

# ANNUAL REPORT

FOR THE YEAR ENDED MARCH 31, 2005



**Yukon Housing Corporation  
Annual Report for the year ended March 31, 2005**

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October 5, 2005

The Honourable Jim Kenyon  
Minister Responsible for  
Yukon Housing Corporation  
Government of Yukon

Dear Minister Kenyon:

I am pleased to submit the Annual Report of the Yukon Housing Corporation for the year ended March 31<sup>st</sup>, 2005. Included in the report are results-focused narratives, an overview of programs and services, and the financial statements prepared by the Auditor General of Canada.

Respectfully,

A handwritten signature in blue ink that reads "Rudy Couture". The signature is written in a cursive style and is followed by a period.

Rudy Couture  
Chair, Board of Directors  
Yukon Housing Corporation



## Our Vision

- To enhance the quality of life in the Yukon by providing safe and affordable housing choices that respond to the needs of Yukon residents.

## Our Mission

- To improve the quality of housing in the Yukon, and to help Yukoners resolve their housing needs.



## Our Values

As a corporation, we value and strive to:

- Assist our customers
- Deliver consistent high quality service
- Foster an environment of mutual respect
- Co-operate through teamwork
- Support development and growth of our people
- Act with integrity and ethical behavior
- Innovate and continually improve service

REPORT FROM THE CHAIR

On behalf of all members of the Yukon Housing Corporation (YHC) Board of Directors, it is my sincere pleasure to report on some of the major activities, initiatives and successes of the 2004-05 fiscal year.

**Canada-Yukon Affordable Housing Agreement**

A priority for the corporation during the fiscal year was the effort placed on changes to the Canada-Yukon Affordable Housing Agreement, to provide funding for individuals, private sector developers and non-profit organizations. We anticipate significant positive outcomes for the Yukon.



*J. Rudy Couture  
Chair*



In January 2005, the program shifted to target seniors and those with special needs. We were able to successfully access and adapt a nationally designed program to suit the specific needs of Yukoners. The Board of Directors is confident the changes will be well received and is eager to implement this important housing initiative.

**Seniors Housing Management Fund**

The Seniors Housing Management Fund was established in 2000. Since then the fund has grown significantly. This strategy of targeting seniors and those with special needs complements the corporation's ongoing contributions to the Seniors Housing Management Fund. At the end of the fiscal year, the balance in the fund was \$1.684 million.

**Social Housing Program**

The independent evaluation of the Social Housing Program was completed in the fall of 2004. It concluded that the program is consistent with YHC's mandate, and is effectively serving the needs of clients. YHC developed an internal working group to assess recommendations contained within the evaluation and to develop effective implementation strategies.

The Board recognized that current program criteria were overly restrictive for individuals with mobility challenges earning incomes exceeding the eligibility levels for social housing. In response, the Board approved changes to program criteria to include mobility challenged individuals whose incomes are slightly above current eligibility levels. This has provided alternative housing options otherwise not available to these clients.

### **New Housing**

The corporation was active with the private sector in addressing the needs of seniors. Through the corporation's Joint Venture Program, construction began on two new projects in Whitehorse featuring Green Home (energy efficiency) and Accommodating Home standards.

From a broader economic perspective, the housing sector provides employment, creates investment opportunities, and stimulates economic activity.

In total, Yukon Housing Corporation, through its Joint Venture Program, was successful in facilitating the building of 20 new home ownership units with "top of the line" energy efficiency performance standards. Most also feature enhanced living and mobility features for home owners who want to age in place.

### **Training**

Board training was topical during the Public Accounts Committee hearings in February 2004. In March 2005, the Board of Directors of the YHC and the Yukon Development Corporation participated jointly in governance training and ongoing training, and orientation sessions occur as specific needs are identified.

### **Governance**

The YHC Board of Directors is developing an annual Protocol Agreement with the Minister Responsible, and a Letter of Undertaking with the President to clearly articulate the expectations and commitments of the Minister, the Board and the President.



### **Gratitude**

It is always with great pleasure that we acknowledge the tremendous work of our many and varied partners. We all have important roles in assisting those who want to address the housing needs of Yukoners or promote the development, stability and growth of Yukon's housing industry.

A special thank you to the Government of Canada and in particular Canada Mortgage Housing Corporation (CMHC), Office of the Auditor General of Canada, Natural Resources Canada (NRCan), National Research Council (NRC)-Canada and Department of Indian and Northern Affairs Canada (INAC). I also wish to thank the Departments of Economic Development and Health & Social Services of the government of Yukon, and at the community level, the Whitehorse Planning Group on Homelessness and the Options for Independence Society.

Lastly, Yukon Housing Corporation could not run as well as it does without the assistance of the several volunteers who make up our local Community Housing Associations throughout the Yukon, nor without the dedicated staff at Yukon Housing Corporation and those in Shared Services (Department of Community Services). Their commitment and dedication to our mission and objectives are genuinely appreciated.

Sincerely,

Rudy Couture  
Chair





## CORPORATE PROFILE

Yukon Housing Corporation was established in 1972 under the *Housing Corporation Act*.

The role of the Corporation is to:

- help Yukon residents obtain appropriate accommodation;
- work with the housing industry in developing effective solutions to the housing needs of Yukoners;
- foster community participation in the design, development and delivery of housing programs; and
- administer the Government of Yukon staff housing and employee buy-back programs.

The Corporation is accountable to the citizens of the Yukon through its Board of Directors. The Board is comprised of a chair, a deputy-chair and directors appointed by the Executive Council of the Yukon Government. The Board is in turn responsible to the Legislature through the Minister Responsible.

The Department of Community Services was established in April 2002, with the mandate to create close alignments with Yukon Housing Corporation and Yukon Liquor Corporation. The alliance strengthens the Government of Yukon's abilities to build capacity and to deliver quality programs and services in the communities.

The Deputy Minister of Community Services serves as President of Yukon Housing Corporation and Yukon Liquor Corporation. To achieve a consistent level of service, administration and communication, the three organizations share corporate services in the areas of Human Resources, Finance, and Policy and Communication. The President reports to the Minister Responsible for Yukon Housing Corporation on all activities of the corporation.

