



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 Yukon Housing Corporation ("the Corporation").

The Board of Directors ("the Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibility through the Finance Audit 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 Finance Audit 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 black ink, appearing to read "Pamela J. Hine".

Pamela J. Hine
President

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

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

September 28, 2017

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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 the Yukon Housing Corporation, which comprise the statement of financial position as at 31 March 2017, 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 the Yukon Housing Corporation as at 31 March 2017, 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 the Yukon Housing Corporation and the financial statements are in agreement therewith. In addition, the transactions of the Yukon Housing Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* of Yukon and regulations, the *Housing Corporation Act* and regulations and the by-laws of the Yukon Housing Corporation.



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

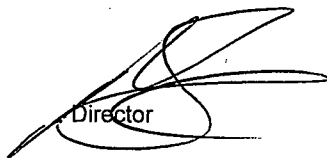
28 September 2017
Vancouver, Canada



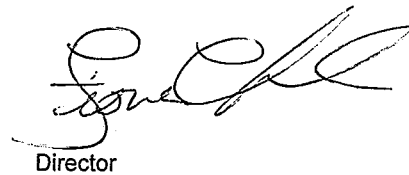
Yukon Housing Corporation
Statement of Financial Position
as at March 31, 2017

	2017	2016
	(thousands of dollars)	
Financial assets		
Cash (Note 3)	\$ 2,197	\$ 19
Accounts receivable (Note 4)	8,540	1,038
Due from the Government of Yukon (Note 15 (c))	1,172	817
Loans receivable (Note 5 and Note 14)	57,009	52,839
	<u>68,918</u>	<u>54,713</u>
Liabilities		
Bank indebtedness (Note 3)	-	1,898
Accounts payable and accrued liabilities	1,936	1,996
Environmental liability (Note 6)	624	797
Deferred revenue (Note 7)	9,961	1,565
Long-term debt (Note 8 and Note 14)	29,524	24,324
Post-employment benefits (Note 9)	1,835	1,970
Advances - Government of Yukon (Note 11)	26,323	24,190
	<u>70,203</u>	<u>56,740</u>
Net debt	<u>(1,285)</u>	<u>(2,027)</u>
Non-financial assets		
Tangible capital assets (Note 12 and Schedule B)	82,183	83,318
Prepaid expenses	127	117
	<u>82,310</u>	<u>83,435</u>
Accumulated surplus	<u>\$ 81,025</u>	<u>\$ 81,408</u>
Contractual obligations and contingencies (Note 16)		

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, 2017

	2017		2016
	Main Estimates (Note 1(c))	Actual (thousands of dollars)	Actual
Revenues			
Rental income	\$ 6,071	\$ 6,260	\$ 5,728
Funding from Canada Mortgage and Housing Corporation			
- Social Housing Agreement	4,005	4,005	4,161
- Investment in Affordable Housing	1,575	304	1,221
- Social Infrastructure Fund	7,229	1,712	-
Interest income	1,423	2,017	1,589
Recovery of corporate services costs (Note 15 (a))	1,079	244	1,090
Tenant damage charge back recovery	100	74	15
Other	21	44	66
Recovery of loan receivable allowances	-	36	7
	<u>21,503</u>	<u>14,696</u>	<u>13,877</u>
Expenses (Note 13 and Note 18)			
Social and staff housing operation costs (Schedule A)	13,943	10,834	10,520
Lending and grant programs (Schedule A)	10,482	5,024	3,070
Amortization (Schedule B)	3,276	3,111	2,861
Corporate services costs (Note 15(a) and Schedule A)	3,869	2,916	3,233
Administration (Schedule A)	2,374	1,834	1,992
Rent supplement programs	1,408	804	626
Subsidies - private social housing organizations	425	371	380
Environmental expense	-	-	574
	<u>35,777</u>	<u>24,894</u>	<u>23,256</u>
Deficit for the year before government funding	(14,274)	(10,198)	(9,379)
Government of Yukon funding			
Capital transfer payment	8,945	4,708	13,075
Operations and maintenance transfer payment	6,982	4,605	6,279
Rental assistance - in-kind (Note 15 (b))	-	502	502
	<u>15,927</u>	<u>9,815</u>	<u>19,856</u>
Surplus (deficit) for the year	1,653	(383)	10,477
Accumulated surplus at beginning of year	81,408	81,408	70,931
Accumulated surplus at end of year	\$ 83,061	\$ 81,025	\$ 81,408

