

# ANNUAL REPORT

FOR THE YEAR ENDED MARCH 31, 2004



**Yukon**  
Community Services  
Yukon Housing Corporation  
Yukon Liquor Corporation



**Yukon Housing Corporation  
Annual Report for the year ended March 31, 2004**

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

Dear Mr. Kenyon,

I am pleased to submit the Annual Report of the Yukon Housing Corporation for the year ended March 31<sup>st</sup>, 2004. Included in the report are the results-focused narratives, an overview of programs and services, and the financial statements from the Auditor General of Canada.

Respectfully,

A handwritten signature in blue ink that reads "Rudy Couture". The signature is fluid and cursive.

Rudy Couture  
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 behaviour
- innovate and continually improve service

## Report from the Chair

On behalf of the Board of Directors of Yukon Housing Corporation (YHC), I am pleased to submit the following report highlighting some of the major initiatives during the past year.

The members of the Yukon Housing Corporation Board of Directors were encouraged by the continued sale of lots at MountainView Place. The mobile-home park was originally developed to ensure the availability of affordable lots for mobile-home owners. These lots have proven to be an affordable alternative for a number of young families in Whitehorse.



*J. Rudy Couture  
Chair*



During the year, the Board of Directors approved an application under the Joint Venture Program to assist in the financing of a new housing initiative for seniors in Whitehorse. For the first time, a developer has integrated the Corporation's Green Home and Accommodating Home standards in the construction of senior-friendly homes. The ten-unit home ownership project will be built during the upcoming construction season with occupancy scheduled for the Fall of 2004.

I am pleased to report that the Yukon was the first jurisdiction in the country to meet its evaluation obligations under the terms of Yukon Housing Corporation's Social Housing Agreement with Canada Mortgage and Housing Corporation (CMHC).

The evaluation focused on the effectiveness of the Social Housing program, its future relevance, as well as recommendations on addressing significant issues such as life-cycle maintenance, a replacement strategy and the suitability of the housing units for an aging population.

During 2003, Yukon Housing Corporation commenced a review of its Home Repair Program.

The intent of the review is to determine how well the program has met its original objectives, what its future relevance will be, and to present a series of options highlighting potential changes to the program.

The implementation of the Affordable Housing Agreement continues to be of interest to the Board of Directors. Originally signed in 2002, the agreement provided YHC up to \$5.5 million in CMHC funding for the development of affordable housing initiatives. The YHC Board of Directors has recently provided their support to expand the agreement to include new programs. It is expected that an expanded Affordable Housing Program will be launched in late 2004.

During the course of the year, modifications were made to existing programs to better reflect the needs of clients. The calculation of income for social housing tenants was amended to exclude the child support payments that are received by the tenant and Home Ownership Program clients can now refinance with another financial institution without incurring 'buy-out' penalties.

In closing, I would like to express gratitude to all individuals who served on the YHC Board of Directors as well as local Housing Advisory Boards. Their assistance and commitment to their communities is greatly appreciated.

I would also like to commend the Government of Canada for addressing the housing needs of Yukoners, through a co-operative and results-oriented approach. I wish to thank Canada Mortgage and Housing Corporation, Natural Resources Canada and the National Research Council Canada for their assistance.

And finally, I would like to extend a special thank you to the staff of Yukon Housing Corporation and to the staff of Shared Services in Community Services. All involved continue to provide high quality service to Yukoners.

