eligibility criteria and stipulations and their roles in the recognition of government transfers. It explains how the definition of liabilities in Section PS 3200 - *Liabilities* should apply to the recognition of government transfers by recipient governments or government organizations and that they will no longer be allowed to apply guidance in Section PS 3100 - *Restricted assets and revenues* for reporting government transfers.

As of March 31, 2012, the Corporation recorded funding received to acquire tangible capital assets as deferred capital contributions and amortized them as a recovery on the same basis as the related asset. On April 1, 2012, in accordance with the provisions of PS 3410, the Corporation recognized all deferred capital contributions, resulting in a \$53,942,000 recovery in the current year.

At March 31, 2012, the Corporation's Statement of Financial Position included deferred revenues related to the Seniors' Housing Management Fund of \$2,683,000. The Corporation planned to recognize these deferred revenues as it incurred eligible costs on projects benefiting seniors, subject to Management Board approval of those projects. On April 1, 2012, in accordance with the provisions of PS 3410, the Corporation recognized these deferred revenues, resulting in a \$2,683,000 recovery in the current year.



Yukon Housing Corporation
 Notes to the financial statements
 for the year ended March 31, 2013

At March 31, 2012, the Corporation's Statement of Financial Position included deferred revenues related to the Affordable Housing Initiative (AHI) of \$1,457,000. Of this amount, \$407,000 related to AHI funding for home repair loans, which was recognized on a straight-line basis over the life of the related home repair loan agreements. The Corporation planned to recognize the remaining \$1,050,000 as it incurred eligible costs in accordance with the AHI. On April 1, 2012, in accordance with the provisions of PS 3410, the Corporation recognized these deferred revenues, resulting in a \$1,457,000 recovery in the current year.

(n) New accounting standards issued not yet effective

The Public Sector Accounting Board (PSAB) has issued PS 3260 – *Liability for contaminated sites* which must be adopted by the Corporation in fiscal 2015. The Corporation is currently assessing the effect of this new standard, and the impact of adopting PS 3260 has not been determined.

PSAB has issued the following new standards which must be adopted by the Corporation in fiscal 2016: PS 1201 - *Financial statement presentation*, PS 2601 - *Foreign currency translation*, and PS 3450 - *Financial instruments*. The Corporation expects the adoption of these standards will require additional note disclosure but will not have a significant impact on the financial statements.

3. Cash and cash equivalents

	2013	2012
	(thousands of dollars)	
Cash		
Bank balances	\$ 2,781	\$ 4,432
Cash on hand	3	3
	<u>2,784</u>	<u>4,435</u>
Bank indebtedness		
Overdraft line of credit	(2,147)	-
	<u>\$ 637</u>	<u>\$ 4,435</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% (2012 - 3.00%). The overdraft is guaranteed by the Government of Yukon.

As at year end, \$2,535,000 (2012 - \$2,683,000) of bank balances are held in a separate bank account for future projects benefitting seniors (Note 8).

4. Accounts receivable

	2013	2012
	(thousands of dollars)	
Receivable from tenants	\$ 929	\$ 650
Receivable from Yukon Liquor Corporation (Note 17(a))	247	225
Other receivables	462	525
Less: valuation allowance for receivable from tenants	(603)	(483)
	<u>\$ 1,035</u>	<u>\$ 917</u>



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2013

5. Loans receivable

	Stated % interest rates	2013	2012
		(thousands of dollars)	
Mortgages receivable			
Home Ownership	0.00 - 7.00	\$ 25,093	\$ 22,818
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 2018. Rural and Native Home Ownership mortgages receiving subsidies (Note 2(d)) at March 31, 2013 were \$268,000 (2012 - \$329,000).			
Owner Build	1.25 - 5.92	4,228	3,801
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 2018.			
Repair and Upgrade	0.00 - 5.75	6,917	7,024
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 2025. Mortgages receiving subsidies (Note 2 (d)) and forgiveness at March 31, 2013 were \$170,000 (2012 - \$220,000).			
Energy Management	0.00	66	75
Loans with terms up to ten years, secured by registered charges against real property or chattel mortgages, repayable in periodic instalments without interest with maturities up to 2033.			
Housing Industry Loans	0.00 - 5.00	2,134	1,593
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 2039. The balance includes Joint Venture loans of \$1,019,000 (2012 - \$589,000).			
Subtotal mortgages receivable		38,438	35,311
Less: allowance for Home Repair Program subsidies		(155)	(215)
Less: allowance for loans receivable with concessionary terms		(421)	(276)
Less: allowance for impaired loans		(81)	(98)
Net mortgages receivable		37,781	34,722
Land sales agreements receivable	3.00 - 7.25	6,919	7,903
Loans on residential, commercial and recreational lots, secured by retention of the land certificate, repayable in blended annual payments at fixed rates of interest with maturities up to 2018.			
Total loans receivable		<u>\$ 44,700</u>	<u>\$ 42,625</u>
These loans receivable earn interest at the following weighted average rates:			
		2013	2012
Mortgages receivable		3.01%	3.36%
Land sales agreements receivable		5.01%	5.02%