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, 2017

	2017		2016
	Main Estimates (Note 1(c))	Actual (thousands of dollars)	Actual
Surplus (deficit) for the year	\$ 1,653	\$ (383)	\$ 10,477
Effect of change in tangible capital assets			
Acquisitions	(4,150)	(1,991)	(11,591)
Amortization of tangible capital assets	3,276	3,111	2,861
Disposal of tangible capital assets (net book value)	-	15	26
	(874)	1,135	(8,704)
Effect of change in other non-financial assets			
Increase in prepaid expenses	-	(10)	(21)
	-	(10)	(21)
Decrease in net debt	\$ 779	742	1,752
Net debt at beginning of year	(2,027)	(2,027)	(3,779)
Net debt at end of year	\$ (1,248)	\$ (1,285)	\$ (2,027)

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, 2017

	2017	2016
	(thousands of dollars)	
Operating transactions (Note 18)		
Surplus (deficit) for the year	\$ (383)	\$ 10,477
Adjustments for non-cash items		
Amortization of tangible capital assets (Note 13 and Schedule B)	3,111	2,861
Post employment benefits expense (Note 9)	147	363
Bad debt expense (Schedule A)	30	21
Net disposals of tangible capital assets (Schedule B)	15	26
Mortgages receivable allowances	63	188
	<u>2,983</u>	<u>13,936</u>
Changes in accruals of operating cash receipts or payments	413	1,624
Cash provided by operating transactions	<u>3,396</u>	<u>15,560</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(2,420)</u>	<u>(13,053)</u>
Cash used for capital transactions	<u>(2,420)</u>	<u>(13,053)</u>
Investing transactions		
Issuances of mortgages receivable	(7,643)	(7,396)
Repayments of mortgages receivable	5,226	5,039
Repayments of land sales agreements receivable	10,353	8,884
Cash provided by investing transactions	<u>7,936</u>	<u>6,527</u>
Financing transactions		
Repayments of long-term debt	(1,202)	(2,224)
Repayments of land sales agreements payable	(5,767)	(9,821)
Advances from the Government of Yukon (Note 11)	2,133	3,002
Cash used for financing transactions	<u>(4,836)</u>	<u>(9,043)</u>
Increase (decrease) in cash	4,076	(9)
Cash (net of bank indebtedness) at beginning of year (Note 3)	<u>(1,879)</u>	<u>(1,870)</u>
Cash (net of bank indebtedness) at end of year (Note 3)	\$ 2,197	\$ (1,879)
Interest received in the year	1,778	1,627
Interest paid in the year	209	236

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, 2017

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 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, Watson Lake and Whitehorse. 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 2016. 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 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(j)). Advances provided by the Government of Yukon in excess of the transfer payments are recorded as a liability of the Corporation (Note 11).

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 15 (b)).

(c) Cash

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



Yukon Housing Corporation
 Notes to the financial statements
 for the year ended March 31, 2017

2. Significant accounting policies (continued)

(d) Housing inventory

The Corporation recognizes a house for sale as inventory when all of the following criteria are met prior to the date of the financial statements: sale of the asset is approved; the asset is in a condition to be sold; the asset is publicly seen to be for sale; there is an active market for the asset; there is a plan in place for selling the asset; and it is reasonably anticipated that the sale to the third party will be completed within one year. The asset held for sale is measured at the lower of its carrying amount or fair value less cost to sell.

(e) 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 recoverable value.

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.