On July 13, 2004 the Premier of the Yukon announced the appointment of the Hon. Jim Kenyon as Minister Responsible for Economic Development, Yukon Housing Corporation and Yukon Liquor Corporation.



*Jack Cardinal, Technical Officer/Inspector*





REPORT ON PERFORMANCE

The Yukon Housing Corporation is actively pursuing the Yukon government’s strategic priorities, as identified in the Speech from the Throne in 2003.

**Rebuilding the Economy**

YHC initiated the Joint Venture Program approximately 15 years ago to stimulate the private sector and respond to the emerging housing needs of Yukoners. The program promotes the use of local material and labour, and encourages the innovation of new technologies to improve housing in the Yukon.

The Yukon is recognized nationally as a leader in overcoming impediments encountered by the housing industry, such as cold-climate construction. Our jurisdiction is also known for our long-term advances in the areas of energy efficiency and barrier-free design.

In 2004, the YHC Board of Directors approved expenditures of up to \$850,717 in fully recoverable funding for two developers for their innovative and environmentally and senior-friendly housing developments in Whitehorse.

The first project is for the construction of a ten-unit condominium complex designed and built for adults 55 years of age and over. As the design and construction are based on YHC’s Green Home and Accommodating Home standards, this is the first seniors’ complex in the Yukon to meet both sets of standards. This provides an opportunity for prospective buyers to access reduced mortgage interest rates for their personal mortgages with YHC.

This project is consistent with YHC’s stated strategic priorities as outlined in the Seniors Housing Action Plan. The estimated economic impact of this development is approximately \$1.6 million.

The second project is the construction of a multi-unit condominium complex in downtown Whitehorse. Four of the residential units have grade level entry access, and meet YHC’s Accommodating Home standards. All ten units meet YHC’s Green Home standards.

The proponents conducted comprehensive market research which supported their vision of multi-unit housing development in the downtown core. This is consistent with the City of Whitehorse’s Official Community Plan (OCP) which promotes residential development in downtown Whitehorse. The estimated economic impact of this development is approximately \$1.7 million.



*Rob Janits, Technical Officer*



Activities	Benefits	Government priorities met
<ul style="list-style-type: none"> <li>• YHC made available \$850,717 in fully recoverable funding</li> <li>• YHC assisted with technical expertise</li> </ul>	<ul style="list-style-type: none"> <li>• new accessible and environmentally friendly home ownership units</li> <li>• majority of units are senior-friendly</li> <li>• 19.2 direct and indirect jobs created</li> <li>• \$3.3 million of economic activity created</li> <li>• reduction in Green House Gas emissions</li> <li>• innovative building practices</li> <li>• increased knowledge and expertise of housing industry</li> <li>• higher expectations created within the market place for quality built construction</li> </ul>	<ul style="list-style-type: none"> <li>• Economic</li> <li>• Environmental</li> <li>• Better Quality of Life</li> </ul>



**Formalising a Government to Government Relationship with First Nations**

The White River First Nation (WRFN) requested YHC’s assistance in 2003 to complete a housing project in Beaver Creek. Construction on the four new housing units was already underway in the community.

With the approval of INAC, YHC agreed to act as Manager to administer funding received from INAC. YHC also consented to provide housing expertise and construction management resources to minimize any cost over-runs and time delays. In November 2004, final inspections were granted on all four houses.

Activities	Benefits	Government priorities met
<ul style="list-style-type: none"> <li>• YHC administered \$490,000 provided by INAC (no direct YHC funding)</li> <li>• YHC provided Project Management services</li> </ul>	<ul style="list-style-type: none"> <li>• new homes for four families</li> <li>• a 15% increase in the First Nation’s housing portfolio</li> <li>• excluding trades, employed all local labour, including Project Supervisor</li> <li>• local economy stimulated</li> <li>• work force received training on sandblasting and chinking (required for log home construction)</li> <li>• enabled capital investment in equipment used for training</li> <li>• capacity-building within First Nation</li> </ul>	<ul style="list-style-type: none"> <li>• Quality of Life</li> <li>• Formalising Government to Government Relationships</li> <li>• Economy</li> <li>• Practising Good Government</li> </ul>

**Indoor air quality**

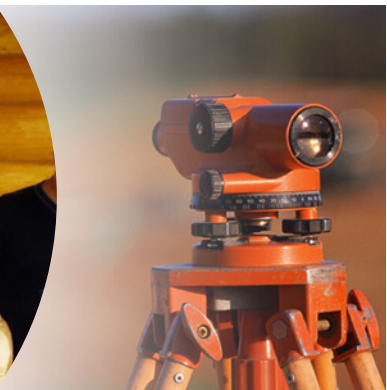
The Yukon Housing Corporation is addressing the emerging issue of indoor air quality in homes and multi-residential buildings. Poor air quality, often due to inadequate design, construction, or operation of a dwelling, can have very negative health consequences for occupants.

It can cause headaches, dizziness, and allergic reactions; however, in more severe cases, it can increase asthmatic reactions, as well as the incidence of respiratory illness and some cancers.

Poor indoor air quality is usually associated with the presence of excessive moisture. This can occur from the occupant’s lifestyle (e.g., cooking or showering without venting), plumbing or roof leaks, moisture penetrating the foundation system, and air leakage, which can allow moisture to readily penetrate the building.

Once moisture is present, molds are easily created with the addition of oxygen and sufficient heat. Mold spores circulate in the air throughout the building. Even minute traces of mold can have serious health impacts.

YHC undertook to strengthen capacity within Yukon First Nations on how to recognize and respond to indoor air quality issues. This was accomplished through the exchange of information, presentations to individual First Nations, such as the Teslin Tlingit Council, on-site inspections for Kwanlin Dun and Carcross/Tagish First Nations, and the development of building specific investigative reports.



Activities	Benefits	Government priorities met
<ul style="list-style-type: none"> <li>• YHC presented information sessions</li> <li>• YHC performed on-site inspections</li> <li>• YHC prepared investigative reports</li> </ul>	<ul style="list-style-type: none"> <li>• raised public awareness of the severity of poor indoor air quality</li> <li>• capacity–building within Yukon First Nations</li> <li>• increased knowledge and technical experience on how to prevent and deal with the problem</li> <li>• investigative reports can be used to assist decision makers</li> </ul>	<ul style="list-style-type: none"> <li>• Quality of Life</li> <li>• Practising Good Government</li> </ul>



## Programs and Services

During the course of the fiscal year, Yukon Housing Corporation provided a comprehensive assortment of programs and services to Yukoners. The focus of the corporation continues to be in the areas of social and staff housing, education as well as consumer and corporate lending.

