

YUKON HOUSING CORPORATION

FINANCIAL STATEMENTS

March 31, 2014

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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.


Pamela J. Hine
President


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

September 18, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for 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 2014, 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 2014, 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 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.



Lana Dar, CPA, CA
Principal
for the Auditor General of Canada

18 September 2014
Vancouver, Canada

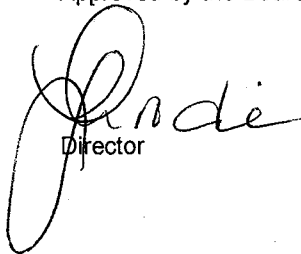


Yukon Housing Corporation
Statement of Financial Position
as at March 31, 2014

	2014	2013
	(thousands of dollars)	
Financial assets		
Cash (Note 3)	\$ 1,215	\$ 2,784
Due from Canada Mortgage and Housing Corporation	284	288
Accounts receivable (Note 4)	871	1,035
Due from the Government of Yukon (Note 14 (c))	-	899
Loans receivable (Note 5 and Note 13)	49,360	44,700
	<u>51,730</u>	<u>49,706</u>
Liabilities		
Bank indebtedness (Note 3)	4,175	2,147
Accounts payable and accrued liabilities	2,041	3,057
Environmental liability (Note 6)	546	610
Due to the Government of Yukon (Note 14 (c))	157	-
Deferred revenues - other	49	74
Long-term debt (Note 7 and Note 13)	29,795	31,090
Post-employment benefits (Note 8)	1,723	2,020
Advances - Government of Yukon (Note 10)	18,423	13,652
	<u>56,909</u>	<u>52,650</u>
Net debt	<u>(5,179)</u>	<u>(2,944)</u>
Non-financial assets		
Tangible capital assets (Note 11 and Schedule B)	66,012	63,534
Prepaid expenses	68	92
	<u>66,080</u>	<u>63,626</u>
Accumulated surplus	<u>\$ 60,901</u>	<u>\$ 60,682</u>

Contractual obligations and contingencies (Note 15)

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, 2014

	2014		2013
	Main Estimates (Note 1(c))	Actual (thousands of dollars)	Actual
Revenues			
Recognition of deferred Canada Mortgage and Housing Corporation capital contributions	\$ -	\$ -	\$ 42,766
Rental income	5,034	5,445	5,197
Funding from Canada Mortgage and Housing Corporation			
- Social Housing Agreement	4,372	4,372	4,405
- Affordable Housing Initiative (AHI)	2,509	145	4,347
- AHI - economic stimulus funding	-	-	873
Recovery for Flood Relief program	-	2,179	-
Recognition of Seniors' Housing Management Fund	2,683	-	2,683
Interest income	1,500	1,555	1,450
Recovery of corporate services costs (Note 14 (a))	1,050	1,050	1,009
Tenant damage charge back recovery	100	59	172
Other	102	50	111
Recovery of subsidy expense	-	33	26
	<u>17,350</u>	<u>14,888</u>	<u>63,039</u>
Expenses (Note 12)			
Program costs (Schedule A)	15,408	14,843	14,397
Grants to flood victims	100	50	3,247
Corporate services costs (Note 14(a) and Schedule A)	3,434	3,528	2,900
Administration (Schedule A)	1,579	2,010	1,819
Interest on long-term debt	925	503	685
	<u>21,446</u>	<u>20,934</u>	<u>23,048</u>
Surplus (deficit) for the year before government funding	(4,096)	(6,046)	39,991
Government of Yukon funding			
Recognition of deferred capital contributions	-	-	11,176
Operations and maintenance transfer payment	6,144	6,769	4,960
Capital transfer payment (recovery)	4,390	(1,006)	4,771
Rental assistance - in-kind (Note 14 (b))	-	502	502
	<u>10,534</u>	<u>6,265</u>	<u>21,409</u>
Surplus for the year	6,438	219	61,400
Accumulated surplus (deficit) at beginning of year	60,682	60,682	(718)
Accumulated surplus at end of year	\$ 67,120	\$ 60,901	\$ 60,682