(f) Tangible capital assets

Tangible capital assets are recorded 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.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2017

2. Significant accounting policies (continued)

(g) Environmental liabilities

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. The Corporation recognizes a provision for environmental cleanup when all of the following conditions are prevalent: an environmental standard exists; the level of contamination has been determined to exceed the environmental standard; the Corporation is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made at that time. A liability is recognized net of expected recoveries and the costs associated with the clean-up are expensed during the year when the Corporation is obligated to incur such costs. The estimate of a liability includes costs directly attributable to remediation activities. Costs would include post-remediation operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(h) 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.

(i) 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.

(j) 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.

(k) Expenses

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



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2017

2. Significant accounting policies (continued)

(l) 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.

The estimation of the environmental liabilities is subject to a high degree of measurement uncertainty because the existence and extent of contamination, the responsibility for clean-up and the timing and cost of remediation cannot be reliably estimated in all circumstances. The degree of measurement uncertainty resulting from the estimation of the environmental liabilities cannot be reasonably determined.

3. Cash (net of bank indebtedness)

	2017	2016
	(thousands of dollars)	
Cash		
Bank balances	\$ 2,194	\$ 16
Cash on hand	3	3
	<u>2,197</u>	<u>19</u>
Bank indebtedness		
Overdraft line of credit	-	(1,898)
	<u>\$ 2,197</u>	<u>\$ (1,879)</u>

The Corporation has an overdraft facility with its banker of up to \$11,000,000 at bank prime less 0.75% (2016 - bank prime less 0.75%). At year end, the bank prime rate was 2.70% (2016 - 2.70%). The overdraft is guaranteed by the Government of Yukon.

4. Accounts receivable

	2017	2016
	(thousands of dollars)	
Due from Canada Mortgage and Housing Corporation		
- Social Housing Agreement	\$ 261	\$ 269
- Investment in Affordable Housing	350	-
- Social Infrastructure Fund	7,229	-
Receivable from tenants	571	486
Receivable from Yukon Liquor Corporation (Note 15(a))	-	281
Other receivables	637	477
Less: valuation allowance for receivable from tenants	(464)	(430)
Less: valuation allowance for other receivables	(44)	(45)
	<u>\$ 8,540</u>	<u>\$ 1,038</u>



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2017

4. Accounts receivable (continued)

On August 14, 1998 the Corporation entered into an agreement with CMHC to access funding under the Social Housing Agreement (SHA). Under this thirty one year agreement (1999/2000 to 2029/2030) CMHC agreed to contribute up to \$114.379 million for the Corporation to assume full responsibility for the management of various public housing programs specified in the SHA. As at March 31, 2017 the amount receivable under the SHA is \$261,000 (2016 - \$269,000).

On April 1, 2014 the Corporation entered into an agreement with CMHC to access funding under the Investment in Affordable Housing (IAH). Under this five year agreement (2014/2015 to 2018/2019) CMHC agreed to contribute up to \$7.875 million (\$1.575 million each year) for project commitments made by the Corporation to improve access to affordable, sound, suitable and sustainable housing for households in need. The funding was fully cost matched by the Corporation. As at March 31, 2017 the amount receivable under the IAH is \$350,000 (2016 - \$nil).

On April 1, 2016 the Corporation entered into an agreement with CMHC under the Social Infrastructure Fund (SIF), which was made under the IAH agreement. Under this two year agreement (2016/2017 to 2017/2018) CMHC agreed to contribute up to \$13.642 million (\$7.229 million in 2016/2017 and \$6.413 million in 2017/2018) for project commitments made by the Corporation to improve the quality and increase the supply of affordable housing and to support economic growth in the Yukon. The funding is partially cost matched by the Corporation; the amount of the funding that was required to be matched is \$3.3 million over the term of the agreement. As at March 31, 2017 the amount receivable under the SIF is \$7.229 million (2016 - \$nil).