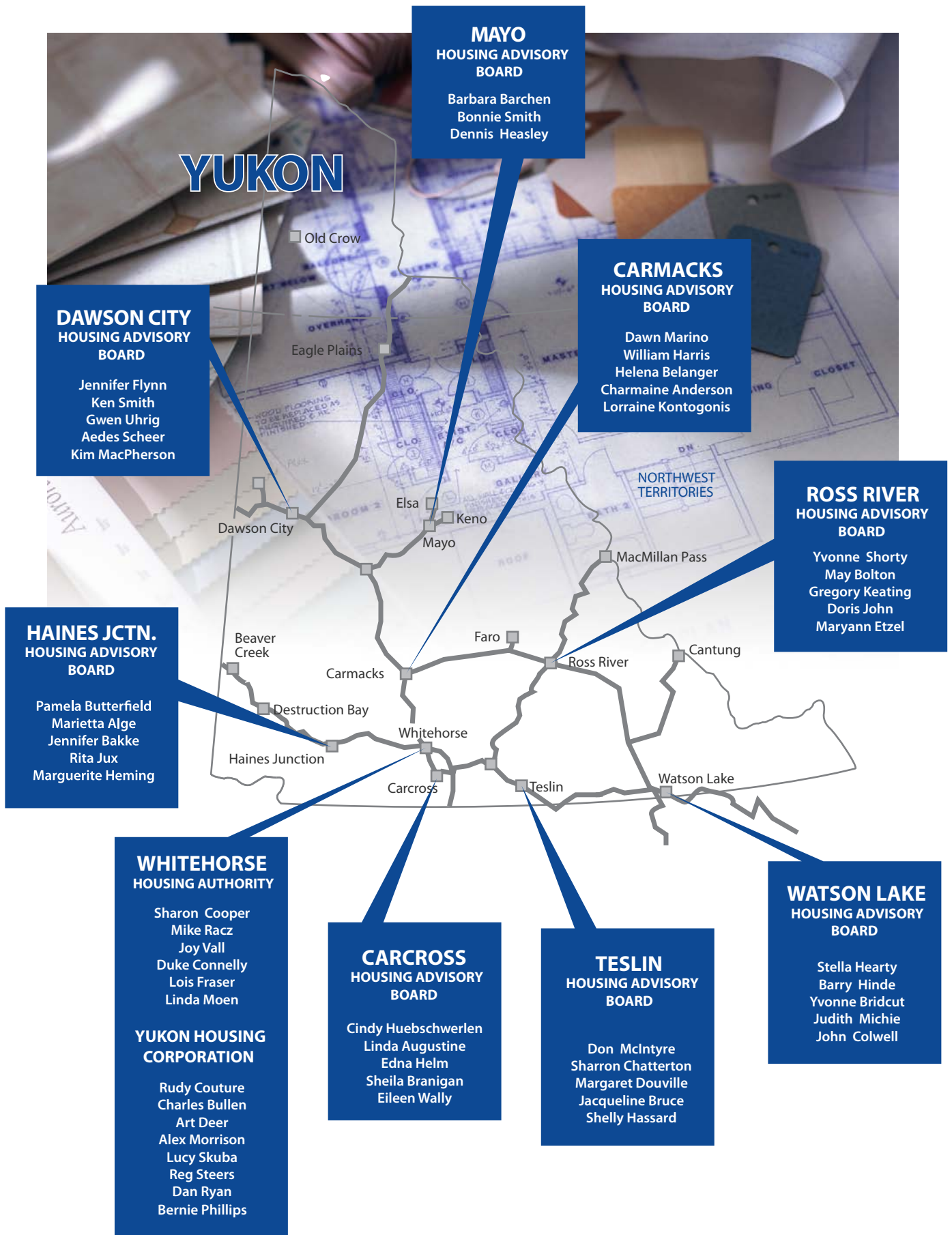
Sincerely,



J. Rudy Couture  
Chair



Staff of  
Whitehorse Housing Authority



## Corporate Profile

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

The role of the Corporation is to:

- a) help Yukon residents obtain appropriate accommodation;
- b) cooperate with the housing industry in meeting the housing needs of Yukoners;
- c) foster community participation in the design, development and delivery of housing programs; and
- d) administer the Government of Yukon staff housing and employee buy-back programs.

The Corporation is accountable to the citizens of 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.

In April 2002, the new Department of Community Services was established and received 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. All three organizations report to the same Minister and to the same Deputy Minister. The Deputy Minister is also President of the Yukon Housing Corporation.

The organizations share corporate services in the areas of Human Resources, Finance, and Policy and Communications. The resources are consolidated to achieve a consistent level of service, administration, and communication. Shared Services for Human Resources was implemented in the 2002-03 fiscal year, while the two remaining service areas came on stream during the 2003-04 fiscal year.



*Bill Greer, Technical Officer*





## Report on Strategic Initiatives

In February 2003, the Yukon Government articulated its strategic priorities through the Speech from the Throne. The government identified eight strategic priorities and the following are examples of how Yukon Housing Corporation assisted in the overall attainment of 3 of these priorities.



Louise Legault, Program Officer



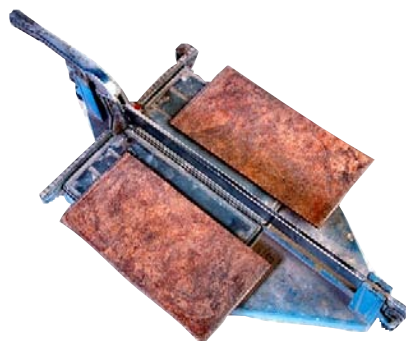
### Achieving a Better Quality of Life

YHC is the provider of over 500 social housing units to low-income Yukoners and the program effectively ensures a safety net for those with the greatest need. Housing is often described as a basic human need, so it is increasingly important to determine if the social housing program is addressing the needs of Yukoners.

It is also important to ascertain if the program assists Yukon families, individuals, seniors and those with disabilities to achieve a better quality of life. To this end, YHC initiated an evaluation of the Social Housing program and in March 2004, the corporation received the preliminary results of the evaluation.

An integral component of the evaluation was a random survey of tenants to ascertain their opinions on the housing provided by YHC as well as areas for suggested improvements.

- In terms of state of repair, about 64% of Whitehorse tenants gave an "excellent" or "good" rating compared to 73% of rural tenants
- Most clients, 77%, were either "very satisfied" or "satisfied" with their current housing while less than 10% indicated they were "dissatisfied" or "very dissatisfied"
- The most significant areas of tenant concern were directed at ventilation and comfort in winter. The most positive ratings highlighted the number of bedrooms, the size of dwellings and the location of the dwellings
- In terms of affordability 60% indicated that their current housing is "much better" or "somewhat better", 24% indicated that their costs are about the same while 16% indicated it was "somewhat worse" or "much worse"



These are very significant findings for Yukon Housing Corporation. The tenants participating in the social housing program have for the most part confirmed that their housing is affordable, suitable and adequate. Furthermore, the Social Housing program effectively addresses the housing needs of low-income Yukoners and in turn assists with the government priority of achieving a better quality of life.