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, 2014

	2014		2013
	Main Estimates (Note 1(c))	Actual (thousands of dollars)	Actual
Surplus for the year	\$ 6,438	\$ 219	\$ 61,400
Effect of change in tangible capital assets			
Acquisitions	(7,359)	(4,938)	(1,805)
Personnel costs allocated to asset construction	-	-	(177)
Amortization of tangible capital assets	2,841	2,438	2,441
Recognition of deferred capital contributions	-	-	(53,942)
Write-down of tangible capital assets	-	22	73
	<u>(4,518)</u>	<u>(2,478)</u>	<u>(53,410)</u>
Effect of change in other non-financial assets			
Decrease (increase) in prepaid expenses	-	24	8
	-	24	8
(Increase) decrease in net debt	\$ 1,920	(2,235)	7,998
Net debt at beginning of year	(10,942)	(2,944)	(10,942)
Net debt at end of year	<u>\$ (9,022)</u>	<u>\$ (5,179)</u>	<u>\$ (2,944)</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, 2014

	2014	2013
	(thousands of dollars)	
Operating transactions		
Cash received from:		
Government of Yukon transfer payments	\$ 5,763	\$ 9,731
Revenues	5,538	4,857
Government of Canada	4,521	7,292
Recoveries from third parties	2,719	1,264
Interest from loans receivable	1,556	1,470
	<u>20,097</u>	<u>24,614</u>
Cash paid for:		
Materials, utilities, contract services and transfer payments	10,871	12,736
Salary, wages and benefits	7,670	8,069
Interest on loans	568	694
	<u>19,109</u>	<u>21,499</u>
Cash provided by operating transactions	<u>988</u>	<u>3,115</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(3,484)</u>	<u>(1,982)</u>
Cash used for capital transactions	<u>(3,484)</u>	<u>(1,982)</u>
Investing transactions		
Issuances of mortgages receivable	(10,950)	(10,021)
Repayments of mortgages receivable	6,448	6,894
Repayments of land sales agreements receivable	6,916	5,072
Cash provided by investing transactions	<u>2,414</u>	<u>1,945</u>
Financing transactions		
Repayments of long-term debt	(3,040)	(2,333)
Repayments of land sales agreements payable	(5,246)	(4,820)
Advances from the Government of Yukon (Note 10)	4,771	277
Cash used for financing transactions	<u>(3,515)</u>	<u>(6,876)</u>
Decrease in cash	(3,597)	(3,798)
Cash and cash equivalents at beginning of year (Note 3)	<u>637</u>	<u>4,435</u>
Cash and cash equivalents at end of year (Note 3)	\$ (2,960)	\$ 637

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, 2014

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 2013. 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 10).

The free rental of a social housing building provided by the Government of Yukon to the Corporation is recorded as rental assistance in-kind revenue and offsetting building services in-kind expenses (Note 14 (b)).



Yukon Housing Corporation
 Notes to the financial statements
 for the year ended March 31, 2014

(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.

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, 2014

(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, estimation of contingencies and environmental liabilities.



Yukon Housing Corporation
 Notes to the financial statements
 for the year ended March 31, 2014

(l) 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

	2014	2013
	(thousands of dollars)	
Cash		
Bank balances	\$ 1,212	\$ 2,781
Cash on hand	3	3
	<u>1,215</u>	<u>2,784</u>
Bank indebtedness		
Overdraft line of credit	(4,175)	(2,147)
	<u>\$ (2,960)</u>	<u>\$ 637</u>

The Corporation has an overdraft facility with its banker of up to \$11,000,000 at bank prime less 0.75% (2013 - bank prime less 0.25%). At year end, the bank prime rate was 3.00% (2013 - 3.00%). The overdraft is guaranteed by the Government of Yukon.