The following profiles detail the intent of the program or service, and where applicable, information on client uptake.

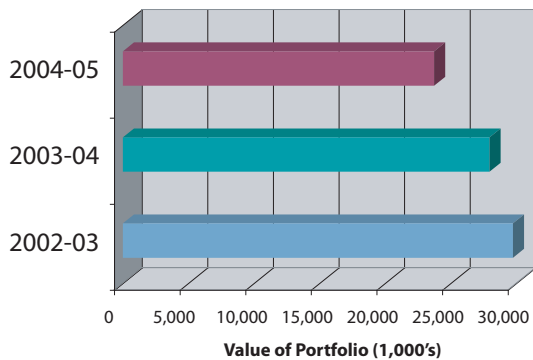


HOME OWNERSHIP PROGRAMS	Number of Applicants		
	2004-05	2003-04	2002-03
<b>Home Ownership (Mortgage Financing)</b> Provides conventional mortgage financing requiring only a 2.5% down-payment.	139	158	176
<b>Green Mortgage</b> Provides a reduced interest rate for energy-efficient homes for either a new home construction or an upgrade of an existing home.	14	5	10
<b>Owner-Build</b> Assists clients in building their own homes by providing construction financing for up to two years. The client contributes labour and takes YHC's self-help building course(s), unless they possess demonstrated project management skills.	7	4	11
<b>Home Completion</b> Provides funding for home owners in rural Yukon to complete home construction.	6	3	6
<b>Mobile-Home Equity Exchange</b> Assists mobile-home owners in rented stalls whose current living conditions are below standard.	0	0	1
<b>Mobile-Home Ownership</b> Works with the Mobile-Home Equity Exchange Program to assist low-income mobile-home owners in rented stalls to obtain home ownership on titled property.	0	1	0
<b>Mobile-Home Relocation</b> Assists mobile-home owners to relocate from a rented stall onto titled property.	0	0	2
<b>Extended Mortgage Guarantee</b> Provides Yukoners residing in rural communities with access to insured mortgage financing through local banks for new home construction. Combines existing mortgage insurance available through CMHC with mortgage insurance from YHC.	0	0	0

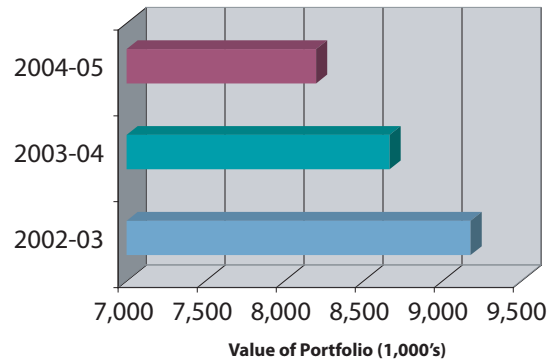
HOME REPAIR AND UPGRADE PROGRAMS	Number of Applicants		
	2004-05	2003-04	2002-03
<b>Home Repair</b> Provides low interest loans up to \$35,000 to bring homes up to current standards. Low-income households may also receive further assistance.	193	178	159
<b>Home Repair Enhancement</b> Assists those seeking over \$35,000 for repairs.	7	2	9
<b>Mobile-Home Upgrade and Emergency Repair</b> Assists mobile home owners located on rented property to make repairs to a minimum standard.	10	15	13
<b>Residential Energy Management</b> Assists home owners to replace existing electrical heating systems with an alternative system by providing low interest loans.	10	17	20

HOME REPAIR AND UPGRADE PROGRAMS	Number of Housing Audits		
	2004-05	2003-04	2002-03
<b>EnerGuide for Housing Audits</b> Assists clients in identifying repair and upgrade options that will save on energy costs. Private sector auditors trained by YHC conduct EnerGuide audits. Audit costs are cost-shared by YHC, Natural Resources Canada and the client.	174	713	349

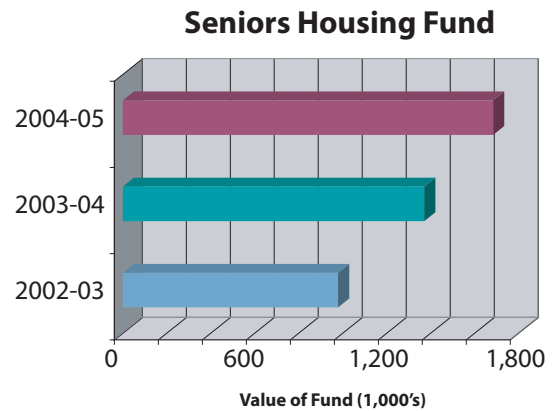
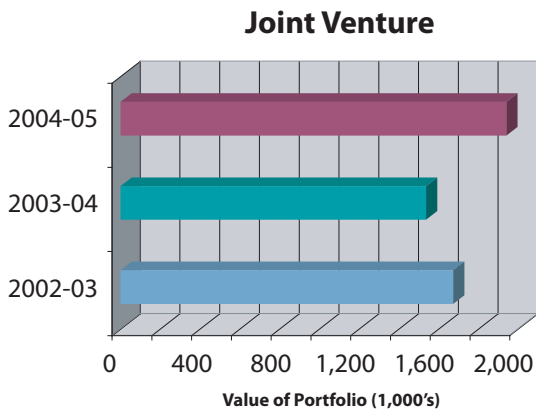
**Home Ownership**



**Home Repair & Upgrade**



INDUSTRY PARTNERING	Number of Applicants		
	2004-05	2003-04	2002-03
<b>Joint Venture</b> Increases the supply of modestly priced housing by entering into partnership with private sector developers for housing and/or development projects.	0	8	1
<b>Rental Rehabilitation</b> Assists landlords to upgrade rental accommodation to current standards, increase energy efficiency, and improve accessibility for seniors and those with disabilities.	5	6	5
<b>Rental Suite</b> Assists homeowners to build a rental suite where market conditions warrant or to upgrade an existing suite.	7	3	4