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2013

6. Environmental liability

In fall 2010, it was confirmed that approximately 20,000 litres of fuel oil spilled under two Yukon Housing Corporation properties in Dawson City. The remediation plan and projected future costs were prepared by independent consultants, and the remediation procedures started in the summer of 2011. To facilitate remediation the apartment building was demolished and removed. In fall 2012, it was determined that the residence adjacent to the apartment building would need to be removed to complete remediation of the site. Projected future expenditures over the next 5 fiscal years total \$610,000 (2012 - \$1,031,000 over 6 fiscal years).

Changes in the environmental liability are as follows:

	2013 (thousands of dollars)	2012 (thousands of dollars)
Balance at beginning of year	\$ 1,031	\$ 1,300
Actual expenditures in current year relating to fuel oil spills	(421)	(269)
Balance at end of year	<u>\$ 610</u>	<u>\$ 1,031</u>

7. Economic stimulus funding

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

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

Project	2013 (thousands of dollars)				
	Funding Advanced	Non- capitalized expenditures	Tangible Capital Asset Acquisitions	Deferred Revenue at end of year	Construction In Progress (Note 13)
Renovation of existing social housing	\$ (12)	\$ -	\$ (1)	\$ -	\$ -
Riverdale apartments	4	-	18	-	-
Watson Lake seniors facility	(16)	-	4	-	-
Faro seniors facility	(15)	-	-	-	-
Teslin seniors facility	(14)	-	1	-	-
Takhini North duplexes	51	-	51	-	-
Dawson Apartments	-	-	14	-	-
Other	2	-	786	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 873</u>	<u>\$ -</u>	<u>\$ -</u>
	2012 (thousands of dollars)				
Renovation of existing social housing	\$ (132)	\$ (966)	\$ 73	\$ 11	\$ -
Riverdale apartments	148	(57)	(172)	14	-
Watson Lake seniors facility	(72)	(7)	335	20	-
Faro seniors facility	179	(5)	-	15	-
Teslin seniors facility	232	(4)	(225)	15	-
Takhini North duplexes	177	(10)	(1,801)	-	-
Dawson Apartments	39	(51)	(41)	14	-
Other	(271)	9	(3,011)	784	3,228
	<u>\$ 300</u>	<u>\$ (1,091)</u>	<u>\$ (4,842)</u>	<u>\$ 873</u>	<u>\$ 3,228</u>

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



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2013

8. Seniors' Housing Management Fund

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

Until 2010, the Fund received Government of Yukon funding through an annual appropriation, an appropriation equal to interest revenue generated by the Corporation's Green Mortgage Program and interest revenue earned on monies held for the Fund. The SHMF at March 31, 2012 represents the unrecognized portion of Government of Yukon funding to be used for projects benefiting seniors, subject to Management Board approval of those projects (Note 2(m)). In July 2012, the Government of Yukon directed the Corporation to use the SHMF for a Whitehorse seniors' housing project, which is expected to be completed in fiscal 2015.