As at year end, \$1,201,000 (2013 - \$2,535,000) of bank balances are held in a separate bank account for future projects benefitting seniors.

4. Accounts receivable

	2014	2013
	(thousands of dollars)	
Receivable from tenants	\$ 811	\$ 929
Receivable from Yukon Liquor Corporation (Note 14(a))	263	247
Other receivables	547	462
Less: valuation allowance for receivable from tenants	(750)	(603)
	<u>\$ 871</u>	<u>\$ 1,035</u>



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2014

5. Loans receivable

	Stated % interest rates	2014 (thousands of dollars)	2013 (thousands of dollars)
Mortgages receivable			
Home Ownership	0.00 - 5.99	\$ 27,658	\$ 25,093
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 2019. Rural and Native Home Ownership mortgages receiving subsidies (Note 2(d)) at March 31, 2014 were \$195,000 (2013 - \$268,000).			
Owner Build	0.00 - 4.50	4,837	4,228
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 - 5.00	6,824	6,917
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 2026. Mortgages receiving subsidies (Note 2(d)) and forgiveness at March 31, 2014 were \$102,000 (2013 - \$170,000).			
Energy Management	0.00	57	66
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 2023.			
Housing Industry Loans	0.00 - 5.00	3,564	2,134
Loans with terms up to 25 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 \$2,422,000 (2013 - \$1,019,000).			
Subtotal mortgages receivable		42,940	38,438
Less: allowance for Home Repair Program subsidies		(96)	(155)
Less: allowance for loans receivable with concessionary terms		(397)	(421)
Less: allowance for impaired loans		(81)	(81)
Net mortgages receivable		42,366	37,781
Land sales agreements receivable	3.00 - 5.00	6,994	6,919
Unsecured loans on residential, commercial and recreational lots, repayable in blended annual payments at fixed rates of interest with maturities up to 2019.			
Total loans receivable		<u>\$ 49,360</u>	<u>\$ 44,700</u>

These loans receivable earn interest at the following weighted average rates:

	2014	2013
Mortgages receivable	2.82%	3.01%
Land sales agreements receivable	5.00%	5.01%



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2014

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 4 fiscal years total \$356,000 (2013 - \$610,000 over 5 fiscal years).

Projected future expenditures of \$90,000 for ongoing ground water and soils monitoring for oil spill sites that was remediated in this fiscal year in Old Crow and Watson Lake.

Projected future expenditures of \$100,000 for soil remediation for oil spill sites in Ross River and Dawson.

Changes in the environmental liability are as follows:

	2014	2013
	(thousands of dollars)	
Balance at beginning of year	\$ 610	\$ 1,031
Actual expenditures in current year relating to fuel oil spills	(64)	(421)
Revision of estimated remediation cost of existing sites	(60)	(70)
New sites assessed during fiscal year	60	70
Balance at end of year	<u>\$ 546</u>	<u>\$ 610</u>

7. Long-term debt

	Stated % interest rates	2014	2013
		(thousands of dollars)	
Mortgages payable to chartered banks and CMHC (guaranteed by the Government of Yukon)	1.88 - 12.50	\$ 6,012	\$ 6,913
Loans with a variety of terms, repayable in blended monthly payments at fixed rates of interest and with maturities up to 2029, secured by fixed charges against housing projects with net book value of \$4,032,00 (2013 - \$4,304,000).			
Loans payable to chartered banks and CMHC (guaranteed by the Government of Yukon)	3.35 - 13.25	2,930	4,482
Unsecured 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	11,611	12,198
Repayable without interest in periodic instalments to 2027. The balance includes a loan of \$NIL (2013 - \$121,000) secured by the Corporation's head office building. (Schedule B)			
Land sales agreements due to the Government of Yukon, unsecured	0.00	9,242	7,497
Repayable without interest in periodic instalments to 2019.			
Total long-term debt		<u>\$ 29,795</u>	<u>\$ 31,090</u>