EDUCATION & TRAINING	Number of Applicants		
	2004-05	2003-04	2002-03
<b>HRAI Ventilation, Combo Heating and Heat Loss Calculation Series</b> These certification courses are offered to designers, installers and service people in the residential building industry, to provide upgrading to ventilation and heating equipment.	20	1	42
<b>EnerGuide and R-2000 Builder Updates and Workshops</b> These workshops cover the principles of building high quality, energy efficient, healthy homes.	3	N/A	43
<b>Self-Help Course</b> This course provides basic information/education on managing home construction and renovation. This course is co-sponsored with Yukon College.	23	10	16



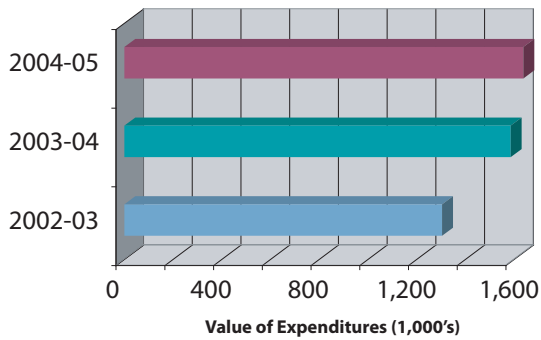


*Rick Laberge,  
A/Capital Projects Supervisor*



*Candace Thomas,  
Contract Administrator,  
Shared Services*

### Staff and Social Housing Maintenance

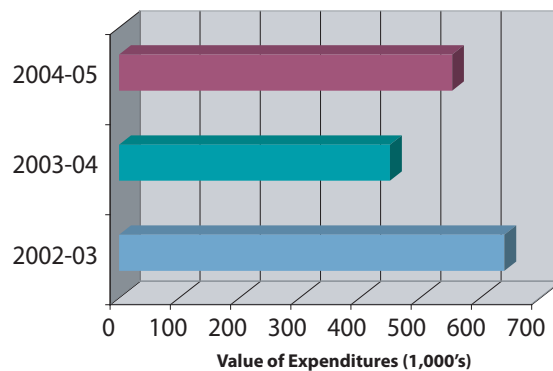


STAFF HOUSING PROGRAM	Number of Staff Housing Units		
	2004-05	2003-04	2002-03
Housing is rented to Yukon Government Employees in the following rural communities:			
<b>Beaver Creek</b>	3	3	2
<b>Carcross</b>	4	4	4
<b>Carmacks</b>	16	16	15
<b>Dawson City</b>	24	23	23
<b>Destruction Bay</b>	2	2	2
<b>Faro</b>	23	23	23
<b>Haines Junction</b>	6	6	6
<b>Mayo</b>	7	7	7
<b>Old Crow</b>	7	7	7
<b>Pelly Crossing</b>	6	6	7
<b>Ross River</b>	13	13	12
<b>Teslin</b>	10	10	9
<b>Watson Lake</b>	31	31	31
<b>Total:</b>	<b>152</b>	<b>151</b>	<b>148</b>



<b>SOCIAL HOUSING PROGRAM</b>	Number of Social Housing Units		
	2004-05	2003-04	2002-03
Housing is rented to eligible Yukon clients in the following communities:			
<b>Carcross</b>	6	6	6
<b>Carmacks</b>	18	18	18
<b>Dawson City</b>	66	66	66
<b>Haines Junction</b>	13	13	13
<b>Mayo</b>	23	23	23
<b>Ross River</b>	15	15	15
<b>Teslin</b>	13	13	13
<b>Watson Lake</b>	33	33	33
<b>Whitehorse</b>	316	321	324
<b>Total:</b>	<b>503</b>	<b>508</b>	<b>511</b>

**Staff and Social Housing Renovation and Rehabilitation**



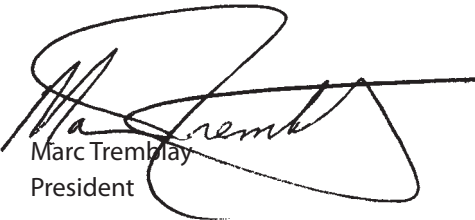
## Management's Responsibility for Financial Statements

The financial statements contained in this annual report have been prepared by management in accordance with Canadian generally accepted accounting principles, and 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 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 Management Committee reviews the audited financial statements with the external auditor before making recommendations to the Board of Directors for their approval.

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



Marc Tremblay  
President



Temes Cherinet  
Director, Finance and Administration

July 29, 2005





Auditor General of Canada  
Vérificatrice générale du Canada

To the Minister responsible for the  
Yukon Housing Corporation

I have audited the balance sheet of the Yukon Housing Corporation as at March 31, 2005 and the statements of equity, operations, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Housing Corporation Act*, I report that, in my opinion, these principles have been applied, except for the change in the method of accounting for amortization as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

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

A handwritten signature in black ink that reads 'Roger Simpson'.

Roger Simpson, CA  
Principal  
for the Auditor General of Canada

Vancouver, Canada  
July 29, 2005

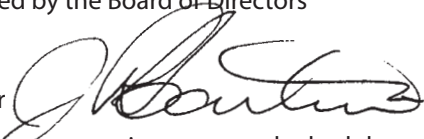
**Balance Sheet**  
**as at March 31, 2005**

	2005	2004
	In Thousands	
<b>Assets</b>		
<b>Current</b>		
Cash (Note 4)	\$ 3,994	\$ 60
Due from Canada Mortgage and Housing Corporation	282	279
Accounts receivable - other	660	818
Mortgages receivable - current portion (Note 5)	5,094	5,010
Housing held for sale (Note 6)	<u>1,038</u>	<u>1,786</u>
	11,068	7,953
Seniors' Housing Management Fund (Note 7)	1,684	1,334
Mortgages, agreements and loans receivable (Note 5)	35,244	38,933
Capital assets (Note 3 and 8)	<u>26,166</u>	<u>29,414</u>
	<u>\$ 74,162</u>	<u>\$ 77,634</u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable	\$ 1,456	\$ 1,542
Due to Government of Yukon	585	2,278
Current portion of long-term debt (Note 9)	<u>5,728</u>	<u>5,153</u>
	7,769	8,973
Seniors' Housing Management Fund (Note 7)	1,684	1,334
Employee future benefits (Note 10)	431	462
Deferred revenue	1,328	476
Deferred capital funding from Government of Yukon (Note 11)	6,763	6,907
Long-term debt (Note 9)	<u>40,139</u>	<u>41,474</u>
	58,114	59,626
<b>Equity</b>		
Equity of Government of Yukon	<u>16,048</u>	<u>18,008</u>
	<u>\$ 74,162</u>	<u>\$ 77,634</u>