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

	2013	2012
	(thousands of dollars)	
Balance at beginning of year	\$ 2,683	\$ 3,404
Recognition of Seniors' Housing Management Fund (Note 2(m))	(2,683)	
Funding for seniors buildings - capitalized portion (Note 14)	-	(660)
Funding for seniors buildings - non-capitalized portion	-	(61)
Balance at end of year	<u>\$ -</u>	<u>\$ 2,683</u>

9. Long-term debt

	Stated % interest rates	2013	2012
		(thousands of dollars)	
Mortgages payable to chartered banks and CMHC (guaranteed by the Government of Yukon)	1.88 - 12.50	\$ 6,913	\$ 7,763
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.			
Loans payable to chartered banks and CMHC (guaranteed by the Government of Yukon)	3.35 - 13.25	4,482	5,347
Loans repayable in blended periodic installments at fixed rates of interest to maturity and with maturities up to 2028.			
Loans payable to the Government of Yukon	0.00	12,198	12,816
Repayable without interest in periodic instalments to 2027. The balance includes a loan of \$121,000 (2012 - \$274,000) secured by the Corporation's head office building. (Schedule B)			
Land sales agreements due to the Government of Yukon	0.00	7,497	8,229
Repayable without interest in periodic instalments to 2017.			
Total long-term debt		<u>\$ 31,090</u>	<u>\$ 34,155</u>

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

	2013	2012
Mortgages payable to chartered banks and CMHC	5.48%	5.67%
Loans payable to chartered banks and CMHC	5.96%	5.68%



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2013

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

	Loans Payable				Total
	Mortgages Payable	Banks and CMHC	Government of Yukon	Land Sales Agreements	
	(thousands of dollars)				
2014	\$ 879	\$ 901	\$ 586	\$ 3,297	\$ 5,663
2015	895	908	465	1,361	3,629
2016	826	867	465	1,877	4,035
2017	641	225	465	699	2,030
2018	530	154	265	263	1,212
Thereafter	3,142	1,427	9,952	-	14,521
Total	6,913	4,482	12,198	7,497	31,090

At March 31, 2013, the Corporation owed the Government of Yukon a Land Sales Agreements principal payment of \$607,000 (2012 - \$404,000) for principal amounts collected during the year. The amount was subsequently paid to the Government of Yukon in April 2013.

10. Post-employment benefits

The Corporation provides post-employment benefits to its employees based on years of service and salary. These benefits consist of severance benefits and unused sick and vacation leave.

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

The results measured at March 31 are summarized as follows:

	2013	2012
	(thousands of dollars)	
Accrued benefit liability, beginning of year	\$ 1,759	\$ 1,526
Add: Current service costs	202	123
Interest on accrued benefit liability	108	96
Contributions made by the Corporation	5	7
Less: Benefits paid during the year	(68)	(7)
Amortization of net actuarial gains	14	14
Accrued benefit liability, end of year	<u>\$ 2,020</u>	<u>\$ 1,759</u>
Unamortized net actuarial loss	<u>122</u>	<u>136</u>
Accrued benefit obligation, end of year	<u>\$ 2,142</u>	<u>\$ 1,895</u>

The significant actuarial assumptions were:

	2013	2012
Discount rate	5.33%	5.33%
Salary escalation rate (per annum)	2.25%	2.25%
Expected average remaining service life of active employees	10.8 years	10.8 years

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



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2013

11. Retirement benefits

Substantially all of the employees of the Corporation are covered by the Public Service Pension Plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. Contributions during the year were as follows:

	2013	2012
	(thousands of dollars)	
Employer's contribution	\$ 682	\$ 641
Employees' contribution	373	333

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of two percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada Pension Plan benefits and they are indexed to inflation.

12. Advances - Government of Yukon

Advances from the Government of Yukon represent a series of working capital advances by the Government of Yukon to the Corporation. These advances are repayable on demand and without interest.

	2013	2012
	(thousands of dollars)	
Balance at beginning of year, restated (Note 2(I))	\$ 13,375	\$ 13,375
Cash advanced during the year	10,008	5,714
Operations and maintenance transfer payment (Note 2(I))	(4,960)	(3,746)
Capital transfer payment (Note 2(I))	(4,771)	(605)
Funding used to purchase tangible capital assets (Note 14)	-	(1,363)
	<u>277</u>	<u>-</u>
Balance at end of year	<u>\$ 13,652</u>	<u>\$ 13,375</u>

13. Tangible capital assets

			2013	2012
			(thousands of dollars)	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 3,956	\$ -	3,956	\$ 3,920
Social housing	81,247	30,732	50,515	50,873
Staff housing	15,844	8,885	6,959	7,218
Office building	1,923	1,193	730	766
Other facilities	796	785	11	12
Furnishings and equipment	1,686	437	1,249	1,277
Computer systems	370	256	114	-
(Schedule B)	<u>\$ 105,822</u>	<u>\$ 42,288</u>	<u>\$ 63,534</u>	<u>\$ 64,066</u>

At March 31, 2013, there were construction projects in progress in the amount of \$296,000 (2012- \$3,228,000) (Note 7). 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, 2013

14. Deferred capital contributions

Deferred capital contributions represent the unamortized portion of Government of Yukon and CMHC contributions used to purchase tangible capital assets up to March 31, 2012 (Note 2(m)).