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

	2014	2013
Mortgages payable to chartered banks and CMHC	3.75%	5.48%
Loans payable to chartered banks and CMHC	5.62%	5.96%



Yukon Housing Corporation
 Notes to the financial statements
 for the year ended March 31, 2014

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)				
2015	\$ 1,058	\$ 880	\$ 465	\$ 3,786	\$ 6,189
2016	762	836	465	2,114	4,177
2017	616	191	465	2,850	4,122
2018	544	117	265	357	1,283
2019	495	99	265	135	994
Thereafter	2,537	807	9,686	-	13,030
Total	6,012	2,930	11,611	9,242	29,795

At March 31, 2014, the Corporation owed the Government of Yukon a Land Sales Agreements principal payment of \$1,706,000 (2013 - \$607,000) for principal amounts collected during the year. The amount was subsequently paid to the Government of Yukon in April 2014.

8. 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:

	2014	2013
	(thousands of dollars)	
Accrued benefit liability, beginning of year	\$ 2,020	\$ 1,759
Add: Current service costs	144	202
Interest on accrued benefit liability	79	108
Contributions made by the Corporation	-	5
Amortization of net actuarial gains	14	14
Less: Benefits paid during the year	(510)	(68)
Actuarial (gain)/ loss	(24)	-
Accrued benefit liability, end of year	<u>\$ 1,723</u>	<u>\$ 2,020</u>
Unamortized net actuarial loss	378	122
Accrued benefit obligation, end of year	<u>\$ 2,101</u>	<u>\$ 2,142</u>

The significant actuarial assumptions were:

	2014	2013
Discount rate	4.50%	5.33%
Salary escalation rate (per annum)	2.25%	2.25%
Expected average remaining service life of active employees	11.8 years	10.8 years

The most recent actuarial valuation made for these post-employment benefits was as of April 1, 2013. The next required valuation would be as of April 1, 2016.

Included in the total accrued benefit obligation at March 31, 2014 are vacation leave of \$564,000 (2013 - \$620,000) and accumulated sick leave of \$403,000 (2013 - \$452,000).



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2014

9. 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. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution effective at year end was \$1.45 (2013 - \$1.64) for every dollar contributed by the employee, and \$7.59 (2013 - \$8.00) for every dollar contributed by the employee for the portion of the employee's salary above \$155 thousand (2013 - \$150.9 thousand). And, for new employees who are participating in the plan on or after January 1, 2013, the Corporation contributes \$1.43 (2013 - \$1.57) for every dollar contributed by the employee, and \$7.59 (2013 - \$8.00) for every dollar contributed by the employee for the portion of the employee's salary above \$155 thousand (2013 - \$150.9 thousand). Contributions during the year were as follows:

	2014	2013
	(thousands of dollars)	
Employer's contribution	\$ 732	\$ 682
Employees' contribution	437	373

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.

10. 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.

	2014	2013
	(thousands of dollars)	
Balance at beginning of year	\$ 13,652	\$ 13,375
Cash advanced during the year	10,534	10,008
Operations and maintenance transfer payment	(6,769)	(4,960)
Capital transfer (recovery) payment	1,006	(4,771)
	<u>4,771</u>	<u>277</u>
Balance at end of year	<u>\$ 18,423</u>	<u>\$ 13,652</u>

11. Tangible capital assets

			2014	2013
			(thousands of dollars)	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 3,956	\$ -	3,956	\$ 3,956
Social housing	85,697	32,586	53,111	50,515
Staff housing	15,953	9,117	6,836	6,959
Office building	1,923	1,229	694	730
Other facilities	796	786	10	11
Furnishings and equipment	1,907	571	1,336	1,249
Computer systems	388	319	69	114
(Schedule B)	<u>\$ 110,620</u>	<u>\$ 44,608</u>	<u>\$ 66,012</u>	<u>\$ 63,534</u>