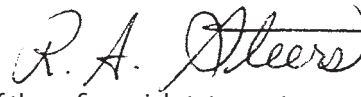
Commitments and contingencies (Note 15)

Approved by the Board of Directors

Director



Director



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

**Statement of Equity of Government of Yukon  
year ended March 31, 2005**

	2005	2004
	In Thousands	
Balance at beginning of year	\$ 18,008	\$ 21,658
Funding repaid to Government of Yukon (Note 12)	(1,960)	(3,650)
Balance at end of year	<u>\$ 16,048</u>	<u>\$ 18,008</u>

**Statement of Operations  
year ended March 31, 2005**

	2005	2004
	In Thousands	
<b>Revenues</b>		
Recoveries - cost-shared agreements	\$ 4,232	\$ 4,624
Rental income	3,333	3,380
Interest income	2,208	2,460
Recoveries - bad debts and other	-	42
	<u>9,773</u>	<u>10,506</u>
<b>Expenses</b>		
Program costs (Schedule)	4,415	4,832
Personnel	3,657	3,382
Interest on long-term debt	1,908	2,069
Amortization (Note 3)	3,927	1,503
Administration (Schedule)	636	700
	<u>14,543</u>	<u>12,486</u>
<b>Net results of operations before government funding</b>	(4,770)	(1,980)
<b>Government of Yukon funding</b>		
Operating grant	3,947	1,286
Amortization of deferred capital funding	823	694
	<u>4,770</u>	<u>1,980</u>
<b>Net results of operations after government funding</b>	<u>\$ -</u>	<u>\$ -</u>

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

**Statement of Cash Flows**  
**year ended March 31, 2005**

	2005	2004
	In Thousands	
<b>Operating activities</b>		
Net results of operations after government funding	\$ -	\$ -
Adjustment for non-cash items		
(Decrease) increase in employee future benefits	( 31)	74
Increase (decrease ) in deferred revenue	852	( 21)
Amortization of capital assets	3,927	1,503
Amortization of deferred capital funding	( 823)	( 694)
	<u>3,925</u>	<u>862</u>
Changes in non-cash components of working capital	<u>( 960)</u>	<u>( 120)</u>
<b>Cash flows from operating activities</b>	<u>2,965</u>	<u>742</u>
<b>Investing activities</b>		
Additions to housing projects	( 579)	( 178)
Additions to computer systems, furnishings, equipment and office building	( 99)	( 32)
Additions to mortgages and agreements receivable	( 6,513)	( 7,962)
Repayments of mortgages and agreements receivable	<u>10,202</u>	<u>13,666</u>
<b>Cash flows from investing activities</b>	<u>3,011</u>	<u>5,494</u>
<b>Financing activities</b>		
Repayment of long-term debt - rental housing units and office building	( 1,145)	( 1,064)
Land sales payable to Yukon Government	1,190	-
Repayment and reduction of long-term debt - other	( 806)	( 1,873)
Funding for the acquisition of capital assets	679	205
Funding repaid to Government of Yukon (Note 12)	<u>( 1,960)</u>	<u>( 3,650)</u>
<b>Cash flows used in financing activities</b>	<u>( 2,042)</u>	<u>( 6,382)</u>
<b>Increase (decrease) in cash</b>	3,934	( 146)
<b>Cash at beginning of year</b>	<u>60</u>	<u>206</u>
<b>Cash at end of year</b>	<u>\$ 3,994</u>	<u>\$ 60</u>
<b>Supplemental Disclosure of Cash Flows Information</b>		
Interest paid	\$ 1,908	\$ 2,085
Interest received	2,208	2,496

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



## Notes to the Financial Statements year ended March 31, 2005

### 1. Authority and mission

Yukon Housing Corporation (the "Corporation") was established in 1972 by the *Housing Corporation Act* of the Yukon Territory to undertake and assist in the provision, development, maintenance and management of housing.

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

In carrying out its mission, the Corporation provides low rental housing which generates operating losses. The Corporation also provides loans for the purpose of housing. The Corporation is dependent on the Government of Yukon for funding its operations.

### 2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies follow:

(a) Grant provided by Government of Yukon

The *Housing Corporation Act* authorizes the Government of Yukon to pay the Corporation an operating grant equal to the net loss from operations. The net loss from operations is equal to the Net results of operations before government funding less the Amortization of deferred capital funding, in the statement of operations. The portion of the funding used to purchase depreciable assets is recorded as deferred capital funding and amortized on the same basis and over the same periods as the related capital assets. Funding provided in excess of the operating grant is recorded as equity.

(b) Mortgages, agreements and loans receivable

Under the Home Repair Program, the Corporation may subsidize a debtor's repayment. These subsidies, reviewed annually, are based on the debtor's ability to pay. Mortgages receivable under the Home Repair Program are stated at estimated realizable value after providing allowances for payment subsidies.

Mortgages receivable under the Home Ownership Program are fully secured and are recorded at cost.

Mortgages receivable under the Rural and Native Housing Home Ownership Programs are stated at cost. Under the Social Housing Agreement (SHA) 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 mortgage; CMHC annual cost-shared funding provided to the Corporation includes an amount for subsidies.

Based on historical loss experience, management considers it necessary to establish an allowance for impaired loans. Loans are classified as impaired when: (1) the Corporation no longer has reasonable assurance of timely collection of the full amount of principal and interest due or (2) payments are 90 days or more in arrears, except in those cases where, in the opinion of management, there is justification to continue to accrue interest. Where appropriate, an impaired loan allowance has been established to adjust the loan carrying value to the net realizable amount.

Land sales agreements, which pertain to loans receivable from lots sold to purchasers for residential, commercial and recreational purposes, are recorded at cost.

(c) Housing held for sale

The development of Mountain View Place, consisting of titled mobile housing lots, is valued at the lower of cost and net realizable value.