During the 2004-05 fiscal year, and those that follow, YHC will develop responses to the recommendations submitted by the consultants. Notable examples include the improved maintenance and general condition of the portfolio, rehabilitation and replacement strategies, and improved client service.

The corporation will also begin to reconfigure the portfolio to meet the needs of changing demographics. As the Yukon population ages, additional focus on the housing needs of seniors and those with disabilities will increase in significance for the corporation.

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

Yukon Housing Corporation has been working pro-actively with Yukon First Nations to assist them with their housing needs. In 2003-04, YHC assisted by coordinating Northern Housing EnerGuide projects with the following Yukon First Nations:

- Kwanlin Dun
- Carcross-Tagish
- Champagne Aishihik
- Teslin Tlingit

In total, 436 energy audits were completed which subsequently led to the development of comprehensive management plans that each First Nation could implement and use in a pro-active manner when dealing with their housing needs.

Opportunities are now present to derive economies of scale through innovative purchasing practices and assisting in the development of multi-year capital plans. Their plans also provide accurate information on what repairs have been completed, and what remains to be done. It will also serve as a strategic resource for the First Nations when applying for funds to Federal Agencies.



**Rebuilding the Economy**

The Yukon Government continues to be focused upon improving the Yukon’s economy. The Yukon Housing Corporation is complementing the government’s economic mandate by stimulating growth and fostering a vibrant housing industry. The ability and opportunity to generate new activity within the housing industry is one of the key measurements of success for the corporation.

Through the Northern Housing EnerGuide projects, the contributing departments, Indian Affairs and Northern Development along with Natural Resources Canada (NRCan), provided in excess of \$450,000 in funding to complete the auditing process. Significant funding was then accessed by four Yukon First Nations under the auspices of DIAND’s New Home Initiative.

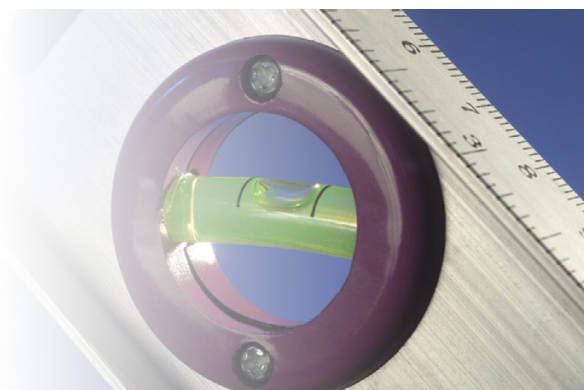
Private sector residential energy auditors, local contractors, tradespersons and building suppliers took part in this new economic activity. This helped to generate new direct and indirect employment as well as significant retail purchases. When this level of new economic activity is combined with the economic impact of YHC’s lending programs it demonstrates how YHC has assisted the Yukon Government’s strategy of improving the economy.



## 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.



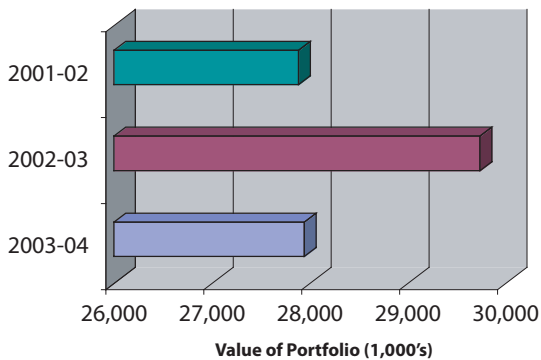
HOME OWNERSHIP PROGRAMS	Number of Applicants		
	2003-04	2002-03	2001-02
<b>Home Ownership (Mortgage Financing)</b> Provides conventional mortgage financing requiring only a 2.5% down-payment	158	176	182
<b>Green Mortgage</b> Provides a reduced interest rate for energy-efficient homes for either a new home construction or an upgrade of an existing home.	5	10	8
<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.	4	11	11
<b>Home Completion</b> Provides funding for home owners in rural Yukon to complete home construction.	3	6	6
<b>Mobile-Home Equity Exchange</b> Assists mobile-home owners in rented stalls whose current living conditions are below standard.	0	1	0
<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.	1	0	6
<b>Mobile-Home Relocation</b> Assists mobile-home owners to relocate from a rented stall onto titled property.	0	2	0
<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		
	2003-04	2002-03	2001-02
<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.	178	159	161
<b>Home Repair Enhancement</b> Assists those seeking over \$35,000 for repairs.	2	9	10
<b>Mobile-Home Upgrade and Emergency Repair</b> Assists mobile home owners located on rented property to make repairs to a minimum standard	15	13	19
<b>Residential Energy Management</b> Assists home owners to replace existing electrical heating systems with an alternative system by providing low interest loans.	17	20	19