At March 31, 2014, there were construction projects in progress in the amount of \$4,509,000 (2013- \$296,000). 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, 2014

12. Expenses by object

	2014	2013
	(thousands of dollars)	
Personnel	\$ 7,484	\$ 6,870
Materials, supplies and utilities	6,872	7,232
Amortization expenses	2,438	2,441
Other	1,411	1,271
Transfer payments	1,181	3,993
Communication and transportation	535	493
Contract and special services	510	63
Interest on long-term debt	503	685
	<u>\$ 20,934</u>	<u>\$ 23,048</u>

13. 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 10) 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, 2014 estimated market rate for mortgages and loans with similar maturities.

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

	2014		2013	
	Amount	Fair Value	Amount	Fair Value
Loans receivable				
Mortgages receivable net of allowances	\$ 42,366	\$ 40,550	\$ 37,781	\$ 35,582
Land sales agreements receivable	6,994	7,604	6,919	7,371
	<u>\$ 49,360</u>	<u>\$ 48,154</u>	<u>\$ 44,700</u>	<u>\$ 42,953</u>
Long-term debt				
Mortgages payable to chartered banks and CMHC	\$ 6,012	\$ 5,145	\$ 6,913	\$ 7,227
Loans payable to chartered banks and CMHC	2,930	3,053	4,482	4,764
Loans payable to the Government of Yukon	11,611	6,323	12,198	6,381
Land sales agreements due to the Government of Yukon	9,242	8,636	7,497	6,973
	<u>\$ 29,795</u>	<u>\$ 23,157</u>	<u>\$ 31,090</u>	<u>\$ 25,345</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.



Yukon Housing Corporation
 Notes to the financial statements
 for the year ended March 31, 2014

14. 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 7 & 10), 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 2014, the Corporation incurred total corporate service costs of \$3,528,000 (2013 - \$2,900,000). The amount charged by the Corporation to Yukon Liquor Corporation for corporate services for the year was \$1,050,000 (2013 - \$1,009,000). Of the amount charged to Yukon Liquor Corporation, \$263,000 (2013 - \$247,000) 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 2014 to be \$21,000 (2013 - \$21,000). 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 2014 is estimated to be \$44,000 (2013 - \$51,000). 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 \$7,696,000 during 2014 (2013 - \$7,200,000).

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 2014 to be \$502,000 (2013 - \$502,000) based on the Government of Yukon's amortization expense.

During 2014, the Corporation was charged \$430,000 (2013 - \$462,000) by the Government for information technology support services, office rental, office supplies, computer software licensing and vehicle rental services.

During 2014, the Government of Yukon Department of Highways and Public Works managed the construction of 207 Alexander Street seniors' facility with construction costs of \$4,420,500. At year end the amount payable was \$1,454,000 and is included in Due to Government of Yukon.

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

	2014	2013
	(thousands of dollars)	
Accounts payable	\$ (2,474)	\$ (868)
Accounts receivable	112	123
Amount due from Community Services - Disaster Financial Assistance	2,205	1,644
Net amount Due from (to) the Government of Yukon	<u>\$ (157)</u>	<u>\$ 899</u>



Yukon Housing Corporation
 Notes to the financial statements
 for the year ended March 31, 2014

15. Contractual obligations and contingencies

	2014	2013
	(thousands of dollars)	
Outstanding contractual obligations to complete the funding of mortgages receivable as at end of year	\$ 1,128	\$ 3,785
Outstanding contractual obligations to complete agreements and contract commitments as at end of year	5,797	1,166
Annual subsidies to private social housing organizations	384	390

In the normal course of operations, the Corporation is subject to legal claims and possible claims. While the outcome of legal claims or possible claims is subject to future resolution, management's evaluation and analysis of such matters indicates that, individually or in the aggregate, the probable ultimate resolution of all legal claims and possible claims will not have a material financial impact on the Corporation's financial position, results of operations or its cash flows.