Housing held for sale includes houses repossessed under the Home Ownership Program and the Rural and Native Housing Home Ownership program. These houses are recorded at the lower of cost and net realizable value.

(d) Capital assets

Capital assets are valued at cost, net of contributions from outside agencies and accumulated amortization. Interest on loans during construction of capital assets is capitalized.

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

Social housing projects	35 years
Social housing betterment not financed by long-term debt	15 years
Staff housing projects and other facilities:	
Standard construction	35 years
Mobile home units	15 years
Office building	20 years
Other facilities	15 years
Furnishings and equipment	5 years
Computer systems	3 years

(e) Deferred revenue

Deferred revenue are recognized as follows:

Deferred revenue consists of funding received from Yukon Development Corporation to assist in funding a residential energy management initiative. Revenue for the energy management initiative is recognized as loan advances are given to clients, and CMHC funding will be recognized when housing related projects are undertaken or losses are incurred on the interest and mortgage guarantees.

Funding provided by Canada Mortgage and Housing Corporation (CMHC) under the Social Housing Agreement for future housing related projects and losses on interest and mortgage guarantees will be recognized on a straight line basis over the remaining life of the agreement. Any CMHC funding not expended will be recognized as related future expenses are incurred.

Funding provided by CMHC for the affordable housing program in the current year will be recognized when the Corporation becomes responsible for certain senior housing units in 2007/2008.

(f) Employee future benefits

Employee future benefits - other non-pension benefit plans

Under the conditions of employment, employees of the Corporation qualify for and earn employment benefits for vacation, sick and compensatory leave, travel bonus and severance benefits. The benefit obligation was determined on an actuarial basis. The obligation was calculated using the projected benefit method prorated on service.

## (f) Employee future benefits (continued)

## Pensions

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 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.

## (g) Asset retirement obligations

Pursuant to the Canadian Institute of Chartered Accountants new section 3110 the fair value of liabilities for asset retirement obligations is recognized in the period they are incurred. The fair value is added to the carrying amount of the associated asset and depreciated over the asset's useful life. The Corporation is in the process of making an inventory of all potential asset retirement obligations. If a legal obligation is found to exist, and a reasonable estimate can be made it will be booked in the future periods.

## (h) Recoveries - cost-shared agreements

Under the Social Housing Agreement signed with Canada Mortgage and Housing Corporation (CMHC) in 1998, the Corporation has entered into cost-sharing agreements whereby operating deficits of certain housing projects are cost shared with CMHC. The Corporation has also entered into cost-sharing agreements to share the operating deficits of certain housing projects with the City of Whitehorse.

## (i) Mortgage interest recognition

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

## (j) Rental and funding income recognition

Income from rentals and funding from Canada Mortgage and Housing Corporation are recorded on an accrual basis.

## (k) Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could significantly differ from these estimates. Estimates are used when accounting for matters such as impaired loans, allowances for payment subsidies for Home Repair Loans, amortization, employee future benefits and contingencies.

**3. Change in Accounting Policy**

In prior years, the Corporation amortized the cost of social units using the sinking fund method based on the principal repayment of associated debt. The Corporation changed the method of amortization to conform with the recommendations of the Canadian Institute of Chartered Accountants (CICA) and adopted a straight-line method of amortization over the estimated useful lives of the units .

In accordance with the CICA's Section 1100-Generally accepted accounting principles, the change has been applied prospectively. The effect of the change in amortization method was to increase amortization expense by \$2,463,187 in the Statement of operations in the current year.

**4. Cash**

The Corporation has an operating demand overdraft facility with its banker of up to \$11,000,000 at bank prime. At year-end, the bank prime rate was 4.25% (2004 - 4.00%). The overdraft facility is guaranteed by Government of Yukon.

**5. Mortgages, agreements and loans receivable**

	Stated % interest rates	2005	2004
		In Thousands	
Mortgages Receivable			
Home Ownership	3.19 -8.25	\$ 23,718	\$ 27,944
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 2010. Rural and Native Home Ownership mortgages receiving subsidies (see Note 2 b) at March 31, 2005 were \$1,843,302 (March 31, 2004 - \$1,991,000).			
Owner Build	0 - 6.75	2,453	2,703
Loans with terms up to five years, secured by registered charges against real property, at fixed rates of interest ranging from 0% to the full Home Ownership mortgage rate with maturities up to 2010.			
Repair & Upgrade	1.00 - 8.25	8,191	8,664
Loans with terms up to twelve years, secured by registered charges against real property or chattel mortgages, repayable in blended weekly, bi-weekly or monthly payments at fixed rates of interest with maturities up to 2016. Mortgages receiving subsidies and forgiveness at March 31, 2005 were \$1,539,562 (March 31, 2004 - \$2,082,390).			



**5. Mortgages, agreements and loans receivable, continued**

	Stated % interest rates	2005	2004
		In Thousands	
Energy Management	1.00 - 2.75	\$ 234	\$ 397
Loans with terms up to six years, secured by registered charges against real property or chattel mortgages, repayable in blended monthly payments at fixed rates of interest with maturities up to 2011.			
Joint Venture	1.90 - 6.75	1,940	1,483
Loans with terms up to 18 years, secured by registered charges against real property or general security agreements, repayable in blended monthly payments at fixed rates of interest with maturities up to 2022.			
Subtotal mortgages receivable		\$ 36,536	\$ 41,191
Less: Allowances for payment subsidies for Home Repair loans		1,153	1,230
Less: Allowances for impaired loans		93	93
Total mortgages receivable		35,290	39,868
Land sales agreements receivable	4.75 - 8.50	5,048	4,075
Loans on residential, commercial and recreational lots, repayable in blended annual payments at fixed rates of interest with maturities up to 2010.			
Total mortgages, agreements and loans receivable		40,338	43,943
Less: Current portion		5,094	5,010
		<u>\$ 35,244</u>	<u>\$ 38,933</u>

These investments earn interest at the following weighted average rates:

	2005	2004
Mortgages receivable	5.20%	5.61%
Land sales agreements receivable	5.13%	5.69%

**6. Housing held for sale**

	2005	2004
	In Thousands	
Mountain View Place	\$ 535	\$ 1,568
Other housing inventory	503	218
	<u>\$ 1,038</u>	<u>\$ 1,786</u>

**7. Seniors' Housing Management Fund**

The Seniors' Housing Management Fund was established under section 7 of the *Housing Corporation Act* to provide for the future housing needs of Yukon's seniors. The Government of Yukon approved the establishment of the Fund in October 2000.