5. Loans receivable

	Stated % interest rates	2017 (thousands of dollars)	2016
Mortgages receivable			
Home Ownership	0.00 - 4.50	\$ 33,038	\$ 31,013
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 2022. Rural and Native Home Ownership mortgages receiving subsidies (Note 2(e)) at March 31, 2017 were \$89,000 (2016 - \$120,000).			
Owner Build	2.72 - 5.00	6,201	5,263
Loans are advanced during the construction phase of a home for a maximum period of two years with interest of 1% below posted average 5 year rate of major banks. Repayment terms are up to five years, commencing upon completion of construction, secured by registered charges against real property with maturities up to 2022.			
Repair and Upgrade	0.00 - 5.00	5,344	5,847
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 2029. Mortgages receiving subsidies (Note 2(e)) and forgiveness at March 31, 2017 were \$66,000 (2016 - \$52,000).			
Energy Management	0.00	23	40
Loans with terms up to 17 years, secured by registered charges against real property or chattel mortgages, repayable in periodic instalments without interest with maturities up to 2033.			



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2017

5. Loans receivable (continued)

	Stated % interest rates	2017 (thousands of dollars)	2016 (thousands of dollars)
Housing Industry Loans	0.00 - 3.70	3,105	3,131
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 2026.			
Subtotal mortgages receivable		47,711	45,294
Less: allowance for Home Repair Program subsidies		(46)	(46)
Less: allowance for loans receivable with concessionary terms		(694)	(740)
Less: allowance for impaired loans		(291)	(182)
Net mortgages receivable		46,680	44,326
Land sales agreements receivable	5.00	10,329	8,513
Unsecured loans on residential, commercial and recreational lots, repayable in blended annual payments at fixed rates of interest with maturities up to 2021.			
Total loans receivable		<u>\$ 57,009</u>	<u>\$ 52,839</u>

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

	2017	2016
Mortgages receivable	3.19%	3.05%
Land sales agreements receivable	5.00%	5.00%

6. Environmental liability

In fall 2010, it was confirmed that approximately 20,000 liters 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. The projected future expenditures at year end associated with this spill are estimated at \$266,000 (2016 - \$188,000).

In the summer of 2015, a split fuel line occurred under a house in Dawson City. Approximately 800 liters of fuel leaked from the oil storage tank. The projected future expenditures at year end associated with this spill are estimated at \$140,000 (2016 - \$410,000).

Projected future expenditures at year end for site monitoring of \$95,000 (2016 - \$63,000) are for ongoing ground water and soils monitoring for remediated oil spill sites in Dawson, Old Crow, Mayo, Ross River and Watson Lake.

Changes in the environmental liability are as follows:

	2017 (thousands of dollars)	2016 (thousands of dollars)
Balance at beginning of year	\$ 797	\$ 747
Actual expenditures in current year relating to fuel oil spills	(173)	(528)
Revision of estimated remediation cost of existing sites	-	66
New sites assessed during fiscal year	-	512
Balance at end of year	<u>\$ 624</u>	<u>\$ 797</u>

The Government of Yukon Department of Environment provided consulting services of \$nil (2016 - \$113,000), at year end the amount payable was \$nil (2016 - \$103,000) and this amount is included in the environmental liability.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2017

7. Deferred Revenue

	2017	2016
	(thousands of dollars)	
Canada Mortgage and Housing Corporation (CMHC) funding		
- Affordable Housing Initiative	\$ 1,175	\$ 1,175
- Investment in Affordable Housing	3,201	355
- Social Infrastructure Fund	5,517	-
Unearned rent	68	35
	<u>\$ 9,961</u>	<u>\$ 1,565</u>

Under the above CMHC funding agreements \$2.8 million was received during the fiscal year (2016 - \$2.75 million), \$7.579 million was receivable at March 31, 2017 (2016 - \$nil) and \$2.016 million was recognized as revenue during the fiscal year (2016 - \$1.221 million).

Unearned rent relates to prepayments made by tenants for future months.