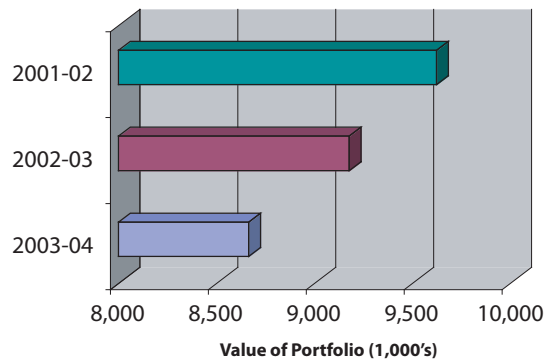
HOME REPAIR AND UPGRADE PROGRAMS	Number of Housing Audits		
	2003-04	2002-03	2001-02
<b>EnerGuide for Housing Audits</b> Assists clients in identifying repair and upgrade options that will save on energy costs. Private sector auditors trained by YHC conduct EnerGuide audits. Audit costs are cost-shared by YHC, Natural Resources Canada and the client.	713	349	142



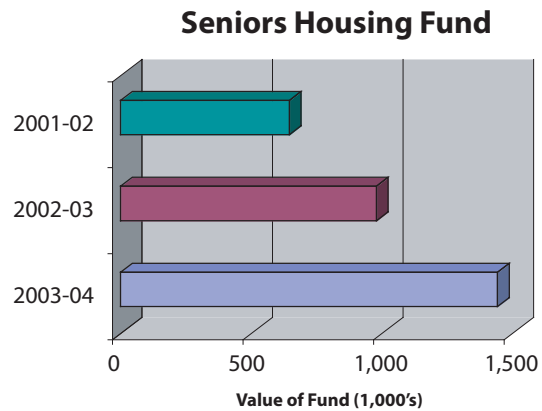
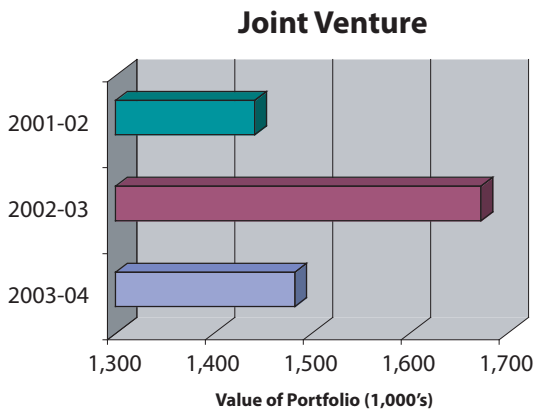
**Home Ownership**



**Home Repair**



INDUSTRY PARTNERING	Number of Applicants		
	2003-04	2002-03	2001-02
<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.	8	1	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.	6	5	10
<b>Rental Suite</b> Assists homeowners to build a rental suite where market conditions warrant or to upgrade an existing suite.	3	4	5



EDUCATION & TRAINING	Number of Applicants		
	2003-04	2002-03	2001-02
<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	1	42	45
<b>EnerGuide and R-2000 Builder Updates and Workshops</b> These workshops cover the principles of building high quality, energy efficient, healthy homes.	N/A	43	40
<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.	10	16	0

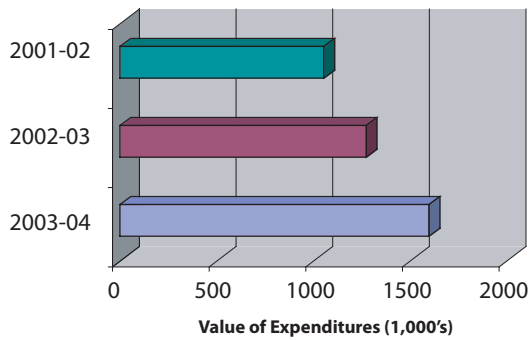


Howard MacDonald,  
Technical Officer



Heather Doucet,  
Program Officer

### Staff and Social Housing Maintenance

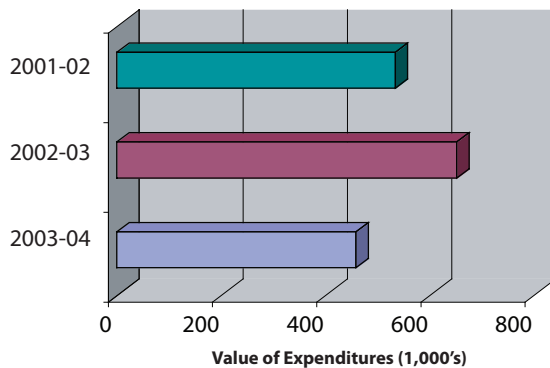


STAFF RENTAL PROGRAM	Number of Staff Housing Units		
	2003-04	2002-03	2001-02
Housing is rented to Yukon Government Employees in the following rural communities:			
<b>Beaver Creek</b>	3	2	2
<b>Carcross</b>	4	4	4
<b>Carmacks</b>	16	15	15
<b>Dawson City</b>	23	23	23
<b>Destruction Bay</b>	2	2	2
<b>Faro</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	7	7
<b>Ross River</b>	13	12	12
<b>Teslin</b>	10	9	9
<b>Watson Lake</b>	31	31	31
<b>Total:</b>	<b>151</b>	<b>148</b>	<b>148</b>