Changes in the deferred capital contributions balance are as follows:

	2013	2012
	(thousands of dollars)	
Balance at beginning of year	\$ 53,942	\$ 49,409
Recognition of Canada Mortgage and Housing Corporation and Government of Yukon deferred capital contributions related to tangible capital assets (Note 2(m))	(53,942)	-
Add: Funding used to acquire tangible capital assets		
CMHC - economic stimulus funding (Note 7)	-	4,842
Government of Yukon (Note 12)	-	1,363
Senior Housing Management Fund (Note 8)	-	660
Less: Amortization of deferred capital contributions related to tangible capital assets	-	(2,107)
Reduction due to impairment of related tangible capital assets	-	(225)
Balance at end of year	<u>\$ -</u>	<u>\$ 53,942</u>

15. Expenses by object

	2013	2012
	(thousands of dollars)	
Materials, supplies and utilities	\$ 7,232	\$ 7,036
Personnel	6,870	6,223
Transfer payments	3,993	716
Amortization expenses	2,441	2,998
Other	1,271	1,355
Interest on long-term debt	685	788
Communication and transportation	493	318
Contract and special services	63	942
	<u>\$ 23,048</u>	<u>\$ 20,376</u>

16. Financial instruments

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

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

The fair values of the Corporation's loans receivable and long-term debt were based on management's best estimates and were determined using the present value of future cash flows discounted at the March 31, 2013 estimated market rate for mortgages and loans with similar maturities.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2013

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

	2013		2012	
	Carrying	Fair Value	Carrying	Fair Value
Loans receivable				
Mortgages receivable net of allowances	\$ 37,781	\$ 35,582	\$ 34,722	\$ 30,511
Land sales agreements receivable	6,919	7,371	7,903	8,392
	<u>\$ 44,700</u>	<u>\$ 42,953</u>	<u>\$ 42,625</u>	<u>\$ 38,903</u>
Long-term debt				
Mortgages payable to chartered banks and CMHC	\$ 6,913	\$ 7,227	\$ 7,763	\$ 8,162
Loans payable to chartered banks and CMHC	4,482	4,764	5,347	5,580
Loans payable to the Government of Yukon	12,198	6,381	12,816	6,532
Land sales agreements due to the Government of Yukon	7,497	6,973	8,229	7,164
	<u>\$ 31,090</u>	<u>\$ 25,345</u>	<u>\$ 34,155</u>	<u>\$ 27,438</u>

These financial instruments do not have active markets.

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

17. Related party transactions and balances

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

(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 2013, the Corporation incurred total corporate service costs of \$2,900,000 (2012 - \$3,057,000). The amount charged by the Corporation to Yukon Liquor Corporation for corporate services for the year was \$1,009,000 (2012 - \$975,000). Of the amount charged to Yukon Liquor Corporation, \$247,000 (2012 - \$225,000) was receivable at year end.

(b) Other transactions

The value of administrative services provided without charge by the Government of Yukon to the Corporation is estimated in 2013 to be \$21,000 (2012 - \$23,000). This amount has been included in the Statement of Operations under Administration expenses. The value of territorial agent services provided without charge by the Corporation to the Government of Yukon for 2013 is estimated to be \$51,000 (2012 - \$44,000). This amount has been included in the Statement of Operations under Program costs.

The employees of the Corporation are paid by the Government of Yukon. The Corporation reimbursed the Government for salaries and benefits expenses paid of \$7,200,000 during 2013 (2012 - \$6,662,000).

In 2008, the Corporation entered into an agreement with the Government of Yukon for the care and maintenance of a 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 2013 to be \$502,000 (2012 - \$502,000) based on the Government of Yukon's amortization expense.

During 2013, the Corporation was charged \$462,000 (2012 - \$740,000) by the Government for information technology support services, office rental, office supplies, computer software licensing and vehicle rental services.