8. Long-term debt

	Stated % interest rates	2017	2016
		(thousands of dollars)	
Mortgages payable to chartered banks and CMHC (guaranteed by the Government of Yukon)	1.01 - 12.50	\$ 2,750	\$ 3,296
Loans with a variety of terms, repayable in blended monthly payments at fixed rates of interest and with maturities up to 2023, secured by fixed charges against housing projects with net book value of \$1,218,097 (2016 - \$2,197,212).			
Loans payable to chartered banks and CMHC (guaranteed by the Government of Yukon)	5 - 9.875	1,023	1,214
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	10,215	10,680
Repayable without interest in periodic instalments to 2027.			
Land sales agreements due to the Government of Yukon, unsecured	0.00	15,536	9,134
Repayable without interest in periodic instalments to 2021.			
Total long-term debt		<u>\$ 29,524</u>	<u>\$ 24,324</u>

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

	2017	2016
Mortgages payable to chartered banks and CMHC	2.79%	3.12%
Loans payable to chartered banks and CMHC	7.83%	7.58%



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2017

8. Long-term debt (continued)

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)				
2018	\$ 471	\$ 117	\$ 265	\$ 6,613	\$ 7,466
2019	421	99	265	4,421	5,206
2020	396	88	265	4,265	5,014
2021	373	95	265	163	896
2022	355	102	253	74	784
Thereafter	734	522	8,902	-	10,158
Total	2,750	1,023	10,215	15,536	29,524

At March 31, 2017, the Corporation owed the Government of Yukon a Land Sales Agreements principal payment of \$5,199,365 (2016 - \$604,000) for principal amounts collected during the year. The amount was subsequently paid to the Government of Yukon in May 2017.

9. Post-employment benefits

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

	2017	2016
	(thousands of dollars)	
Accrued benefit liability, beginning of year	\$ 1,970	\$ 1,852
Add: Post employment benefits expenses		
Current service costs	240	231
Interest on accrued benefit liability	87	85
Amortization of net actuarial losses	44	47
Less: Benefits paid during the year	(282)	(245)
Payment to Yukon Liquor Corporation for corporate services staff transferred	(224)	-
Accrued benefit liability, end of year	\$ 1,835	\$ 1,970
Unamortized net actuarial (gain) loss	(61)	304
Accrued benefit obligation, end of year	\$ 1,774	\$ 2,274

The significant actuarial assumptions were:

	2017	2016
Discount rate	3.70%	3.70%
Salary escalation rate (per annum)	2.00%	2.25%
Expected average remaining service life of active employees	9.6 years	11.8 years

The most recent actuarial valuation made for these post-employment benefits was as of April 1, 2016, and updated March 31, 2017. The next required valuation would be as of April 1, 2019.

Included in the total accrued benefit obligation at March 31, 2017 are vacation leave of \$414,000 (2016 - \$603,000) and accumulated sick leave of \$369,000 (2016 - \$454,000).



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2017

10. 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 \$1.01 (2016 - \$1.15) for every dollar contributed by the employee, and \$7.74 (2016 - \$6.67) for every dollar contributed by the employee for the portion of the employee's salary above \$163,000 (2016 - \$162,000). And, for new employees who are participating in the plan on or after January 1, 2013, the Corporation contributes \$1.00 (2016 - \$1.11) for every dollar contributed by the employee, and \$7.74 (2016 - \$6.67) for every dollar contributed by the employee for the portion of the employee's salary above \$163,000 (2016 - \$162,000). Contributions during the year were as follows:

	2017	2016
	(thousands of dollars)	
Employer's contribution	\$ 609	\$ 685
Employees' contribution	\$ 512	516

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.

11. Advances - Government of Yukon

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

	2017	2016
	(thousands of dollars)	
Balance at beginning of year	\$ 24,190	\$ 21,188
Cash advanced during the year	11,446	22,356
Operations and maintenance transfer payment	(4,605)	(6,279)
Capital transfer payment	(4,708)	(13,075)
	<u>2,133</u>	<u>3,002</u>
Balance at end of year	<u>\$ 26,323</u>	<u>\$ 24,190</u>

12. Tangible capital assets

			2017	2016
			(thousands of dollars)	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 4,928	\$ -	4,928	\$ 4,894
Social housing	104,561	36,883	67,678	68,929
Staff housing	19,232	12,072	7,160	7,252
Office building	1,954	1,336	618	623
Other facilities	796	789	7	8
Furnishings and equipment	2,783	1,018	1,765	1,612
Computer systems	415	388	27	-
(Schedule B)	<u>\$ 134,669</u>	<u>\$ 52,486</u>	<u>\$ 82,183</u>	<u>\$ 83,318</u>

At March 31, 2017, there were construction projects in progress in the amount of \$184,000 (2016 - nil). There was no interest incurred for the construction of tangible capital assets in the current year or previous year.