SOCIAL HOUSING PROGRAM	Number of Social Housing Units		
	2003-04	2002-03	2001-02
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	67
<b>Haines Junction</b>	13	13	13
<b>Mayo</b>	23	23	24
<b>Ross River</b>	15	15	15
<b>Teslin</b>	13	13	13
<b>Watson Lake</b>	33	33	33
<b>Whitehorse</b>	321	324	327
<b>Total:</b>	<b>508</b>	<b>511</b>	<b>516</b>

**Staff and Social Housing Renovation and Rehabilitation**





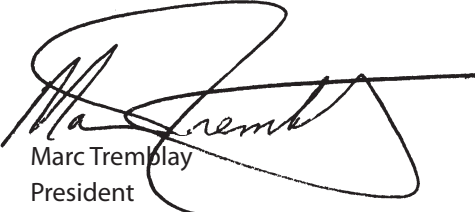
## Management's Responsibility for Financial Statements

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



James Cherinet  
Director, Finance Systems and Administration

July 30, 2004



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, 2004 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, 2004 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 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, FCA  
Principal  
for the Auditor General of Canada

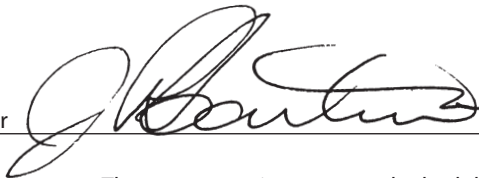
Edmonton, Canada  
July 30, 2004

**Balance Sheet  
as at March 31, 2004**

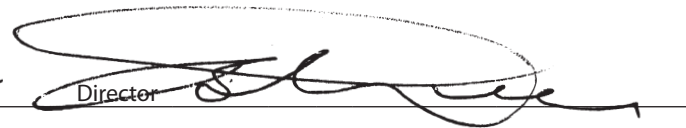
	2004	2003
	Thousands of dollars	
<b>Assets</b>		
<b>Current</b>		
Cash (Note 3)	\$ 60	\$ 206
Due from Canada Mortgage and Housing Corporation	279	279
Accounts receivable - other	818	928
Mortgages receivable - current portion (Note 4)	5,010	4,085
Housing held for sale (Note 5)	<u>1,786</u>	<u>2,110</u>
	7,953	7,608
Seniors' Housing Management Fund (Note 6)	1,334	979
Mortgages, agreements and loans receivable (Note 4)	38,933	45,562
Capital assets (Note 7)	<u>29,414</u>	<u>30,707</u>
	<u>\$ 77,634</u>	<u>\$ 84,856</u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable	\$ 1,418	\$ 1,450
Due to Government of Yukon	2,278	2,662
Current portion of long-term debt (Note 8)	<u>5,153</u>	<u>3,525</u>
	8,849	7,637
Seniors' Housing Management Fund (Note 6)	1,334	979
Employee future benefits (Note 9)	586	650
Deferred revenue	476	497
Deferred capital funding from Government of Yukon (Note 10)	6,907	7,396
Long-term debt (Note 8)	<u>41,474</u>	<u>46,039</u>
	59,626	63,198
<b>Equity</b>		
Equity of Government of Yukon	<u>18,008</u>	<u>21,658</u>
	<u>\$ 77,634</u>	<u>\$ 84,856</u>

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, 2004**

	2004	2003
	Thousands of dollars	
Balance at beginning of year	\$ 21,658	\$ 21,495
Funding (repaid to) advanced from Government of Yukon (Note 11)	(3,650)	163
Balance at end of year	<u>\$ 18,008</u>	<u>\$ 21,658</u>

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

**Statement of Operations**  
**Year ended March 31, 2004**

	2004	2003
	Thousands of dollars	
<b>Revenues</b>		
Recoveries - cost-shared agreements	\$ 4,624	\$ 4,499
Rental income	3,380	3,112
Interest income	2,460	2,846
Recoveries - bad debts and other	42	164
	<u>10,506</u>	<u>10,621</u>
<b>Expenses</b>		
Program costs (Schedule)	4,832	4,314
Personnel	3,382	3,179
Interest on long-term debt	2,069	2,094
Amortization	1,503	1,606
Administration (Schedule)	700	722
Loss on sale of housing projects	-	1
	<u>12,486</u>	<u>11,916</u>
<b>Net results of operations before government funding</b>	(1,980)	(1,295)
<b>Government of Yukon funding</b>		
Operating grant	1,286	452
Amortization of deferred capital funding	694	843
	<u>1,980</u>	<u>1,295</u>
Net results of operations after government funding	<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, 2004**