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, 2014 was \$903,000 (2013 - \$945,000). 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.

16. 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
2014	\$ -
2013	17,297
2012	-
2011	21,383
2010	-

17. Subsequent event

Subsequent to year end the Corporation entered into an agreement for Investment in Affordable Housing with CMHC. The agreement is for five years (April 1, 2014 to March 31, 2019) with total funding of \$7.875 million.

18. Comparative figures

During the year, the Corporation changed the presentation of its Statement of Cash Flows from the indirect method to the direct method. Certain comparative figures for 2013 have been reclassified to conform with the 2014 presentation.



Yukon Housing Corporation

Schedule of Program Costs, Corporate Services Costs and Administration Expenses
for the year ended March 31, 2014

Schedule A

	2014	2013
	(thousands of dollars)	
Program costs		
Operations		
Personnel	\$ 3,724	\$ 3,338
General maintenance	2,642	3,458
Utilities	2,542	2,375
Amortization	2,206	2,225
Property taxes	895	845
Contributions - Options for Independence	836	218
Building services - in-kind (Note 14(b))	502	502
Subsidies - private social housing organizations	427	419
Property rentals	418	383
Garbage collection and janitorial	243	255
Bad debts - housing operations including rental tenants	150	108
Housing program administration	136	74
Direct lending program administration	123	123
Insurance	1	(144)
	<u>14,845</u>	<u>14,179</u>
Other		
Loans receivable with concessionary terms provision expense (recovery)	(24)	145
Write-down of tangible capital assets	22	73
	<u>(2)</u>	<u>218</u>
	<u>\$ 14,843</u>	<u>\$ 14,397</u>
Corporate services costs (Note 14 (a))		
Personnel	\$ 3,224	\$ 2,994
Information technology systems and support	215	236
Professional fees	89	(330)
	<u>\$ 3,528</u>	<u>\$ 2,900</u>
Administration expenses		
Personnel	\$ 536	\$ 538
Travel and transportation	237	222
Communications	240	234
Amortization	232	216
Rentals - office and equipment	222	121
Program promotion	214	98
Professional fees	151	216
Office and sundry	121	129
Boards and committees	57	45
	<u>\$ 2,010</u>	<u>\$ 1,819</u>



Yukon Housing Corporation
 Schedule of Tangible Capital Assets
 for the year ended March 31, 2014

Schedule B

	Land	Social Housing	Staff Housing	Office Building	Other Facilities	Furnishings and Equipment	Computer Systems	2014 Total	2013 Total
	(thousands of dollars)								
Cost of tangible capital assets, opening ¹	\$ 3,956	\$ 81,247	\$ 15,844	\$ 1,923	\$ 796	\$ 1,686	\$ 370	\$ 105,822	\$ 103,913
Acquisitions ¹	-	4,450	249	-	-	221	18	4,938	1,982
Write-downs	-	-	(22)	-	-	-	-	(22)	(73)
Disposals	-	-	(118)	-	-	-	-	(118)	-
Cost of tangible capital assets, closing ¹	3,956	85,697	15,953	1,923	796	1,907	388	110,620	105,822
Accumulated amortization, opening	-	30,732	8,885	1,193	785	437	256	42,288	39,847
Amortization	-	1,854	350	36	1	134	63	2,438	2,441
Disposals	-	-	(118)	-	-	-	-	(118)	-
Accumulated amortization, closing	-	32,586	9,117	1,229	786	571	319	44,608	42,288
Net book value ¹	\$ 3,956	\$ 53,111	\$ 6,836	\$ 694	\$ 10	\$ 1,336	\$ 69	\$ 66,012	\$ 63,534
Construction in progress	\$ -	\$ 4,509	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,509	\$ 296

¹ Includes construction in progress