In addition, at March 31, 2017, the Corporation held title to 25 vacant lots. These lots have no carrying value as they were transferred to the Corporation from a related party at a nominal value in prior years.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2017

13. Expenses by object

	2017	2016
	(thousands of dollars)	
Personnel, training and post employment benefits	\$ 7,458	\$ 7,864
Materials, supplies and utilities	7,249	6,600
Transfer payments	4,151	2,463
Amortization expenses	3,111	2,861
Other	1,797	1,608
Contract and special services	436	1,134
Communication and transportation	485	497
Interest on long-term debt	207	229
	<u>\$ 24,894</u>	<u>\$ 23,256</u>

14. Financial instruments

The balances in Cash, Accounts receivable, Due from the Government of Yukon, Bank indebtedness, and Accounts payable and accrued liabilities 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 11) 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, 2017 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:

	2017		2016	
	(thousands of dollars)			
	Carrying	Fair Value	Carrying	Fair Value
Loans receivable				
Mortgages receivable net of allowances	\$ 46,680	\$ 45,709	\$ 44,326	\$ 42,373
Land sales agreements receivable	10,329	11,101	8,513	9,038
	<u>\$ 57,009</u>	<u>\$ 56,810</u>	<u>\$ 52,839</u>	<u>\$ 51,411</u>
Long-term debt				
Mortgages payable to chartered banks and CMHC	\$ 2,750	\$ 2,326	\$ 3,296	\$ 2,826
Loans payable to chartered banks and CMHC	1,023	1,090	1,214	1,276
Loans payable to the Government of Yukon	10,215	6,289	10,680	6,371
Land sales agreements due to the Government of Yukon	15,536	14,676	9,134	8,594
	<u>\$ 29,524</u>	<u>\$ 24,381</u>	<u>\$ 24,324</u>	<u>\$ 19,067</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, 2017

15. 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 (Notes 6, 8 & 11), the Corporation enters into transactions with related entities in the normal course of business.

(a) Shared services costs

The Corporation provided corporate services to Yukon Liquor Corporation under a Corporate Services arrangement until June 30, 2016. This arrangement consolidated functions such as finance, systems and administration, policy and communications and human resources services. During 2017, the Corporation incurred total corporate service costs of \$2,916,000 (2016 - \$3,233,000) and the amount charged by the Corporation to Yukon Liquor Corporation for corporate services for the year was \$244,000 (2016 - \$1,090,000). Of the amount charged to Yukon Liquor Corporation, \$nil (2016 - \$281,000) 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 2017 to be \$34,200 (2016 - \$25,000). The value of territorial agent services provided without charge by the Corporation to the Government of Yukon for 2017 is estimated to be \$59,300 (2016 - \$53,200).

The employees of the Corporation are paid by the Government of Yukon. The Corporation reimbursed the Government for salaries and benefits expenses paid of \$7,378,000 during 2017 (2016 - \$7,712,000).

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 2017 to be \$502,000 (2016 - \$502,000) based on the Government of Yukon's amortization expense.

During 2017, the Corporation was charged \$355,000 (2016 - \$410,000) by the Government for information technology support services, office rental, office supplies, computer software licensing and vehicle rental services.

During 2016, the Government of Yukon Department of Highways and Public Works managed the construction of the new Whitehorse seniors building with construction costs of \$8,821,000. At year end the amount payable was \$nil (2016 - \$324,000) and is included in Due to Government of Yukon.