The Fund receives Government of Yukon funding through an annual appropriation and an appropriation equal to interest revenue generated by the Corporation's Green Mortgage Program and interest revenue earned on monies held within the Fund. The Corporation has not yet secured Government of Yukon approval on the parameters for the operation of the fund; there have been no payments made out of the Fund.

Changes in the Seniors' Housing Management Fund are as follows:	2005	2004
	In Thousands	
Balance at beginning of year	\$ 1,334	\$ 979
Government of Yukon annual appropriation	100	100
Government of Yukon appropriation equal to interest revenue earned on Green Mortgage Program	219	225
Interest revenue earned on monies held within the Fund	31	30
Balance at end of year	\$ 1,684	\$ 1,334

**8. Capital assets**

			2005	2004
			In Thousands	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Social housing	\$ 33,104	\$ 16,810	\$ 16,294	\$ 19,587
Staff housing	12,592	5,575	7,017	6,925
Office building	1,802	489	1,313	1,383
Land	1,389	-	1,389	1,389
Other facilities	764	715	49	59
Furnishings and equipment	186	154	32	44
Computer systems	977	905	72	27
	\$ 50,814	\$ 24,648	\$ 26,166	\$ 29,414

Canada Mortgage and Housing Corporation (CMHC) funding used to purchase capital assets is deducted from the cost of the asset. CMHC funding allocated to capital assets during 2005 was \$250,000 (2004 - \$250,000).

**9. Long-term debt**

	Stated % interest rates	2005	2004
		In Thousands	
Mortgages payable (guaranteed by the Government of Yukon)	4.98 - 12.50	\$ 18,635	\$ 19,421
Loans with a variety of terms, secured by fixed charges against housing projects, repayable in blended monthly payments at fixed rates of interest and with maturities up to 2023.			
CMHC loans (guaranteed by the Government of Yukon)	5.00 - 13.25	4,194	4,387
Loans repayable in blended annual payments at fixed rates of interest to maturity, and with maturities up to 2028.			
Loans payable - Government of Yukon	0.00	17,145	17,764
Repayable without interest in periodic installments to 2028.			
Land sales agreements due to Government of Yukon	0.00	5,893	5,055
Repayable without interest in equal periodic installments to 2009.			
Total long-term debt		45,867	46,627
Less: Current portion		5,728	5,153
		<u>\$ 40,139</u>	<u>\$ 41,474</u>

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

	2005	2004
Mortgages payable	8.25%	8.25%
CMHC loans	8.78%	8.80%

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

	CMHC Loans	Mortgages	Government of Yukon Loans	Land Sales Agreements	Total
	In Thousands				
2006	\$ 210	\$ 853	\$ 618	\$ 4,047	\$ 5,728
2007	230	934	618	552	2,334
2008	251	1,012	618	551	2,432
2009	275	1,082	618	414	2,389
2010	301	1,293	618	339	2,551

**10. Employee future benefits**

	2005	2004
	In Thousands	

Other non-pension benefit plans

The Corporation provides non-pension benefits to its employees based on years of service and salary. Employee future benefits are a defined benefit plan and are not funded. There are no assets resulting in a plan deficit equal to the accrued benefit obligation. The results measured at the balance sheet date are summarized as follows:

Accrued benefit liability, beginning of year	\$ 586	\$ 650
Add: Cost for the year	159	54
Less: Benefits paid by Yukon Housing	(135)	(47)
Unamortized experience gains	(63)	(71)
Accrued benefit liability, end of year	\$ 547	\$ 586
Accrued Benefits Liability Payable		
Short-term portion, included in accounts payable	\$ 116	\$ 124
Long term portion	431	462
	\$ 547	\$ 586

The significant actuarial assumptions were:

Discount rate	6.0%	6.0%
Salary escalation rate	2.5%	2.5%
Annual rate of inflation	2.5%	2.5%

The most recent actuarial valuation made for these non-pensions benefit plans was as of March 31, 2003. The next required valuation would be as of March 31, 2006.

Pensions

The Corporation and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index.

Contributions during the year were as follows:

Employer's contribution	\$ 207	\$ 254
Employees' contribution	98	121



**11. Deferred capital funding from Government of Yukon**

Deferred capital funding represents the unamortized portion of Government of Yukon funding used to purchase depreciable capital assets.

Changes in the deferred capital funding balance are as follows:

	<u>2005</u>	<u>2004</u>
	In Thousands	
Balance at beginning of year	\$ 6,907	\$ 7,396
Add: funding used to purchase depreciable capital assets	679	205
Less: amortization	(823)	(694)
Balance at end of year	<u>\$ 6,763</u>	<u>\$ 6,907</u>

**12. Funding repaid to Government of Yukon**

	<u>2005</u>	<u>2004</u>
	In Thousands	
Cash advances from Government of Yukon	\$ 3,160	\$ 4,047
Repayment of advances	-	(3,905)
Operating grant	(3,947)	(1,286)
Funding used to purchase capital assets (Note 11)	(679)	(205)
Funding invested in Seniors' Housing Management Fund	(350)	(355)
Cash operating advances refunded to Government of Yukon	(144)	(1,946)
Funding repaid to Government of Yukon	<u>\$ (1,960)</u>	<u>\$ (3,650)</u>

### 13. Financial instruments

The fair values of the financial instruments were determined using the present value of future cash flows discounted at the March 31, 2005 average market rate for mortgages and loans with similar maturities.

The balances in Due from Canada Mortgage and Housing Corporation, Accounts receivable - other, Accounts payable and Due to Government of Yukon are non-interest bearing and have fair values that approximate their carrying amount due to their short term to maturity.