	2004	2003
	Thousands of dollars	
<b>Operating activities</b>		
Net results of operations after government funding	\$ -	\$ -
Adjustment for non-cash items		
Decrease in employee future benefits	(64)	(43)
Decrease in deferred revenue	(21)	(26)
Amortization of capital assets	1,503	1,606
Amortization of deferred capital funding	(694)	(843)
Loss on sale of housing projects	-	1
	<u>724</u>	<u>695</u>
Changes in non-cash components of working capital	<u>18</u>	<u>2,214</u>
<b>Cash flows from operating activities</b>	<u>742</u>	<u>2,909</u>
<b>Investing activities</b>		
Additions to housing projects	(178)	(563)
Additions to computer systems, furnishings, equipment and office building	(32)	(78)
Proceeds from sale of housing projects	-	61
Additions to mortgages and agreements receivable	(840)	(4,049)
Repayments of mortgages and agreements receivable	<u>6,544</u>	<u>5,698</u>
<b>Cash flows from investing activities</b>	<u>5,494</u>	<u>1,069</u>
<b>Financing activities</b>		
Repayment of long-term debt - rental housing units and office building	(1,064)	(988)
Repayment and reduction of long-term debt - other	(1,873)	(3,824)
Funding for the acquisition of capital assets	205	641
Funding (repaid to) received from Government of Yukon (Note 11)	<u>(3,650)</u>	<u>163</u>
<b>Cash flows used in financing activities</b>	<u>(6,382)</u>	<u>(4,008)</u>
<b>Decrease in cash</b>	(146)	(30)
<b>Cash at beginning of year</b>	<u>206</u>	<u>236</u>
<b>Cash at end of year</b>	<u>\$ 60</u>	<u>\$ 206</u>
<b>Supplemental Disclosure of Cash Flows Information</b>		
Interest paid	\$ 2,085	\$ 2,107
Interest received	2,496	2,807

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

## Notes to the Financial Statements

### Year ended March 31, 2004

#### 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.

As reflected in the Corporation's Strategic Plan, the mission of the Corporation is to work in a fiscally responsible manner to resolve the housing needs of Yukoners and to strengthen the Yukon's economy through the housing sector by: helping the marketplace to work better; furthering the self-sufficiency of communities, industries and individuals; and assisting people where needed.

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 book value. 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.

Social housing projects financed by long-term debt are amortized using the sinking fund method based on the principal repayment of the associated debt.

Amortization is calculated using the straight-line method, over the estimated useful lives of assets (except social housing projects financed by long-term debt as noted above):

Social housing projects 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 consists of funding received from Yukon Development Corporation to assist in funding a residential energy management initiative, and 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. 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.

**(f) Employee future benefits**

Employee future benefits - other non-pension benefit plans

Under the conditions of employment, employees of the Corporation may 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 for vacation, sick and compensatory leave, travel bonus and severance benefits was calculated using the projected benefit method pro-rated on service. The remaining obligation was calculated assuming all employees would receive the benefits on valuation date.

Pensions

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Corporation's contribution to the Plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employees' required contributions, and may change from time to time depending on the experience of the plan. These contributions represent the total pension obligations of the Corporation and are charged to operations on a current basis. The Corporation is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

**(g) 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 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.

**(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.

**3. 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 4.00% (2003 - 4.75%). The overdraft facility is guaranteed by Government of Yukon.

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

	Stated % interest rates	2004 Thousands of dollars	2003 Thousands of dollars
<b>Mortgages Receivable</b>			
Home Ownership	3.32 -8.50	\$ 27,944	\$ 29,737
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 2009. Rural and Native Home Ownership mortgages receiving subsidies (see Note 2 b) at March 31, 2004 were \$1,991,000 (March 31, 2003 - \$2,076,000).			
Owner Build	0 - 6.75	2,703	3,081
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 2009.			
Repair & Upgrade	1.00 - 8.25	8,664	9,177
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, 2004 were \$2,082,390 (March 31, 2003 - \$2,433,000)			
Energy Management	1.00 - 2.75	397	585
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 2010.			
Joint Venture	2.25 - 6.75	1,483	1,673
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.			



	Stated % interest rates	2004	2003
		Thousands of dollars	
Subtotal mortgages receivable		41,191	44,253
Less: Allowances for payment subsidies for Home Repair loans		1,230	1,364
Less: Allowances for impaired loans		93	101
Total mortgages receivable		39,868	42,788
Land sales agreements receivable	4.75 - 8.50	4,075	2,475
Loans on residential, commercial and recreational lots, repayable in blended annual payments at fixed rates of interest with maturities up to 2009.			
Loan receivable - Government of Yukon		-	4,384
Total mortgages, agreements and loans receivable		43,943	49,647
Less: Current portion		5,010	4,085
		<u>\$ 38,933</u>	<u>\$ 45,562</u>

These investments earn interest at the following weighted average rates:

	2004	2003
Mortgages receivable	5.61%	5.87%
Land sales agreements receivable	5.69%	5.95%
Loan receivable - Government of Yukon	n/a	7.05%

## 5. Housing held for sale

	2004	2003
	Thousands of dollars	
Mountain View Place	\$ 1,568	\$ 1,816
Other housing inventory	218	294
	<u>\$ 1,786</u>	<u>\$ 2,110</u>