(c) Due from the Government of Yukon

	2017	2016
	(thousands of dollars)	
Accounts payable	\$ (1,086)	\$ (1,419)
Accounts receivable	53	31
Amount due from Community Services - Disaster Financial Assistance	2,205	2,205
Net amount Due from the Government of Yukon	<u>\$ 1,172</u>	<u>\$ 817</u>

16. Contractual obligations and contingencies

	2017	2016
	(thousands of dollars)	
Outstanding contractual obligations to complete the funding of mortgages receivable as at end of year	\$ 1,169	\$ 1,549
Outstanding contractual obligations to complete agreements and contract commitments as at end of year	4,505	1,559
Annual subsidies to private social housing organizations	375	375

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.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2017

16. Contractual obligations and contingencies (continued)

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, 2017 was \$695,000 (2016 - \$759,000). 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.

17. 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
2017	\$ -
2016	-
2015	110,909
2014	-
2013	17,297

18. Comparative figures

Certain comparative figures have been reclassified to conform with the 2017 presentation.



Yukon Housing Corporation

Schedule of Program Costs, Corporate Services Costs and Administration Expenses
for the year ended March 31, 2017

Schedule A

	2017	2016
	(thousands of dollars)	
Social and staff housing operating costs		
General maintenance	\$ 3,298	\$ 3,218
Personnel	3,205	3,240
Utilities	2,422	2,097
Property taxes	1,012	930
Building services - in-kind (Note 15(b))	502	502
Interest on long term debt	173	228
Housing program administration	145	156
Property rentals	33	32
Bad debts - tenant receivable	30	21
Write-down of / loss on disposal of tangible capital assets	14	26
Contributions	-	70
	<u>\$ 10,834</u>	<u>\$ 10,520</u>
Lending and grant programs		
Northern housing trust grants and contracts	\$ 2,973	\$ 1,811
Personnel	836	896
Affordable housing contributions	814	3
Community partnering contributions	178	79
Bad debts - loans receivable	169	77
Program materials	54	71
Concessionary loan terms provision expense	-	133
	<u>\$ 5,024</u>	<u>\$ 3,070</u>
Corporate services costs (Note 15 (a))		
Personnel	\$ 2,658	\$ 2,911
Information technology systems and support	192	262
Professional fees	66	60
	<u>\$ 2,916</u>	<u>\$ 3,233</u>
Administration expenses		
Personnel, training and post employment benefits	\$ 759	\$ 817
Travel and transportation	226	243
Communications	216	214
Office space costs	195	176
Office and sundry	162	146
Rentals - office and equipment	93	93
Boards and committees	91	56
Program promotion	70	171
Professional fees	22	76
	<u>\$ 1,834</u>	<u>\$ 1,992</u>



Yukon Housing Corporation
 Schedule of Tangible Capital Assets
 for the year ended March 31, 2017

Schedule B

	Land	Social Housing	Staff Housing	Office Building	Other Facilities	Furnishings and Equipment	Computer Systems	2017 Total	2016 Total
	(thousands of dollars)								
Cost of tangible capital assets, opening ¹	\$ 4,894	\$ 103,362	\$ 18,872	\$ 1,923	\$ 796	\$ 2,466	\$ 388	\$ 132,701	\$ 121,241
Acquisitions ¹	34	1,199	360	31	-	340	27	1,991	11,591
Disposals	-	-	-	-	-	(23)	-	(23)	(131)
Cost of tangible capital assets, closing ¹	4,928	104,561	19,232	1,954	796	2,783	415	134,669	132,701
Accumulated amortization, opening	-	34,433	11,620	1,300	788	854	388	49,383	46,627
Amortization	-	2,450	452	36	1	172	-	3,111	2,861
Disposals	-	-	-	-	-	(8)	-	(8)	(105)
Accumulated amortization, closing	-	36,883	12,072	1,336	789	1,018	388	52,486	49,383
Net book value ¹	\$ 4,928	\$ 67,678	\$ 7,160	\$ 618	\$ 7	\$ 1,765	\$ 27	\$ 82,183	\$ 83,318
Construction in progress	\$ -	\$ 20	\$ 137	\$ -	\$ -	\$ -	\$ 27	\$ 184	\$ -

¹ Includes construction in progress