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

	2005		2004	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term investments				
Mortgages receivable net of allowances for payment subsidies on Home Repair loans and loan impairments	\$ 35,290	\$ 34,504	\$ 39,868	\$ 40,291
Land sales agreements receivable	5,048	4,708	4,075	4,171
	<u>\$ 40,338</u>	<u>\$ 39,212</u>	<u>\$ 43,943</u>	<u>\$ 44,462</u>
Long-term debt				
Mortgages payable	\$ 18,635	\$ 19,435	\$ 19,421	\$ 20,331
CMHC loans	4,194	4,450	4,387	4,978
Loans payable - Government of Yukon	17,145	7,642	17,764	7,655
Land sales agreements due to Government of Yukon	5,893	5,427	5,055	4,734
	<u>\$ 45,867</u>	<u>\$ 36,954</u>	<u>\$ 46,627</u>	<u>\$ 37,698</u>

These financial instruments do not have active markets. The fair value of these instruments may not reflect realizable amounts.

The balances in Due from Canada Mortgage and Housing Corporation, Accounts receivable - other, Accounts payable and Due to Government of Yukon are the result of transactions incurred in the normal course of business and have no significant credit risks.

Until settled, the fair value of mortgages, agreements and loans receivable will fluctuate based on changes in interest rates. Management believes that unrealized losses are short term in nature and the carrying amount of mortgages, agreements and loans receivable will be fully recovered. In the event there are any unrealized gains and losses on these financial instruments, they will be included in the statement of operations when realized.

**14. Related party transactions**

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

The Corporation is party to a Shared Services arrangement with two other government organizations which consolidates functions such as finance and administration, policy and human resources services. 2005 is the first full year of operations for the shared services group for Finance, Systems & Administration with a signed agreement and second year for Human Resources and Policy and Communications . The amount charged by the Government of the Yukon to the Corporation for shared services for the year 2005 was \$1,402,000 (2004- \$1,445,798). These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**15. Commitments and contingencies**

	2005	2004
	In Thousands	
Outstanding contractual obligations to complete the funding of mortgages receivable as at March 31.	\$ 1,044	\$ 1,591
Subsidies to private social housing organizations	428	428

Pursuant to a Supreme Court of the Yukon Territory court order, the Corporation was appointed Receiver/Manager of an independent third party entity the Whitehorse Housing Co-operative Association Limited effective December 9, 2003.

Pursuant to an agreement signed with Canada Mortgage and Housing Corporation in 1998, the Corporation is liable for a mortgage payable by the Whitehorse Housing Co-operative in 2005 for \$1,301,033 (2004-\$1,341,000) if it goes into default. Management believes that they will be able to repay the mortgage in full through the sale of the houses (against which the mortgage is made) in the event of default.

The Corporation insures all capital assets that are quadruplexes and up. This accounts for 247 out of 655 units in total with a net book value of \$14,909,162. The balance of units are self insured with the Government of Yukon.

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

**16. Mortgage guarantees**

The cost of house construction often exceeds the market value of that house in Yukon communities. Canada Mortgage and Housing Corporation provides mortgage insurance for up to 95% of the market value of a new home. Under the Extended Mortgage Guarantee Program, the Corporation will insure for up to 95% of the cost of a new house, therefore enabling rural Yukon residents to have access to insured mortgage financing.

The contingent liability for mortgage guarantees under this program as at March 31, 2005 is \$163,000 (2004 - \$163,000).

**17. Government of Yukon transfer payments**

The following table reconciles funding provided by the Government of Yukon as shown in these financial statements to that recorded by the Government in its Public Accounts.

	2005	2004
	In Thousands	
Government of Yukon - Operations and Maintenance transfer payment		
Net results of operations before government funding	\$ 4,770	\$ 1,980
Add recovery - Mountain View Place inventory valuation allowance	173	43
Less amortization	(3,927)	(1,503)
Less Program costs - Other		
Home Repair mortgage provision for payment subsidies expense	(155)	(140)
Add Seniors' Housing Management Fund investment - Government of Yukon appropriation (equal to interest earned on Green Mortgage Program and monies held within the fund)	250	255
	<u>\$ 1,111</u>	<u>\$ 635</u>
Government of Yukon - Operations and Maintenance transfer payment		
Government of Yukon - Capital transfer payment		
Recovery of Mountain View Place inventory valuation allowance	(173)	(43)
Program costs - Other		
Home Repair mortgage provision for payment subsidies expense	155	140
Add Seniors' Housing Management Fund investment - Government of Yukon appropriation	100	100
Add funding provided to repay principal portion of long term debt	1,145	1,064
Add funding provided to purchase depreciable capital assets (Note 11 and 12)	679	205
	<u>\$ 1,906</u>	<u>\$ 1,466</u>
Government of Yukon - Capital transfer payment		

**18. Comparative figures**

Certain comparative figures for 2004 have been reclassified to conform with the 2005 presentation.



**Schedule of Program Costs and Administration Expenses  
year ended March 31, 2005**

	2005	2004
	In Thousands	
<b>Program costs</b>		
<b>Housing operations</b>		
General maintenance	\$ 1,559	\$ 1,601
Utilities	1,267	1,241
Property taxes	485	480
Subsidies - Private social housing organizations	421	475
Direct lending program administration	211	434
Garbage collection and janitorial	160	114
Insurance	135	93
Property rentals	105	144
Housing program administration	22	73
Bad debts - housing operations including rental tenants	48	37
	4,413	4,692
<b>Other</b>		
Home Repair mortgage provision for payment subsidies expense	155	140
Non-recoverable land development costs	(173)	-
Housing project improvements	20	-
	2	140
	<u>\$ 4,415</u>	<u>\$ 4,832</u>
<b>Administration expenses</b>		
Rentals - office and equipment	\$ 203	\$ 220
Professional fees	106	112
Travel and transportation	88	104
Computer services	81	101
Communications	74	73
Office and sundry	50	43
Boards and committees	26	27
Program promotion	9	20
	<u>\$ 636</u>	<u>\$ 700</u>

**Schedule of Bad Debt Write-offs  
year ended March 31, 2005**

Tenant Receivables Written Off	Amount	Outstanding from
Fox, Tasha	\$ 1,062	2002
McMahon, Sean	6,175	2001
Stimson, Michelle	3,608	2001
Total accounts written off in the year ended March 31, 2005	<u>\$ 10,845</u>	
Total accounts written off in the year ended March 31, 2004	58,664	
Total accounts written off in the year ended March 31, 2003	27,487	

The Corporation is disclosing bad debts written off as required by subsection 14(4) of the *Financial Administration Act*.



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