## 6. 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:

	2004	2003
	Thousands of dollars	
Balance at beginning of year	\$ 979	\$ 646
Government of Yukon annual appropriation	100	100
Government of Yukon appropriation equal to interest revenue earned on Green Mortgage Program	225	213
Interest revenue earned on monies held within the Fund	30	20
Balance at end of year	\$ 1,334	\$ 979

## 7. Capital assets

	2004		2003	
	Thousands of dollars			
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Social housing	\$ 32,992	\$ 13,405	\$ 19,587	\$ 20,534
Staff housing	12,129	5,204	6,925	7,159
Office building	1,782	399	1,383	1,467
Land	1,389	-	1,389	1,384
Other facilities	759	700	59	73
Furnishings and equipment	181	137	44	49
Computer systems	903	876	27	41
	\$ 50,135	\$ 20,721	\$ 29,414	\$ 30,707

CMHC funding used to purchase capital assets is deducted from the cost of the asset. CMHC funding allocated to capital assets during 2004 was \$250,000 (2003 - \$250,000).

## 8. Long-term debt

	Stated % interest rates	2004 Thousands of dollars	2003 Thousands of dollars
Mortgages Payable (guaranteed by the Government of Yukon) 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.	4.98 - 12.50	\$ 19,421	\$ 20,141
CMHC Loans (guaranteed by the Government of Yukon) Loans repayable in blended annual payments at fixed rates of interest to maturity, and with maturities up to 2028.	5.00 - 13.25	4,387	4,563
Loans payable - Government of Yukon Repayable without interest in periodic installments to 2028.	0.00	17,764	21,887
Land sales agreements due to Government of Yukon Repayable without interest in equal periodic installments to 2009.	0.00	5,055	2,973
<b>Total long-term debt</b>		<b>46,627</b>	<b>49,564</b>
<b>Less: Current portion</b>		<b>5,153</b>	<b>3,525</b>
		<b><u>\$ 41,474</u></b>	<b><u>\$ 46,039</u></b>

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

	2004	2003
Mortgages payable	8.25%	8.40%
CMHC loans	8.80%	8.81%

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

	CMHC Loans	Mortgages	Government of Yukon Loans	Land Sales Agreements	Total
	(Thousands of dollars)				
2005	\$ 192	\$ 789	\$ 618	\$ 3,555	\$ 5,154
2006	210	853	618	542	2,223
2007	230	927	618	367	2,142
2008	251	1,006	618	310	2,185
2009	266	1,076	618	281	2,241

**9. Employee future benefits**

	2004	2003
	Thousands of dollars	
Other non-pension benefit plans		
Employee future benefits are a defined benefit plan and are not funded. The results are summarized as follows:		
Accrued benefit liability, beginning of year	\$ 650	\$ 693
Add: Annual benefit plan expense	54	214
Less: Benefits paid by Yukon Housing	(47)	(257)
Unamortized experience (gains) losses	(71)	-
Accrued benefit liability, end of year	<u>\$ 586</u>	<u>\$ 650</u>

**Pensions**

During the year, the Public Service Superannuation Plan required the Corporation to contribute to the Public Service Superannuation Account at a rate of 2.14 times the employee contribution.

Employer contribution	\$ 254	\$ 285
Employee contribution	121	125
Total contributions	<u>\$ 375</u>	<u>\$ 410</u>

The significant actuarial assumptions were:

Discount rate	6.0%	6.5%
Salary escalation rate, to January 1, 2006	2.5%	3.0%
Annual rate of inflation	2.5%	3.0%

**10. 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:

	2004	2003
	Thousands of dollars	
Balance at beginning of year	\$ 7,396	\$ 7,598
Add: funding used to purchase depreciable capital assets	205	641
Less: amortization	(694)	(811)
Less: unamortized funding on assets disposed of during the fiscal year charged to operations	-	(32)
Balance at end of year	<u>\$ 6,907</u>	<u>\$ 7,396</u>

## 11. Funding repaid to Government of Yukon

	2004	2003
	Thousands of dollars	
Cash advances from Government of Yukon	\$ 4,047	\$ 3,555
Repayment of Advances	(3,905)	-
Operating grant	(1,286)	(452)
Funding used to purchase capital assets (Note 10)	(205)	(641)
Funding invested in Seniors' Housing Management Fund	(355)	(333)
Cash operating advances refunded to Government of Yukon	(1,946)	(1,966)
Funding (repaid to) advanced from Government of Yukon	<u>\$ (3,650)</u>	<u>\$ 163</u>

## 12. Financial instruments

The fair values of the financial instruments were determined using the present value of future cash flows discounted at the March 31, 2004 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:

	2004		2003	
	Thousands of dollars			
	Carrying Amount	Fair Value	Carrying Amount	Restated Fair Value
Long-term investments				
Mortgages receivable net of allowances for payment subsidies on Home Repair loans and loan impairments	\$ 39,868	\$ 40,291	\$ 42,788	\$ 42,446
Land sales agreements receivable	4,075	4,171	2,475	2,499
Loan receivable - Government of Yukon	-	-	4,384	4,070
	<u>\$ 43,943</u>	<u>\$ 44,462</u>	<u>\$ 49,647</u>	<u>\$ 49,015</u>
Long-term debt				
Mortgages payable	\$ 19,421	\$ 20,331	\$ 20,141	\$ 20,149
CMHC loans	4,387	4,978	4,563	4,864
Loans payable - Government of Yukon	17,764	7,655	21,887	8,534
Land sales agreements due to Government of Yukon	5,055	4,734	2,973	2,730
	<u>\$ 46,627</u>	<u>\$ 37,698</u>	<u>\$ 49,564</u>	<u>\$ 36,277</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.