Yukon Housing Corporation
 Notes to the financial statements
 for the year ended March 31, 2013

(c) Due from (to) the Government of Yukon

	2013	2012
	(thousands of dollars)	
Advanced and repayable in next fiscal year	\$ -	\$ (1,470)
Accounts payable	(868)	(1,039)
Accounts receivable	123	48
Amount due from Community Services - Disaster Financial Assistance	1,644	1,644
Net amount Due from (to) the Government of Yukon	<u>\$ 899</u>	<u>\$ (817)</u>

18. Contractual obligations and contingencies

	2013	2012
	(thousands of dollars)	
Outstanding contractual obligations to complete the funding of mortgages receivable as at end of year	\$ 3,785	\$ 2,603
Outstanding contractual obligations to complete committed contracts as at end of year	1,166	1,557
Annual subsidies to private social housing organizations	390	388

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

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 mortgage matures on July 1, 2025 and the amount payable as at March 31, 2013 was \$945,000 (2012 - \$987,000). 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.

19. Bad debts write-offs

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

Year	Amount
2013	\$ 17,297
2012	-
2011	21,383
2010	-
2009	5,287

20. Comparative figures

Certain comparative figures for 2012 have been reclassified to conform with the 2013 presentation.



Yukon Housing Corporation

Schedule of Program Costs, Corporate Services Costs and Administration Expenses
for the year ended March 31, 2013

Schedule A

	2013	2012
	(thousands of dollars)	
Program costs		
Operations		
General maintenance	\$ 3,458	\$ 3,394
Personnel	3,338	3,190
Amortization	2,225	2,794
Utilities	2,375	2,255
Property taxes	845	806
Building services - in-kind (Note 17(b))	502	502
Subsidies - private social housing organizations	419	674
Property rentals	383	392
Garbage collection and janitorial	255	248
Contributions - Options for Independence	218	-
Direct lending program administration	123	157
Bad debts - housing operations including rental tenants	108	99
Housing program administration	74	18
Insurance	(144)	146
	<u>14,179</u>	<u>14,675</u>
Other		
Loans receivable with concessionary terms provision expense	145	-
Write-down of tangible capital assets	73	225
	<u>218</u>	<u>225</u>
	<u>\$ 14,397</u>	<u>\$ 14,900</u>
Corporate services costs (Note 17 (a))		
Personnel	\$ 2,994	\$ 2,542
Information technology systems and support	236	274
Professional fees	(330)	241
	<u>\$ 2,900</u>	<u>\$ 3,057</u>
Administration expenses		
Personnel	\$ 538	\$ 490
Amortization	216	204
Communications	234	182
Travel and transportation	222	132
Professional fees	216	50
Office and sundry	129	108
Rentals - office and equipment	121	359
Program promotion	98	37
Boards and committees	45	25
	<u>\$ 1,819</u>	<u>\$ 1,587</u>



Yukon Housing Corporation
 Schedule of Tangible Capital Assets
 for the year ended March 31, 2013

Schedule B

	Land	Social Housing	Staff Housing	Office Building	Other Facilities	Furnishings and Equipment	Computer Systems	2013 Total	2012 Total
(thousands of dollars)									
Cost of tangible capital assets, opening ¹	\$ 3,920	\$ 79,719	\$ 15,765	\$ 1,923	\$ 796	\$ 1,591	\$ 199	\$ 103,913	\$ 98,068
Acquisitions ¹	36	1,601	79	-	-	95	171	1,982	6,865
Write-downs	-	(73)	-	-	-	-	-	(73)	(225)
Disposals	-	-	-	-	-	-	-	-	(795)
Cost of tangible capital assets, closing ¹	3,956	81,247	15,844	1,923	796	1,686	370	105,822	103,913
Accumulated amortization, opening	-	28,846	8,547	1,157	784	314	199	39,847	37,633
Amortization	-	1,886	338	36	1	123	57	2,441	2,998
Disposals	-	-	-	-	-	-	-	-	(784)
Accumulated amortization, closing	-	30,732	8,885	1,193	785	437	256	42,288	39,847
Net book value ¹	\$ 3,956	\$ 50,515	\$ 6,959	\$ 730	\$ 11	\$ 1,249	\$ 114	\$ 63,534	\$ 64,066
Construction in progress	\$ -	\$ 296	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 296	\$ 3,228

¹ Includes construction in progress