Certain comparative figures have been restated to conform with the 2004 presentation.

### 13. 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.

### 14. Commitments and contingencies

	2004	2003
	Thousands of dollars	
Outstanding contractual obligations to complete the funding of mortgages receivable as at March 31.	\$ 1,591	\$ 1,563
Subsidies to private social housing organizations	428	873

Pursuant to a Supreme Court of the Yukon Territory court order, Yukon Housing 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, Yukon Housing is liable for a mortgage payable by the Whitehorse Housing Co-operative (currently \$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.

### 15. 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, 2004 is \$163,000 (2003 - \$242,000).

## 16. 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.

	2004	2003
	Thousands of dollars	
Government of Yukon - Operations and Maintenance transfer payment		
Net results of operations before government funding	\$ 1,980	\$ 1,295
Add recovery - Mountain View Place inventory valuation allowance	43	21
Less amortization	(1,503)	(1,606)
Less Program costs - Other		
Home Repair mortgage provision for payment subsidies expense	(140)	(143)
Housing project improvements	-	(1)
Add Seniors' Housing Management Fund investment - Government of Yukon appropriation (equal to interest earned on Green Mortgage Program and monies held within the fund)	255	233
Government of Yukon - Operations and Maintenance transfer payment	\$ 635	\$ 201
 Government of Yukon - Capital transfer payment		
Recovery of Mountain View Place inventory valuation allowance	(43)	(21)
Program costs - Other		
Home Repair mortgage provision for payment subsidies expense	140	143
Housing project improvements	-	1
Add Seniors' Housing Management Fund investment - Government of Yukon appropriation	100	100
Add funding provided to repay principal portion of long term debt	1,064	988
Add funding provided to purchase depreciable capital assets (Note 10 and 11)	205	641
Less funding refunded for net book value of assets disposed	-	(62)
Government of Yukon - Capital transfer payment	\$ 1,466	\$ 1,790

**Schedule of Program Costs and Administration Expenses  
for the year ended March 31, 2004**

	2004	2003
	Thousands of dollars	
<b>Program costs</b>		
<b>Housing operations</b>		
General maintenance	\$ 1,601	\$ 1,274
Utilities	1,241	1,115
Property taxes	480	491
Subsidies - Private social housing organizations	475	473
Direct lending program administration	434	418
Property rentals	144	150
Garbage collection and janitorial	114	151
Insurance	93	64
Housing program administration	73	92
Bad debts (recoveries) - housing operations including rental tenants	37	(58)
	4,692	4,170
<b>Other</b>		
Home Repair mortgage provision for payment subsidies expense	140	143
Housing project improvements	-	1
	140	144
	<u>\$ 4,832</u>	<u>\$ 4,314</u>
<b>Administration expenses</b>		
Rentals - office and equipment	\$ 220	\$ 211
Professional fees	112	59
Travel and transportation	104	101
Computer services	101	152
Communications	73	75
Office and sundry	43	51
Boards and committees	27	28
Program promotion	20	45
	<u>\$ 700</u>	<u>\$ 722</u>



**Schedule of Bad Debt Write-offs**  
**Year ended March 31, 2004**

Tenant Receivables Written Off		Invoice Date
Brown, R & Hagar, J	\$ 2,733	1997
Barr, J & Benoit, G	1,061	1998
Gladue, E	1,716	1998
Woods, R & T	1,755	1998
Winter, L	1,776	1998
Glada, J	1,780	1998
McGovern, L	2,689	1998
Jepp, A & D	8,837	1998
Francoeur, D & S	541	1999
Bennett, D & Lavallee, R	1,040	1999
Shore, S	1,059	1999
Abou, V	1,307	1999
Clark, K & Moore, A	1,370	1999
Joynt, S	2,534	1999
Smith, M & S	2,650	1999
Smith, J	670	2000
Coldwell, S	1,389	2000
Bylsma, D	1,658	2000
Magrath, M	1,714	2000
Ledgerwood, A	1,806	2000
Johnson, J	1,942	2000
Gage, J	2,022	2000
Maguire, L	2,180	2000
McDougall, D	582	2001
Bolton, C	592	2001
Kirk, J	658	2001
Dewhurst, A & R	629	2002
Total tenant accounts over \$500 written off	\$ 48,690	
Other tenant accounts less than \$500 written off	2,359	
Total tenant accounts written off	\$ 51,049	
Other Receivables Written Off		
Cardwell, M	\$ 2,215	1995
Klondike Mechanical	5,400	1999
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*.



ISSN 1193-0454